

**COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE TREASURY**

Regulation to implement the provisions of Section 6187 of Act No. 120 of October 31, 1994, as amended, known as the "Puerto Rico Internal Revenue Code of 1994", enacted pursuant to Section 6130 of the Code, which authorizes the Secretary of the Treasury to adopt the Regulations necessary to make effective said Code.

Articles 6187-1 a 6187-5

"Article 6187-1.- Authority to grant exemption from payment of excise taxes, from payment of sales tax, and to extend deadlines for carrying out certain tax activities due to disasters declared by the Governor of Puerto Rico.- As provided by Section 6187 of the Code, the Secretary shall have the authority to issue an Administrative Order to grant exemption from payment of excise taxes and sales tax, and to extend the deadline for carrying out certain tax activities if the Governor of Puerto Rico declares a disaster.

Article 6187-2.- Definitions.- For the purposes of Section 6187 of the Code and of Articles 6187-1 to 6187-5 of this Regulation, the following terms, words, and phrases shall have the meaning set forth herein, except when their context clearly indicates a different meaning or when provided in an Administrative Order:

(a) First need commodities.- All products, services, materials, supplies, equipment, and any item of business that is the object of sale, lease or rental, and whose consumption or use is necessary for the consumer as the result of an emergency situation. Additionally, all the professional or non-professional goods or services needed for the restoration, repair, and supply of the needs and damages caused by any emergency situation thus declared by the Governor of the Commonwealth of Puerto Rico shall also be considered first need commodities. The term "first need commodity" excludes: alcoholic beverages, cigarettes, boats, motorboats, jewelry, motorcycles, airplanes, maritime or aerial artifacts of a similar nature, cable or satellite telecommunications or television services, and services related to them. Said term also excludes any of the following items whose individual sales price exceeds seven hundred (700) dollars: radios, music or sound systems, televisions, computers, printers,

and any other computer equipment, as well as any other item or service designated by the Secretary through an Administrative Order.

(b) Disaster declared by the Governor of Puerto Rico.- Any disaster that, regarding the area where the taxpayer resides, results in a subsequent designation by the Governor of Puerto Rico, through an Executive Order, as an area whose residents are eligible to receive aid under the disaster assistance programs of the Commonwealth of Puerto Rico. In the case of a taxpayer who is not a natural person, residence will be determined with regards to the place where its main industry or business is located.

(c) Administrative Order.- Any administrative determination or statement issued in writing by the Secretary, of a general and public nature, to address situations that are specific to the disaster declared by the Governor of Puerto Rico, in accordance with the Executive Order that he or she issues.

(d) Natural persons affected by the disaster.- That individual affected by the disaster declared by the Governor of Puerto Rico, as he or she provides in the Executive Order for the Declaration of a Disaster.

Article 6187-3.- Exemption from payment of excise taxes.- (a) In the case of a disaster declared by the Governor of Puerto Rico, the Secretary may adopt an Administrative Order to exempt the person who is responsible for payment of the excise taxes imposed by Subtitle B of the Code on the following items:

(1) first need commodities introduced to the country to be donated to the natural persons affected by the disaster; and

(2) items that will be used in the cleaning and reconstruction of the areas affected by the disaster, provided that they are used and returned abroad within a year of the date of their introduction.

(b) In the case that the Secretary exercises the aforementioned authority, the Administrative Order shall include, among others, the duration of the exemption and the manner in which the importer, as such term is defined in paragraph (6) of subsection (a) of Section 2001 of the Code, will document the exempt nature of the transaction.

Article 6187-4.- Exemption from payment of the sales tax.- (a) In the case that a disaster declared by the Governor of Puerto Rico occurs, the Secretary may issue an Administrative Order with the purpose of granting an exemption from payment of the sales tax established in Subtitle BB of the Code when a natural person affected by the disaster acquires taxable items that constitute first need commodities required for the restoration, repair, and supply of the needs and damages caused by said disaster. For such purposes, the term "first need commodity required for the restoration, repair, and supply of the needs and damages caused by said disaster" is any first need commodity mentioned in paragraph (a) of Article 6187-2 of the Regulation, but does not include taxable items sold through a vending machine, as such term is defined in subsection (w) of Section 2301 of the Code.

(b) In case the Secretary exercises the aforementioned authority, the Administrative Order shall include, among others, the duration of the exemption and the manner in which every merchant, as such term is defined in subsection (j) of Section 2301 of the Code, shall document the exempt nature of the transaction.

Article 6187-5.- Extension of deadlines for certain tax activities.- In case the Secretary determines that taxpayers have been affected by a disaster declared by the Governor of Puerto Rico, the Secretary may establish through an Administrative Order a reasonable period, which shall not exceed thirty (30) days, during which it shall be considered, when determining the tax responsibility of the affected taxpayers, (including any penalty, additional amount, or additions to the tax), that said taxpayers performed any of the following activities within the deadlines established in the Code:

- (a) file any return or statement of income tax, (except the income tax originally withheld at source), excise taxes, sales and use tax or estate and gift taxes;
- (b) pay income tax (except the income tax originally withheld at source), excise taxes, sales and use tax or estate and gift taxes, or any installment of said taxes;
- (c) apply for a credit or refund of any tax imposed by the Code; or
- (d) acquire or renew any internal revenue license required by the Code."

EFFECTIVENESS: In accordance with the provisions of Section 2.13 of Act No. 170 of August 12, 1988, as amended, known as the "Commonwealth of Puerto Rico Uniform Administrative Procedures Act", the Honorable Governor of Puerto Rico has waived the requirement that this Regulation becomes effective thirty (30) days after it is filed at the State Department. Consequently, this Regulation shall become effective immediately after it has been filed.

Approved in San Juan, Puerto Rico, on December 16, 2008.

Angel A. Ortiz García
Secretary of the Treasury

Filed in the State Department on December 17, 2008.