



GOVERNMENT OF PUERTO RICO

Department of the Treasury

April 20, 2018

INTERNAL REVENUE CIRCULAR LETTER NO. 18-07 ("IR CC 18-07")

ATTENTION: SALES AND USE TAX NON-WITHHOLDING AGENTS PURSUANT TO SECTION 4020.08(e) OF THE PUERTO RICO INTERNAL REVENUE CODE OF 2011, AS AMENDED, AND THEIR AUTHORIZED REPRESENTATIVES

SUBJECT: FILING OF THE QUARTERLY REPORTS EFFECTIVE FOR QUARTERS THAT BEGAN ON JANUARY 1, 2018

I. Statement of Motives

Act No. 25 of April 29, 2017 amended several sections of the Puerto Rico Internal Revenue Code of 2011, as amended ("Code"), in order to, among other things, impose certain responsibilities related to the Sales and Use Tax ("SUT"), to merchants engaged in the business of "mail order sales", as this term is defined by Section 4020.08(d) of the Code, and that are considered a SUT non-withholding agent ("Non-Withholding Agents") pursuant to Section 4020.08(e) of the Code.

Specifically, Section 4041.03(b)(1)(B) of the Code provides that Non-Withholding Agents shall be responsible for submitting a quarterly report to the Puerto Rico Secretary of Treasury ("Secretary") with information related to sales made to Puerto Rico buyers ("Quarterly Report"). Such Quarterly Reports are due on April 30, July 31, October 31 and January 31 of each year.

Even though the obligation to comply with the Quarterly Report became effective on July 1, 2017, in the aftermath of hurricane Maria, the Secretary waived the requirement to file the Quarterly Reports for the quarters ending on September 30, 2017 and December 31, 2017 by virtue of Internal Revenue Informative Bulletin No. 17-25 and Administrative Determination No. 18-03, respectively.

The Puerto Rico Treasury Department ("Department") issues this Circular Letter in order to establish: (i) the applicability of the Non-Withholding Agents' requirement to submit a Quarterly Report, pursuant to Section 4041.03(b)(1)(B) of the Code, effective for the quarter ended on March 31, 2018 onward; and (ii) the procedure to electronically submit the Quarterly Reports.

II. Determination

Every Non-Withholding Agent must submit the Quarterly Report, pursuant to Section 4041.03(b)(1)(B) of the Code, effective for the quarter that began on January 1, 2018 and ended on March 31, 2018, which is ***due on Monday, April 30, 2018***. The Quarterly Reports can only be filed electronically through the Department's Integrated System of Internal Revenue ("*SURI*", for its Spanish acronym). Nevertheless, the Non-Withholding Agent does not need to have a user name nor password in order to download or submit the Quarterly Reports.

To file the Quarterly Reports, the Non-Withholding Agent must follow the steps indicated below:

1. Access SURI through the following link: <https://suri.hacienda.pr.gov>.
2. In the Home Page, in the "Downloads" menu, press the "Quarterly Report – Internet Sales" link to access the most recent version of the template to be use to complete the required information of the Quarterly Report and follow the instructions provided. We encourage you to always download the template before each filing in order to make sure that you are using the most recent version of the template.
3. Complete the information of all the sales made to Puerto Rico buyers during the quarter that will be submitted. Make sure to select the year and the quarter correctly at the top of the template.
4. Once you complete the required information of the Quarterly Report, access the SURI home page and in the "Quick Links" menu, press "File a Quarterly Internet Sales Report".
5. Complete the seller information requested (name, address, employer identification number and electronic mail address) and submit the information.
6. Select the year and quarter for which the Quarterly Report is being submitted and press "Next". Note that you will only be able to mark a current or previous quarter but not a future one.
7. Press the "Upload Template" link in order to upload the Quarterly Report. Browse the file that was saved with the information to upload and press "Save".

Note that the maximum number of lines permitted in a template is thirty thousand (30,000). If the Quarterly Report has more than thirty thousand (30,000) transactions, the excess of thirty thousand (30,000) must be submitted in separate Quarterly Reports for the same period.



8. Once the file has been uploaded, the system will present you the information of the Quarterly Report to be submitted. We encourage you to review said information before submitting the report. If you agree with the information, press "*Submit*".
9. In order to proceed with the electronic filing of the Quarterly Report, the system will require you to enter your email address as an electronic signature.
10. Once the Quarterly Report is filed, the system will provide you with an electronic filing confirmation number. We encourage you to print the electronic filing evidence and save it for your records.

A Non-Withholding Agent that fails to timely submit the Quarterly Reports could be subject to the penalty described in Section 6043.06(e) of the Code in addition to any other penalties provided by the Code.

Finally, pursuant to Section 4020.05(a)(5) of the Code, Non-Withholding Agents may voluntarily request to become a SUT withholding agent, and thus, be required to collect the SUT imposed by Subtitles D and DDD of the Code subject to the terms and conditions of a voluntary agreement with the Secretary. Those Non-Withholding Agents that have entered into a voluntary agreement with the Secretary are not required to submit the Quarterly Reports.

Based on the aforementioned, Non-Withholding Agents that wishes to voluntarily collect SUT on its sales to a person in Puerto Rico can submit a closing agreement request to the following email address: acuerdofinal@hacienda.pr.gov.

III. Effectiveness

The provisions of this Circular Letter are effective immediately.

For additional information related to the specific aspects of this Circular Letter, please call (787) 622-0123, option 8, or you can submit an email to: infosac@hacienda.pr.gov.

Cordially,


Roxana Cruz Rivera
Deputy Secretary

