

September 9, 2010 [www.mcvpr.com](http://www.mcvpr.com)**TAX ALERT*****NEW LAW WILL EXPEDITE PROCEDURES FOR THE RENEWAL OF INTERNAL REVENUE LICENSES AND ELIMINATES JEWELRY LICENSES***

On September 6, 2010, Governor Luis Fortuño signed into law Senate Bill 1655 as Act No. 133 ("Act 133"). Act 133 aims to simplify and expedite the procedures for the renewal of certain internal revenue licenses. In addition, Act 133 eliminates the licenses for the sale of jewelry articles and for the sale of loudspeakers.

**Summary of Major Changes**

1. The expiration date of all licenses issued by the Puerto Rico Treasury Department will be determined by assigning a month corresponding to the last digit of the taxpayer's social security number ("SSN") or employer identification number ("EIN"). Numbers start from January (1) to October (0). (e.g., if a taxpayer's SSN or EIN last digit is 5, the license expires every May);
2. License Fees for newly issued licenses will be determined based on the number of months the license will be in effect. Accordingly, the amount of fees will be prorated based on the number of months from its issuance up to its expiration date, based on the new chart for due dates. However, the taxpayer will have the option to pay the license for that period of time and the next whole year. For the following years, the license will be due on the corresponding date based on the expiration dates chart;
3. The 10% discount for early payment will no longer be available after January 1, 2011;
4. The licenses for the sale of jewelry articles and for the use of amplifiers or loudspeakers in Puerto Rico to broadcast any kind of commercial or industrial propaganda, will no longer be required;
5. Operators of entertainment machines, coin operated machines, pool tables and cigarette dispensing machines will no longer be required to file the semi-annual reports.

### **Transitory Provisions - Renewals**

All taxpayers must renew their licenses no later than the current due date, as shown below.

- |                                                   |                          |
|---------------------------------------------------|--------------------------|
| · <b>Oil importers, distributors or retailers</b> | <b>June 30, 2011</b>     |
| · <b>Precious metals and stones dealers</b>       | <b>January 15, 2011</b>  |
| · <b>Public events promoters</b>                  | <b>December 31, 2010</b> |
| · <b>All other licenses</b>                       | <b>October 31, 2010</b>  |

The renewal and license fees will be determined based on the number of months from the current due date to the new renewal date. Taxpayers will have the option to pay the license for that period of time and for the next whole year.

### **Transitory Provisions - New Licenses**

In general, the fees for all new licenses requested prior to September 30, 2010 will be paid for the full year and the license will expire in such date. However, the fees for new alcoholic beverages licenses requested prior to September 30, 2010 will be prorated from the date of issuance of such license and will expire on September 30, 2010.

All new oil importer, distributor or retailer licenses requested prior to June 30, 2011 will be paid for the full year and the license will expire on June 30, 2012. All new precious metals and stones dealer licenses requested prior to December 31, 2010 will be paid for the full year or fraction thereof and the license will expire in such date. All new public events promoter licenses requested prior to December 31, 2010 will be paid in for the full year and the license will expire on December 31, 2010. Thereafter, the expiration date for renewal and payment of the corresponding license fees will be based on the new chart for due dates determined by the last digit of the taxpayer's SSN or EIN.

For updates on this matter, you may contact any of the attorneys listed below, all members of our [Tax Practice Group](#).

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