

(S. B. 62)

(No. 56-2017)

(Approved July 29, 2017)

AN ACT

To add a paragraph (4) to subsection (ee), and amend paragraph (3) of, and add paragraph (4) to subsection (jj) of Section 4010.01 of Act No. 1-2011, as amended, known as the “Internal Revenue Code of 2011,” and amend subsection (d) of Section 2 of Act No. 113-2005, as amended, known as the “Puerto Rico College of Public Performance Producers Act,” in order to amend the definition of sales price of public events tickets, amend the term provided for producers to claim the endorsement, and define the terms ticket and public performance.

STATEMENT OF MOTIVES

Public events are essential to the cultural and economic environments of Puerto Rico. Public events provide the people of Puerto Rico with an opportunity to have a theater, cultural, and musical experience, among others, in addition to create jobs. Puerto Rico’s tax system suffered significant changes during the last administration, most of which have been the result of improvisation and despair, thus jeopardizing the economic and cultural environments.

Despite the fact that the economic environment is not favorable, we must adopt measures to promote economic activity through cultural and entertainment events that both contribute to our cultural heritage and further our economy. The appropriate changes to the taxation on these types of events shall allow this sector to regain its place within our economic system by creating jobs, and attracting tourists as well as international talent for the enjoyment of our people.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Paragraph (4) is hereby added to subsection (ee), paragraph (3) is hereby amended, and paragraph (4) is hereby added to subsection (jj) of Section 4010.01 of Act No. 1-2011, known as the “Internal Revenue Code of 2011,” as amended, to read as follows:

“Section 4010.01.- General Definitions

(a) ...

...

(ee) Sales Price.-

(1) ...

...

(4) In the case of tickets for public events, the sales price shall be the amount paid for goods or services, by the purchaser, taking into account any discount offered by the seller.

(ff) ...

(jj) Endorsement.- The authorization issued by the Secretary to a promoter approving the sale and collection of admission fees to a public event, upon receiving the written notice required to such effects.

(1) ...

...

(3) The promoter shall have a non-deferrable term of thirty (30) business days from the presentation of each public event, to claim the endorsement and, consequently, the redemption of the bond.

(A) Failure to meet the requirement to claim the endorsement within the term established in paragraph (3) shall be subject to a fine of one thousand dollars (\$1,000) per violation or ten percent (10%) of the appropriate sales tax of the endorsed tickets, whichever is greater. Moreover, OSPEP may refer to the Fiscal

Audit Bureau any promoter who fails to meet the requirement to claim the endorsement within the term provided in said paragraph (3), in order to conduct an audit and determine the number of endorsed tickets that were sold so as to assess the sales tax collected and not remitted to the Department of the Treasury.

(B) The promoter shall notify OSPEP during the endorsement claim process, rather than during the process to request such endorsement, the number of discounted tickets sold.

(4) For purposes of this Subtitle, the terms “Public Event” and “Ticket” shall have the same meaning provided in Act No. 113-2005, as amended, known as the “Puerto Rico College of Public Performance Producers Act.”

(kk) ...”

Section 2.- Subsection (d) of Section 2 of Act No. 113-2005, as amended, known as the “Puerto Rico College of Public Performance Producers Act,” is hereby amended to read as follows:

“Section 2.- Definitions

For purposes of this Act, the following terms shall have the meaning stated below:

(a) ...

(d) **Public Performance.-** Means any public event produced for commercial purposes or for profit, whether a concert, musical performance, dance performance, sporting event, a comedy show, or a play at a coliseum, hotel, convention center, or any other location, whether indoors or outdoors, private or public, where admission is charged. Those performances organized by nonprofit civic groups or associations, faith-based institutions, political parties, or candidates to public office or to reelection to public office, and school organizations, or those events produced by public corporations of the Commonwealth or the Municipal Governments, and those produced directly by officials of any commonwealth or municipal government

instrumentality shall not be included in this definition. No convention, trade show, meeting or seminar intended for professionals (this exception does not include expo shows and trade shows intended for the public in general), or movie viewing in any venue devoted exclusively to such purpose shall be construed as a public performance.”

Section 3.- This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 56-2017 (S. B. 62)** of the **1st Regular Session** of the **18th Legislative Assembly of Puerto Rico**:

AN ACT to add a paragraph (4) to subsection (ee), and amend paragraph (3) of, and add paragraph (4) to subsection (jj) of Section 4010.01 of Act No. 1-2011, as amended, known as the “Internal Revenue Code of 2011,” and amend subsection (d) of Section 2 of Act No. 113-2005, as amended, known as the “Puerto Rico College of Public Performance Producers Act,” in order to amend the definition of sales price of public events tickets, amend the term provided for producers to claim the endorsement, and define the terms ticket and public performance.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 13th day of June, 2018.

Orlando Pagán-Ramírez
Director