

(H. B. 1240)

(No. 113-2013)

(Approved October 1, 2013)

AN ACT

To amend subsection (a) of Section 4030.08 of Act No. 1-2011, as amended, known as the “Internal Revenue Code for a New Puerto Rico”; and subsection (b) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, known as the “Municipal Property Tax of 1991,” in order to exempt any taxable item acquired for official use from the sales and use tax, and to exempt government agencies or instrumentalities of any of the states of the United States or the District of Columbia from the property tax, so as to achieve reciprocity under the same terms with such states or the District of Columbia; and for other purposes.

STATEMENT OF MOTIVES

The office of the Puerto Rico Federal Affairs Administration in Washington, D.C. has been exempt from the sales tax in said jurisdiction for some time.

In order for the Government of the District of Columbia to continue granting these exemptions, Puerto Rico is required to show some sort of reciprocity in the event that such jurisdiction establishes an office or agency to carry out official duties in Puerto Rico.

After reviewing our Internal Revenue Code (Act No. 1-2011) we noticed that neither the District of Columbia nor any other state of the United States would be exempt from the sales and use tax for taxable items acquired by government agencies and instrumentalities for official use either at present or in the future. This is also the case of the property tax.

We believe that such exemptions, as those enjoyed by the instrumentalities of the Federal Government in the Island or those of the Government of Puerto Rico, should be extended to the states and the District of Columbia in order to

establish reciprocity with them under the same terms. Just as the exchange of privileges and immunities or the full faith and credit between state jurisdictions, tax exemptions in benefit of state and local governments in the United States also promote sound and/or economic relations between the states and Puerto Rico.

For all of the above, Act No. 1-2011, as amended, known as the “Internal Revenue Code for a New Puerto Rico,” and Act No. 83 of August 30, 1991, as amended, known as the “Municipal Property Tax Act of 1991,” are hereby amended to exempt any taxable item acquired for official use from the sales and use tax, and to exempt government agencies or instrumentalities of any of the states of the United States of America or the District of Columbia from the property tax.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Subsection (a) of Section 4030.08 of Act No. 1-2011, as amended, is hereby amended to read as follows:

“Section 4030.08.- Exemption on Taxable Items Acquired by Government Agencies.-

(a) Any taxable item acquired for official use by the agencies and instrumentalities of the Government of the United States of America, any of its states, the District of Columbia, and the Government of Puerto Rico shall be exempt from the sales and use tax imposed in this Subtitle. The exemption granted to the states and the District of Columbia shall be subject to reciprocity between them and the Commonwealth of Puerto Rico.

(b) ...

(d) ...”

Section 2.- Subsection (b) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 5.01.- Property Exempt from Taxation.-

The following assets shall be exempt from the payment of all personal and real property taxes:

(a) ...

(b) The property of the United States, the property of any of its states and the District of Columbia used exclusively for official purposes, provided that such state jurisdictions and the U.S. Capital grant a similar exemption to the Commonwealth of Puerto Rico and all property exempt from taxes by the laws of the United States; the property of the Commonwealth of Puerto Rico, the Puerto Rico Housing and Human Development Trust, and the Puerto Rico Conservation Trust, with the exception of what is determined in Section 3.16 of this Act; and the property of any municipality exclusively set aside for public use, even though said property is a source of revenue for the municipality to which it belongs. In those cases whereby the Commonwealth Government has conveyed, or later conveys, lands or property belonging to it in usufruct to private persons or entities, said lands or property thus conveyed shall be subject to the property tax laws and the usufructuaries shall be bound to pay such taxes. In the event that said usufructs are for a term of more than five (5) years, or for life, the usufructuaries shall be deemed to be the owners of the property for all effects of the tax exemption laws and ordinances.

(c) ...

(ee) ...”

Section 3.- The Department of the Treasury and the Municipal Revenues Collection Center shall temper any regulations in effect with the provisions of this Act.

Section 4.- This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 113-2013 (H. B. 1240)** of the **2nd Session of the 17th Legislature** of Puerto Rico:

AN ACT to amend subsection (a) of Section 4030.08 of Act No. 1-2011, as amended, known as the “Internal Revenue Code for a New Puerto Rico”; and subsection (b) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, known as the “Municipal Property Tax of 1991,” in order to exempt any taxable item acquired for official use from the sales and use tax, and to exempt government agencies or instrumentalities of any of the states of the United States or the District of Columbia from the property tax, so as to achieve reciprocity under the same terms with such states or the District of Columbia; and for other purposes.

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

In San Juan, Puerto Rico, on this 15th day of November, 2013.

Juan Luis Martínez Martínez
Acting Director