



December 27, 2011

www.mcvpr.com

TAX ALERT

PR Treasury clarifies IVU Loto Program Implementation

The Puerto Rico Treasury Department (“Treasury”) issued [**Administrative Determination No. 11-14 \(“AD 11-14”\)**](#) to clarify matters related to the implementation of the IVU Loto Program.

AD 11-14 clarifies the following:

1. All eligible merchants must install a fiscal terminal at every point of sale in their commercial location regardless of their sales volume. This includes merchants with red and green Merchant’s Registration Certificates.
2. Any modification to the point of sale (i.e. adding or eliminating point of sales) must be communicated to Treasury with 24 hours from such modification.
3. Merchants in the following businesses are not required to comply with the IVU Loto Program: (a) rental of residential or commercial real property; (b) temporary business or exhibitor; and (c) Automatic Teller Machines.
4. Installment payments or payments under a lay-away plan must be processed through the fiscal terminal. The collection of the sales tax, however, will be effectuated when the final payment is received as established in the IVU Loto Regulations.
5. The obligation to process the transaction through the fiscal terminal will apply to all transactions, whether taxable or exempt, and to all payment types (i.e. cash, credit, debit, etc.) when the customer that makes the payment is physically present at the merchant’s location.
6. Tax exempt, non-profit entities created for educational or religious purposes can request a waiver to generate and print an IVU Loto number (but still be required to install the fiscal devices, as applicable). See [**Administrative Determination 11-04 of March 31, 2011.**](#)
7. A label identifying the commercial location as a participant of the IVU Loto Program must be posted at a visible place. These labels may be requested to Treasury at ivuloto.pr.com or calling at 787-200-7900.

8. Independent contractors that render services to merchants pursuant to a Multilevel Closing Agreement with Treasury will not have to comply with the IVU Loto Program.
9. For purposes of the IVU Loto Program, the state and the municipal sales tax can be separately or jointly displayed.
10. The merchant's copy of the receipt or other sales evidence cannot have the IVU Loto participation number. An exception exists for merchants that, before the enactment of the IVU Loto Regulations, used impact printers.
11. A penalty of up to \$20,000 will be imposed for each transaction not processed through the fiscal terminal. The merchant must notify Treasury the reasons for not using the fiscal terminal within 24 hours of not using it at 1-888-488-7890 or (787) 522-7890 ("Merchants' Help Center"). The Merchant's Help Center operates 7 days a week from 8:00 am to 5:00 pm.

In case the terminal is lost or stolen, evidence of the illegal appropriation or robbery report before the Puerto Rico Police must be presented.

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

Carlos E. Serrano	787-250-5698	ces@mcvpr.com
Dora M. Peñagaricano	787-250-5657	dmp@mcvpr.com
Juan L. Alonso	787-250-5655	jla@mcvpr.com
Roberto L. Cabañas	787-250-5611	rlc@mcvpr.com
Liz Annette Pérez	787-250-2615	lap@mcvpr.com
Edwin O. Figueroa	787-250-5690	eof@mcvpr.com