

# Indirect Tax Alert

News from EY Americas Tax

## Puerto Rico's sales tax holiday for school uniforms and supplies will run from 29 July through 1 August

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The Puerto Rico Treasury Department (PRTD) announced in [Administrative Determination \(AD\) 20-18](#) that the back-to-school sales tax holiday for school uniforms and supplies will be in effect from 29 July 2020 through 1 August 2020. The PRTD extended the sales tax holiday from two to four days in accordance with the Governor's Executive Orders on COVID-19, which prohibit large concentrations of people in indoor establishments.

Section 4030.20 of Puerto Rico's Internal Revenue Code of 2011 (the 2011 PRIRC), as amended, establishes two sales tax holidays during the fiscal year. After July, the next holiday will be in January 2021.

Only school uniforms, supplies and textbooks are exempt from the sales and use tax. Specifically, under Section 4030.20(c) of the 2011 PRIRC, the following items are excluded from sales tax during the sales tax holiday:

- ▶ School uniforms, specifically required by the educational institution, that do not have a general use or cannot be worn outside the school
- ▶ Clothing and footwear that complement the uniforms as specifically indicated by the educational institution
- ▶ School supplies commonly used by a student in the course of study (e.g., pencils, erasers, markers, pencil boxes, index cards, and computer storage media, including disks, compact disks and flash drives)
- ▶ Art and music school supplies, as well as reference materials or materials used to learn the subject being taught (e.g., clay and glazes, paint (acrylic, oil or tempera), paint brushes for artwork, sketchbooks, musical instruments, and maps and globes).

In conjunction with AD 20-18, the PRTD issued Circular Letter (CL) 20-31, which specifically lists articles that will not be considered eligible school uniforms, such as separately-sold belt buckles and protective, sporting and recreational gear not suitable for general use (i.e., security helmets, goggles, ballet slippers). CL 20-31 also specifies a list of items that will be considered school supplies. If the articles are not included in that list, they will be subject to sales tax.

Textbooks and college books continue to be exempt throughout the year from sales tax. The exemption covers text and electronic books and applies both to the purchase and rental of the books.

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For additional information with respect to this Alert, please contact the following:

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