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Indirect Tax Alert

News from EY Americas Tax

Puerto Rico's Treasury Department extends sales tax exemption for necessities through 30 June 2020

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The Puerto Rico Treasury Department has extended (Administrative Determination (AD) 20-16) the exemption from state and municipal sales tax for necessities again. AD 20-16 extends the sales tax exemption previously granted through AD 20-12, from 31 May 2020 to 30 June 2020.

Merchants will report the exempt sales on the line for sales of exempt tangible property on the Monthly Sales and Use Tax Return. If a merchant collects sales tax from a customer, the merchant must immediately refund the sales tax collected. The PRTD indicates that even though the sales tax exemption is extended, the provisions of AD 20-07 and AD 20-12 still apply. For more information on the previous extensions, see EY Global Tax Alert, [Puerto Rico's Treasury Department further extends sales tax exemption for necessities and prepared food as a result of COVID-19](#), dated 15 May 2020.

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