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For immediate release

**Reseller Exemption Certificate Holders: Approval of new requirements for renewal.**

Act No. 37 of July 10, 2009 introduced technical amendments to Act 7 of March 9, 2009 to establish, among others, that the reseller exemption certificate for Sales and Use Tax purposes be available to:

1. Merchants with a Volume of Business (VOB) equal or greater than \$500,000 and new merchants with an estimated VOB equal or greater than \$500,000,
2. Merchants with a VOB under \$500,000, subject to certain requirements and,
3. Manufacturing plants or persons eligible for any exemption under the provisions of Subtitle BB.

Recently, the Puerto Rico Treasury Department (Treasury) issued Administrative Determination No. 09-06, which clarified various issues relative to the renewal process and establish certain requirements to obtain the reseller exemption certificate.

AD 09-06 establishes that in order to simplify the renewal process the expiration date for the reseller exemption certificates expiring on or before October 30, 2009 will be extended until October 31, 2009. In the case of the reseller exemption certificates that expire after November 1, 2009, the new expiration date will be the last day of the month of expiration.

The reseller exemption certificate renewal process will be automatic for merchants with a VOB equal or greater than \$500,000. The certificate will be issued and sent to the reseller, if at the moment of renewal they are in complete compliance with Treasury. However, if the merchant is not in complete compliance, a tax notice informing the debt will be sent, in order for the merchant to clarify it and renew its reseller exemption certificate.

As for merchants with a VOB under \$500,000, in order to renew the reseller exemption certificate they will need to file an Exemption Certificate Application (Form SC 2914 D) for each location along with a copy of the last Volume of Business Declaration filed in every Municipality where they conduct their business. In addition, the merchant will need to be in complete compliance with Treasury at the moment of renewal.

Notwithstanding the above, Treasury may request the filing of any other information it deems necessary for the renewal and issuance of the reseller exemption certificate.

Although the renewal process seems simple, we strongly recommend that you request a tax debt certificate before your reseller exemption certificate expires. The tax debt certificate will help merchants assess their current standing with Treasury and identify any existing debt that may become an obstacle during the renewal process.

The purpose of this Alert is to provide general guidance. For more information regarding the matters presented herein or any related aspects please contact the Ernst & Young Puerto Rico, LLC Tax Advisory Team Members 787 759 8212 or email [rosa.rodriguez@ey.com](mailto:rosa.rodriguez@ey.com).

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