E-ALERT

McConnell Valdés LLC

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TAX ALERT

Municipalities Granted the Authority to Exempt Certain Businesses from Municipal Construction Excise Taxes

On July 13, 2012, Governor Luis G. Fortuño signed into law Act 139-2012, which amends the Autonomous Municipalities Act of the Commonwealth of Puerto Rico of 1991. Act 139-2012 gives to the municipalities of Puerto Rico the authority to enact municipal ordinances granting a total or partial exemption from municipal construction taxes to the following types of businesses:

- Pharmacies
- Hospitals and Health Centers
- Clinical laboratories
- Manufacturing Plants
- Hotels
- Shopping Centers
- Call Centers
- Educational Centers
- Distribution Centers
- Inns

Before the amendment, municipalities could only grant such exemption to:

- Certain nonprofit associations
- Construction projects developers
- Affordable housing rehabilitation projects
- The construction of real property constructed or destined to be rented to moderate-income family construction projects
- Certain projects that foster the generation of employment and certain civic and religious institutions

Individual municipal construction excise tax ordinances should be examined as each can vary in scope and applicable rates.

For further information on this matter, you may contact any of the attorneys listed below, all members of our Tax Practice Group:

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