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## TAX ALERT

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### EXTENSION OF ACT 154 4% EXCISE TAX FILED AT LEGISLATURE

House Bill 741 was filed on February 5, 2013 proposing to amend Act 154-2010 as follows:

- Increase to 4% the excise tax on certain purchases from manufacturing affiliates in Puerto Rico effective January 1, 2013. Said amendment will effectively increase from 2.75% to 4% the excise tax applicable for 2013.
- The 4% excise tax rate is fixed for five years until December 31, 2017.
- The payment date of the excise tax is changed to the thirteenth day of the month following

the taxable acquisition instead of the fifteenth day of the month following the taxable acquisition.

A joint public hearing is expected to be held on February 8, 2013 by the House and the Senate, it is anticipated that the bill may be enacted into law shortly thereafter.

The Bill makes no changes to the modified source of income rule enacted by Act 154-2010. The Bill does not address the credits against the excise tax available under current regulations.

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*Because of the general nature of this newsletter, nothing herein should be considered as legal advice or a legal opinion. For further information about the contents of this newsletter, or should you need further assistance in connection with these matters, please contact the firm's Tax Practice Group.*

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