

Tax Exempt Period for Articles and Equipment in Anticipation of the Hurricane Season

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- Sales & Use Tax
- Tax

An McV Sales & Use Tax Alert

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Under Section 4030.28 of the Puerto Rico Internal Revenue Code of 2011, as amended (“PR Code”), specified articles and equipment (“Exempt Items”) are exempted from Sales and Use Tax (“SUT”) when acquired during a stated period (“Exemption Period”) in anticipation of the hurricane season.

On May 15, 2023, the Secretary of the Treasury of Puerto Rico issued Administrative Determination No. 23-02 to: (i) establish the Exempt Period for year 2023 and (ii) list the articles and equipment that qualify as Exempt Items.

Exempt Period

For year 2023, the Exempt Period starts at 12:01 a.m. of Friday, May 26, 2023, and will end at 11:59 p.m. on Sunday May 28, 2023.

Exempt Items

Following is a list of the articles and equipment that qualify as Exempt Items during the Exemption Period:

■ **Articles**

- Cleaning and sanitizing supplies;
- Containers, tanks and cisterns (storage) for fuel and water, including products, equipment and mechanical parts to maintain and repair storage tanks or cisterns;
- Hardware, anchoring and screws;
- Non-perishable food, including emergency meal kits;
- Parts and products for repair and maintenance of generators and solar equipment used during emergencies;
- Ropes and restraints;
- Storm panels (“tormenteras”);
- Water;

Tax Exempt Period for Articles and Equipment in Anticipation of the Hurricane Season

- Wood poles and untreated wood panels; and
- Zinc construction panels.
- **Equipment**
 - Axes and machetes;
 - Batteries (AAA, AA, C, D, 6 Volts and 9 Volts);
 - Battery-operated or alternative energy lamps, flashlights, candles and matches;
 - Battery-operated smoke or carbon monoxide detectors;
 - Cell phone batteries and chargers;
 - Emergency or rescue ladders;
 - Emergency solar equipment;
 - Fans operated by batteries or alternative energy;
 - Fire extinguishers;
 - First aid kits;
 - Gas in cylinders and tanks;
 - Gas stoves (does not include barbecues or smokers);
 - Ground anchor systems or ground tie-down kits;
 - Hurricane shutters;
 - Non-electronic can openers;
 - Plastic containers for dispensing fuel;
 - Portable coolers for ice and food preservation;
 - Portable generators with a sales price of up to three thousand dollars (\$3,000) used to provide electricity or communications or to preserve food in the event of electric power outages;
 - Portable radios (including, battery operated radios), two-way radios (transceiver) and weather band radios;
 - Portable stoves;
 - Propane gas;
 - Reusable or artificial freezer packs (“ice packs”); and

Tax Exempt Period for Articles and Equipment in Anticipation of the Hurricane Season

- Tools, such as drills, disc saws, hammers and other equipment associated with the process of securing property.

Sale Transactions that Qualify for the SUT Exemption

The transactions described below also qualify for the SUT exemption:

■ **Installment “Lay-Away” Plans**

A sale of an Exempt Item under an installment or Lay-Away plan qualifies for the SUT exemption when the final payment under the installment plan is made and the Exempt Item is delivered to the purchaser during the Exemption Period. If the final payment is made, or the item is delivered, after the Exempt Period, the sale will be subject to SUT.

■ **Rain Checks and Gift Cards**

A rain-check is a voucher that allows the customer to purchase an item at a certain price in the future because the item is sold out. Exempt Items purchased during the Exemption Period using a rain check or gift card will qualify for the SUT exemption regardless of when the rain check or gift card was issued. However, issuance of a rain check or purchase of a gift card during the Exemption Period will not qualify an otherwise Exempt Item for the exemption if the item is actually purchased after the Exemption Period.

■ **Mail, Telephone and Electronic Purchases**

When an item is purchased through the mail, by telephone, e-mail, or Internet, through a store or platform located in Puerto Rico, the purchase will qualify for the SUT exemption if the Exempt Item is paid for and delivered to the purchaser during the Exemption Period. For purposes of the Act, the purchase of an item is not completed until delivery to the purchaser is completed (after transportation of the item concludes and it arrives in Puerto Rico for its use or consumption). This, items that are pre-ordered and delivered to the purchaser during the Exemption Period qualify for the SUT exemption.

Reporting of the Sale of Exempt Items During Exempt Period

Tax Exempt Period for Articles and Equipment in Anticipation of the Hurricane Season

Selling merchants must report the exempt sales in Form AS 2915.1, Sales and Use Tax Monthly Return, in the “Sale of Exempt Tangible Property” line.

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