



GOVERNMENT OF PUERTO RICO

Department of the Treasury

October 3, 2017

ADMINISTRATIVE DETERMINATION NO. 17-20

ATTENTION: TAXPAYERS SUBJECT TO THE EXCISE TAX UNDER SECTION 2101 OF THE PUERTO RICO INTERNAL REVENUE CODE OF 1994, AS AMENDED AND SECTION 3070.01 OF THE PUERTO RICO INTERNAL REVENUE CODE OF 2011, AS AMENDED

SUBJECT: RELIEF IN CONNECTION WITH CERTAIN TRANSFERS OF PROPERTY OTHERWISE CONSTITUTING ACQUISITIONS FOR PURPOSES OF THE EXCISE TAX IMPOSED BY SECTION 2101 OF THE PUERTO RICO INTERNAL REVENUE CODE OF 1994, AS AMENDED AND SECTION 3070.01 OF THE PUERTO RICO INTERNAL REVENUE CODE OF 2011, AS AMENDED

I. Statement of Motives

Pursuant to Section 2101(b)-1 of the regulations issued under the Puerto Rico Internal Revenue Code of 1994, as amended ("1994 Code"), for purposes of Section 2101 of the 1994 Code, an "acquisition" includes any action, transaction, or series of transactions by which any person obtains, receives, or procures legal title, beneficial ownership or physical possession of tangible property of the type subject to the excise tax imposed by Section 2101 of the 1994 Code and Section 3070.01 of the Puerto Rico Internal Revenue Code of 2011, as amended ("2011 Code") (the "Excise Tax").

The damage caused by Hurricane Irma and Hurricane Maria has endangered certain property located in Puerto Rico. As a result, companies currently holding such property may need to transfer the same to affiliates located outside of Puerto Rico to facilitate the required safekeeping. On September 27, 2017, the United States Internal Revenue Service ("IRS") issued Notice 2017-55, granting relief for certain property described in Section 1221(a)(1) of the United States Internal Revenue Code ("US Code") that would otherwise constitute United States property for purposes of Section 956(c) of the US Code. The provisions of said notice apply to taxable quarters ending on or after September 5, 2017, and on or before January 31, 2018.

The Department of the Treasury ("Department") issues this Administrative Determination with the purpose of clarifying the applicability of the Excise Tax to the transfers of property to affiliates located outside of Puerto Rico for temporary storage for safekeeping in anticipation of or as a result of Hurricane Irma and Hurricane Maria.



II. Determination

Transfers of property to affiliates located outside of Puerto Rico in order to facilitate its safekeeping in anticipation of or as a result of Hurricane Irma and Hurricane Maria, will not constitute acquisitions for purposes of the Excise Tax. Once such property is sold, regardless of its location at the time of the sale, it will be subject to the Excise Tax as it would have been during the ordinary course of business.

Any property transferred under the circumstances described herein must be listed and described in an Exhibit that must be sent to act154Info@hacienda.pr.gov within thirty (30) days of such transfer.

III. Effectiveness

The provisions of this Administrative Determination are effective immediately and are applicable to taxable quarters ending on or after September 5, 2017 and on or before January 31, 2018.

For additional information regarding the provisions of this Administrative Determination, you may send an email to roxana.cruz@hacienda.pr.gov.

Cordially,



Roxana Cruz-Rivera, Esq.
Deputy Secretary of Treasury

