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## Update on SURI

By Carlos R. González-Martínez

As informed in our October Special Bulletin of The Tax Advisor written by Member Sandra M. Torres, the Internal Revenue Unified System (SURI for its Spanish acronym) platform used to manage all sales and use tax (SUT) registrations, including modifications and amendments to those registrations, and to make all SUT filings and payments, including the payment of SUT debts, started on October 31, 2016. It is important to note that the process of updating your account as a registered merchant in SURI is compulsory. The Puerto Rico Treasury Department (PRTD) informed on Circular Letter for Internal Revenue No. 16-12-RI that a penalty of \$500 will be imposed to any merchant who has not completed the conversion and update of its account on the SURI Platform.

All merchants were encouraged to update their accounts in SURI by October 31, 2016. If you are an importer, you should have updated your registration in SURI by November 10, 2016, as this is the due date for filing the first Monthly Imports Declaration using the SURI platform. Other businesses must update their registrations in SURI before November 20, 2016 (due date for filing the first monthly SUT return under the SURI platform).

The new SURI platform brought various changes to the merchants' certificates and the monthly SUT return such as the following:

Continues on Page 2

**Update on SURI...**  
**Continued from Page 1**

1. Provisional Merchant Certificate – This is a merchant certificate issued to new businesses that have not commenced operations, but that need to present this registration for various purposes such as the request for permits and the opening of bank accounts. This certificate is issued to businesses that expect to commence operations within the next 30 days and up to 6 months.
2. Changes to Merchant's Certificate – There are various changes to the merchant certificate as follows:
  - a. Size – The new certificate is the size of a letter paper size (8 1/2" x 11").
  - b. Issuance – The new certificate will be readily available for printing from your computer once the account has been updated or the request for registration has been processed.
  - c. NAICS Code – All the applicable NAICS codes can be attached to one certificate without the need to register different locations for each different activity identified by a NAICS code.
  - d. Expiration Date – The new certificates will expire in 2 years and a renewal process will need to be completed to obtain the new certificate. The expiration dates will be assigned based on the last digit of the employer's identification number.
  - e. Multiple locations on the same address – SURI will not allow the registration of multiple locations with the same address. Instead, all businesses operating in the same location must be consolidated in one, and all applicable NAICS codes must be attached to that location.
  - f. Certificates will be printed by the taxpayer.
3. Monthly SUT Return – SURI has consolidated the monthly return for SUT, the monthly return for sales tax on services and the monthly return for pre-existing contracts into one monthly return that contains all the same lines those

returns had before SURI. However, this new monthly return brought the following changes:

- a. Sales detail required per location - To facilitate the upload of information in the case of multiple locations, it permits the use of a template provided in the form or to import an Excel template to reflect the sales information by location.
- b. Admission Rights – In the case of businesses reporting sales of admissions rights, they will be required to provide the information by event.
- c. Detail required for local purchases - SURI requires a detail of the purchases made locally for resale for which SUT credits will be claimed. The information will include the name and merchant's registry number of the supplier (for the month of October the PRTD has confirmed that local purchases may be provided by supplier (i.e. all purchases put together)) and a template is also available.
- d. Exemptions – The exemption for manufacturer's purchases of raw material and manufacturing equipment and the Eligible Reseller Exemption will be available to those merchants that have a valid application and approval. Upon expiration of the certificate of exemption, such lines in the monthly SUT return will be blocked by the PRTD. To benefit from that exemption again, the merchant will need to request the renewal thru the SURI platform. However, the exemption line in the monthly return will be kept blocked by the PRTD until a final validation is made by the Consumption Tax Bureau.
- e. New payment alternative – A new alternative is provided for the payment of the tax with a credit card.

Note that the PRTD issued Circular Letter for Internal Revenue No. 16-13-RI on October 18, 2016 to provide information regarding the changes to the monthly SUT return.

**ABOUT THE AUTHOR**

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**Carlos** is a Member at Alvarado Tax & Business Advisors LLC (AT&B) and has over twenty five years of experience in the corporate and individual tax advisory area with various international firms and industries. He provides corporate tax services for clients in telecommunications, manufacturing, service and retailing industries, and also is the Operations Manager for the Tax Resolution and Outsourcing Services divisions.

Prior to joining ATBA, Carlos had a seven-year-plus career with Puerto Rico Telephone Company (PRTC) as Executive Tax Advisor in charge of the corporate tax division, and a three-year career with Caribe General Electric as Tax Manager. Prior to that, he worked for ten years in public accounting firms, including experience in both audit and tax, with KPMG, Price Waterhouse LLP's Corporate Tax Practice and Arthur Andersen's Tax Practice. While at PRTC, Carlos was the project leader and successfully implemented the new sales and use tax rules, modifying more than ten different systems and affecting the operating guidelines of fourteen departments.

Carlos has a BBA major in Accounting from the University of Puerto Rico. He is a member of the Puerto Rico Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

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**Update on SURI...**  
**Continued from Page 2**

**ATBA Comments**

As can be noted, SURI's platform is looked by most as a step forward in the mechanization and simplification of PRTD's systems. This platform is expected to provide an excellent tool to the taxpayers for resolving many issues related to the administration of the SUT from their computers, that in the past, required a lot of manual processes and visits to the PRTD. However, this tool will also work effectively for the benefit of the PRTD. One of those situations which SURI will benefit the PRTD is in the case of imposition of certain penalties. Since SURI has the capability of comparing the due dates to perform certain functions within the system with the actual date they were performed, certain penalties will be automatically imposed by SURI instead of waiting for a manual process by an officer of the PRTD. Two examples of such capability are the \$500 penalty for not informing a change related to locations within 30 days of the change and the \$100 late filing penalty for the SUT returns.

An important fact about the filing and payment of the monthly SUT return is that, the PRTD will run the updates for the system every night. In case there is a payment due with the monthly SUT return, it must be made the day **before its due date** so that it is validated as made on time. Otherwise, SURI will consider the payment late and will calculate and include interest, penalties and surcharges on such late payment.

Although SURI has many benefits, it also brings additional compliance requirements to certain merchants. As informed in this bulletin, merchants with more than one location and merchants with local purchases for resale must provide additional detailed information which will cause the filing process to be more cumbersome for them. Hopefully, the templates provided by the PRTD will assist in the process of organizing and uploading the information reducing the time required to comply with those requirements. However, for merchants to be able to reap the benefits of those templates they should review their accounting systems to see if they could, with minor changes, gather the required information and download it in a format which will be compatible or which may be modified to fit the templates.

We encourage you to update your accounts in SURI as soon as possible and to verify the expiration dates of your exemption certificates. Our personnel are ready to assist you in addressing any issues you may encounter with SURI's new platform.

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