

April 3, 2017

## Tax Update

### *Municipality of San Juan Restructures Payment of Municipal License Taxes*

On March 23, 2017, the Legislature of the Municipality of San Juan (“Municipality”) approved Municipal Ordinance No. 41, Series 2016-2017 (“Ordinance 41”), restructuring the payment of municipal license taxes (“MLT”) applicable to businesses established in the Municipality. Ordinance 41 will be effective starting on fiscal year 2017-2018.

The changes made by Ordinance 41 are the following:

- Depending on the gross income realized by any person engaged, for profit, in the sale of goods, rendering of services, or in any industry or business, for profit (“Taxpayer”), the applicable MLT rate will be as follows:

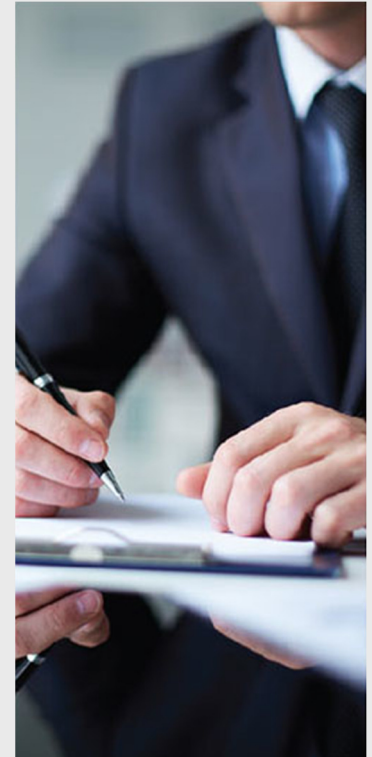
Gross Income	Applicable MLT
\$5,000.01 up to \$12,500.00	Exempt
\$12,500.01 up to \$100,000.00	\$25.00
\$100,000.01 up to \$300,000.00	.20%
Greater than \$300,000.00	.50%

Please note that for purposes of determining the applicable MLT rate, the total revenue received or earned will be considered regardless of whether the business operations are carried out in one or more municipalities.

- A Taxpayer may pay, on or before June 30, 2017, the total annual MLT for the fiscal year 2017-2018 at the following MLT rates:

Gross Income	Applicable MLT
\$0.00 up to \$1,000,000.00	.20%
Greater than \$1,000,000.00	.50%

- A Taxpayer may pay in advance the MLT for the fiscal year 2018-2019, on or before December 15, 2017, at a MLT rate of .20%. If the Taxpayer elects to do so:
  - The Taxpayer will use the volume of business (“VOB”) declared for fiscal year 2017-2018 as basis for the prepayment of the MLT.
  - The Taxpayer expressly waives its right to claim a credit or reimbursement for such payment.
  - The Municipality waives its right to impose the payment of additional MLT in the event that the VOB realized is greater than the one used as basis to make



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the prepayment, except in cases of fraud or deception or distortion of a relevant fact.

- The Taxpayer must be in compliance with the payment of sales and use tax and MLT.

You may access Ordinance 41 (in Spanish) [here](#).

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