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[www.mcvpr.com](http://www.mcvpr.com)**TAX ALERT*****The Municipal Revenues Collection Center (CRIM) amends Regulation No. 7049 of March 24, 2004 regarding Foreign Trade Zones***

Regulation No. 8241 of August 10, 2012 ("Reg. 8241") amends Regulation No. 7049 of March 24, 2004 ("Reg. 7049") dealing with personal property taxation to clearly state that inventory located within an accredited foreign trade zone in Puerto Rico does not need to be held for export to enjoy the exemption provided by the Municipal Property Tax Act of 1991, as amended ("MPTA").

Before the enactment of Reg. 8241, the Municipal Revenue Collection Center ("CRIM" for its Spanish acronym) held that any inventory held within a foreign trade zone in Puerto Rico was exempted from personal property taxes if such inventory was: (i) imported from outside the United States or produced in the United States and (ii) held for exportation. In its preamble, Reg. 8241 states that CRIM intends to apply Article 5.01(bb) of the MPTA to the fullest extent intended by the legislature. This article applies to all personal property (including inventory and equipment) located within a duly accredited foreign trade zone in Puerto Rico regardless of its origin or destination.

Nonetheless, Reg. 8241 only amends Article 3 of Reg. 7049 with respect only to inventory and it maintains a limitation of the exemption due to the property's origin. It is unclear whether this will curtail the more flexible interpretation made by CRIM in the preamble of Reg. 8241, thus leaving inventories not imported from outside the United States or produced in the United States, personal equipment or other property outside of the scope of the exemption.

In order to enjoy the exemption, CRIM requires the filing of a request unless the taxpayer has an industrial grant of tax exemption stating that raw materials are exempt.

A copy of Reg. 8241 can be downloaded following [this link](#).

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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