

PUERTO RICO EXCISE TAX CHANGES ON TOBACCO PRODUCTS, NEW EXCISE TAX RETURN FORMS AND RETAILERS LICENSE FEES

By: Mariangely González-Tobaja, Esq.

Act No. 26 of April 29th, 2017 known as the “Fiscal Plan Compliance Act” (“Act 26-2017”) amended the excise tax rates applicable to cigarettes and other tobacco derived products. Cigarettes and tobacco derived products manufactured or imported to Puerto Rico are subject to the following excise tax rates effective May 1st, 2017:

Item	Excise Tax Rate
Cigarettes	\$25.50 per 100 cigarettes or fraction thereof
Cigars	\$25.50 per pound or fraction thereof
Rolling Tobacco	\$25.50 per pound or fraction thereof
Cigarette Paper	\$3.00 per 50 papers or fraction thereof not exceeding 6 ½ inches
Cigarette Tubes	\$3.00 per 50 cigarette tubes or fraction thereof not exceeding 6 ½ inches
Chewing tobacco	\$5.00 per pound or fraction thereof
Snuff	\$4.53 per pound or fraction thereof
Electronic Cigarette	\$3.00 each
Nicotine Cartridge	5¢ per milliliter
Vaporizer	\$6.00 per unit

In Administrative Determination No. 17-03, the PR Treasury established that a product will be classified as a cigarette for excise tax purposes based on the following measurements: (1) its length is less than 100 millimeters; (2) its circumference does not exceed 8 millimeters; and (3) its weight is no more than 0.09 ounces. Any product in excess of such measurements will be deemed a cigar for excise tax purposes. However, a manufacturer, distributor or importer may file a ruling request with the PR Treasury if it understands that its product is a cigarette (due to its nature) even if its measurements exceed those specified.



A. New Excise Tax Return

The PR Treasury issued Tax Policy Informative Bulletin No. 17-04 to notify that a new version of the Monthly Excise Tax Return (*Modelo SC 2225*) is available and should be used to report items manufactured or imported to Puerto Rico subject to excise taxes for periods commencing on May 1st, 2017.

B. License Fees

Act 26-2017 also amended license fees applicable to wholesale or retail dealers of certain goods, as listed below. These fees apply to transactions for new or renewed licenses commencing on May 1st, 2017.

Dealer	Fee
Cigarettes – Wholesale	\$750
Cigarettes – Retail in a fixed place, by an itinerant merchant, or per cigarette vending machine	\$300
Cigarettes – Wholesale from a motor vehicle - per vehicle	\$300
Gasoline – Wholesale	Class A \$6,000 Class B \$2,500
Gasoline – Retail	Class A \$ 900 Class B \$ 100
Retail – Sale of alcoholic beverages, cigarettes and auto parts and accessories – per location	\$200
Motor vehicles – Dealers	Class A \$1,000 Class B \$ 200
Auto parts and accessories – Wholesale and retail	Class A \$2,000 Class B \$ 800 Class C \$ 100
Retail dealers of cigarettes and alcoholic beverages for a limited time (15 days)	\$ 25
Retail dealers of auto shows for a limited time (vehicles, parts and accessories) (15 days)	\$100
Cement – Manufacturer or wholesale dealer	Class A \$250,000 Class B \$200,000 Class C \$ 80,000
Armory – Weapons and ammunitions dealer	\$200



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If you have any questions with respect to the above, please contact Mariangely González-Tobaja or José E. Villamarzo-Santiago at AMG.

The above summary is intended for information purposes only. It cannot be considered a legal opinion, and it does not intend to consider all the tax and legal considerations that could be relevant to any particular person or entity.

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