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Secretary of the Treasury

March 18, 2013

INFORMATIVE BULLETIN FROM INTERNAL REVENUE NO. 13-03

ATTENTION: ALL TAXPAYERS SUBJECT TO SECTION 2101 OF THE PUERTO RICO INTERNAL REVENUE CODE OF 1994, AS AMENDED (CODE)

SUBJECT: AMENDMENTS TO EXCISE TAX RATE AND DEPOSIT DUE DATE

Section 2101(a) of the Code imposed an excise tax on certain acquisitions by non-resident individuals, corporations or partnerships of tangible personal property manufactured or produced in whole or in part in Puerto Rico and manufacturing services performed in Puerto Rico (the "Excise Tax").

According to Section 2101(b)(4) of the Code, the applicable Excise Tax rate is as follows:

-for periods beginning after December 31, 2012 and ending on or before December 31, 2013 is 2.75%,

-for periods beginning after December 31, 2013 and ending on or before December 31, 2014 is 2.50%,

-for periods beginning after December 31, 2014 and ending on or before December 31, 2015 is 2.25%, and

-for periods beginning after December 31, 2015 and ending on or before December 31, 2016 is 1%.

Based on the provisions of Section 2102(a) of the Code, the Excise Tax shall be collected and deposited with the Secretary of the Treasury on or before the 15th day of the month following the month in which the taxable acquisition occurs.

AMENDMENTS

On February 28, 2013 the governor of Puerto Rico signed Law No. 2 in order to amend the provisions of Sections 2101(b) and 2102(a) of the Code (Law 2-2013).

Specifically, Act 2-2013 introduced two major changes:

1. The excise tax rate was increased to 4%. The new rate applies to taxable acquisitions of tangible personal property or services made after June 30, 2013 and before December 31, 2017. Thus, taxable acquisitions made from January 2013 through June 2013 will continue to be subject to the 2.75% rate.
2. The due date for the deposit of the Excise Tax collected was changed from the 15th day to the 13th day of the month following the month in which the taxable acquisition of personal property or services occurs. The new due date applies to taxable acquisitions made after February 28, 2013 and thereafter. Thus, the first due date to which the change applies will be April 13, 2013, with respect to taxable acquisitions made during the month of March 2013.

Any person that does not collect or timely deposit the tax collected shall be subject to the penalties imposed by Section 2102(a) of the Code.

The provisions of this Informative Bulletin are effective immediately. For additional information regarding this informative bulletin, you may contact us by email to infoCCI@hacienda.gobierno.pr.

Cordially,



Melba Acosta Febo

