

December 1, 2010 www.mcvpr.com**TAX ALERT*****Act 154 Regulations***

The Puerto Rico Secretary of the Treasury released on November 30, 2010 [Informative Bulletin from Internal Revenue No. 1043](#) in connection with the issuance of regulations regarding the Income Source Rule and Excise Tax provisions of Act 154 of October 25, 2010. See our McV Alerts of [October 25, 2010](#) and [November 10, 2010](#) on Act 154. The Treasury Department will adopt the regulations with respect to the Excise Tax ("Excise Tax Regulations") on or before December 31, 2010, and intends them to be in effect on January 1, 2011.

A draft of the main provisions of the Excise Tax Regulations will be issued for public comment on or before December 10, 2010. Comments received in English by 5 pm on December 20, 2010, will be considered.

The topics will include:

- Definition of "tangible property" for purposes of section 2101(b)(1)
- Definition of "acquisition" for purposes of section 2101(b)(1)
- Definition of "value of personal property and services" for purposes of section 2101(b)(2)
- Potential credits based on de minimis and other threshold measures
- Definition of "controlled group" for purposes of section 2101(b)(4)
- Definition of "period" for purposes of section 2101(b)(4), in particular as applied to fiscal year taxpayers
- Definition of "gross receipts" for purposes of section 2101(b)(6)
- Application of 10-percent tests in section 2101(c)
- Application of anti-abuse rule in section 2101(c)(2)
- Application of credit mechanism in section 2104

If you have any questions or would like our assistance to submit your comments, you may call any of the following members of our [Tax](#) and [Tax Exemption](#) groups:

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