

(H. B. 388)

(No. 102-2019)

(Approved August 1, 2019)

AN ACT

To add a new Section 4030.27 to Act No. 1-2011, as amended, known as the “Internal Revenue Code for a New Puerto Rico,” in order to exclude as a taxable service, those services that are rendered by any natural person residing in Puerto Rico, who, through his ability and skills creates, mainly by hand, a work called artisanry, is engaged in retail or wholesale, and is duly registered in the Artisanry Development Program attached to the Puerto Rico Industrial Development Company; and for other related purposes.

STATEMENT OF MOTIVES

Puerto Rican artisanry is, without a doubt, one of the most genuine expressions of Puerto Rican culture. If we define culture as the projection of all that is created by our ideas and our hands, artisanry is essentially one of the most important. However, since this sector lacks the support of the most prestigious academic institutions in our Island it has been displaced to rural locations where only a few have had the privilege of enjoying said art. The hard work of artisan teachers and promoters has kept alive these artistic manifestations of our countrymen, which were inherited from past generations thus entrusting us with the responsibility of perpetuating their works.

Act No. 166-1995, as amended, known as the “Artisanry Development Program Act,” was enacted to avoid the collapse of said sector. In general terms, the Act provides our artisans with the technical assistance they require with regard to the management of their workshops, as well as the promotion, marketing, distribution, and sale of their products. The granting of financial assistance for the better functioning of their workshops, and the organization of centers where they

can produce, exhibit, distribute, and sell Puerto Rican artisanry, stimulate the diffusion of this artistic field within and outside Puerto Rico, and encourage the mutual cooperation among the artisans, is also provided.

Likewise, additional laws have been enacted to further promote the important of this sector to Puerto Rican society. Among these, subsection (k) of Section 5.01 of Act No. 83-1991, as amended, establishes that artisans are exempt from the payment of personal property taxes; subsection (23) of Section 9 of Act No. 113 of July 10, 1974, as amended, provides that artisanry workshops are exempt from the payment of municipal license taxes; subsection (q) of Section 6 of Act No. 43 of June 21, 1988, as amended, prevents the Puerto Rico Firefighter Corps from charging for the inspection of places where artisanry is sold; and subsection (a) of Section 1 of Act No. 14 of June 20, 1970, as amended, which clarifies that artisans are exempt from the payment of income taxes up to the sum of six thousand dollars (\$6,000) a year.

However, we believe that Puerto Rico's artisan sector can be further strengthened. Therefore, this legislation proposes to amend the "Internal Revenue Code for a New Puerto Rico," in order to exclude as a taxable service, those services that are rendered by any natural person residing in Puerto Rico, who, through his ability and skills creates, mainly by hand, a work called artisanry, is engaged in retail or wholesale, and is duly registered in the Artisanry Development Program attached to the Puerto Rico Industrial Development Company.

With the approval of this legislation, artisanry is confirmed as a vehicle for the Island's cultural expression and, in turn, we strengthen the premise that we have a group of local artisans whose artistic production has been recognized within and outside of Puerto Rico, thus contributing to the enrichment of our cultural heritage and giving it the opportunity to be known beyond our territorial limits.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- A new Section 4030.27 is hereby added to Act No. 1-2011, as amended to read as follows:

“Section 4030.27.- Exemption for Artisans.

Every artisanry, as said term is defined in Act No. 166-1995, as amended, sold by a person holding a Certified Artisan ID issued by the Puerto Rico Industrial Development Company (PRIDCO) as part of the Artisanry Development Program shall be exempt from the payment of the sales and use tax fixed in this Subtitle, provided that said person has an annual volume of business that does not exceed fifty thousand dollars (\$50,000). If a person belongs to a controlled group, as such term is defined in Section 1010.04, the volume of business of said person shall be determined taking into account the volume of business of all members of the controlled group. For purposes of this subsection, a partnership, special partnership, and corporation of individuals shall be treated as a corporation under Section 1010.04 to determine if it is a member of the controlled group. In the case of a person who is an individual, the volume of business shall be determined taking into account the volume of business of all his trade or business or income-producing activities.”

Section 2.- The Secretary of the Department of the Treasury of Puerto Rico is hereby directed to adopt the regulations necessary to fulfill the purposes of this Act within a term not to exceed thirty (30) days after the approval thereof.

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