

## Tax

*Treasury Postpones the Effective Date of the Special Charge on Money Transfers and Provides Additional Guidance on its Imposition and Remittance to Treasury*

Act 136-2014 amended Act 136-2010, known as the “Act to Regulate the Monetary Transaction Business” to impose a special charge of 2% (“Special Charge”) on money transfers processed or completed by a money transmitting businesses (“MTB”), electronically, by check, money order, fax, air transportation or any other means from Puerto Rico to any person or entity in a foreign jurisdiction, including the United States (“Money Transfer”). Pursuant to Act 136-2014, the Special Charge should have been imposed on transactions made as of September 1, 2014.

On October 15, 2014, the Puerto Rico Treasury Department (“Treasury”) issued Internal Revenue Administrative Determination No. 14-26 (“AD 14-26”) to (i) postpone the effective date of the Special Charge, (ii) clarify the transactions that are subject to the same and (iii) establish a process to deposit the Special Charge already collected.

### Effective Date of the Special Charge

AD 14-26 postpones the collection obligation through December 15, 2014. Thus, based on AD 14-26, **starting December 16, 2014 all MTBs must collect and remit to Treasury the Special Charge on Money Transfers.**

**MTBs shall not collect the Special Charge between October 15, 2014 and December 15, 2014.**

### Transactions subject to the Special Charge

Every MTB shall collect and remit the Special Charge on any Money Transfer regardless of the payment method used by the transferor of the money. However, the following transactions will not be subject to the Special Charge:

1. The payment of debts to suppliers;
2. The issuance of money orders or travelers’ checks to the extent the same are not transferred or sent out of Puerto Rico by the MTB; and
3. The sale of prepaid or gifts cards to the extent the same are not transferred or sent out of Puerto Rico by the MTB.

The Special Charge shall only be imposed on the amount of the Money Transfer. Any charge imposed by the MTB for carrying out the transaction shall not be subject to the Special Charge.

### Depositing the Special Charge



For more information on the above, please contact any of the following attorneys in the tax practice:

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The Special Charge to be collected starting on December 16, 2014, must be remitted to Treasury no later than the 10<sup>th</sup> day of the month following its collection.

However, MTBs that collected the Special Charge beginning September 1, 2014 must remit such amounts to Treasury no later than October 31, 2014. The Special Charge collected from October 1, 2014 through October 15, 2014, must be remitted to Treasury no later than November 10, 2014.

The amounts must be deposited in any of Treasury's Revenue Collection Centers using Form 480.9H, *Payment Voucher for the Special Charge Provided by Act 136-2014*, available [here](#).

You may access AD 14-26 (in Spanish) [here](#).

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