

# Questions and Answers

## Municipal SUT Filing and Payment Process with COFIM

### 1. ¿What is the Municipal SUT?

The Municipal Sales and Use Tax (SUT) is a municipal tax of 1% established by law on every sale, use, consumption or storage of taxable items, subject to certain exemptions, within each municipality.

All merchants engaged in any type of business selling taxable items subject to the SUT will be required to collect the 1% Municipal SUT as withholding agent and will be responsible for filing the monthly SUT return and sending the payment to COFIM.

### 2. Who is subject to the Municipal SUT?

All persons, natural or legal, who acquire, use, store or consume goods and taxable items in any Municipality will be responsible for paying the Municipal Tax. The tax is paid directly to the merchant at the time of the purchase of the goods or services.

### 3. What is COFIM?

The Municipal Finance Corporation (COFIM by its Spanish acronym) is a public corporation and instrumentality of the Commonwealth of Puerto Rico, attached to the Government Development Bank. COFIM is authorized to issue bonds and use other financing mechanisms to pay or refinance, directly or indirectly, in whole or in part, the debts of the municipalities of the Commonwealth payable or backed by the 1% municipal sales and use tax. Under the COFIM Act, a plan has been established for collecting the 1% Municipal SUT of all the municipalities in Puerto Rico.

### 4. Who is a merchant?

Any person engaged in the business of selling goods and taxable items through stores, warehouses, offices, sellers or any other establishment including wholesaler.

### 5. What are the responsibilities of a Merchant with the Treasury Department?

Any person who wishes to engage in business in Puerto Rico must submit and register with the Treasury Department using the form "Application for Merchant's Registration Certificate" for each business location. All exhibitors, mobile businesses and or temporary businesses must also fill out this form.

The application must be submitted to the Treasury Department at least 30 days before commencement of operations.

For additional information on how to obtain the Application for Merchant's Registration Certificate, merchants may visit [www.hacienda.gobierno.pr/ivu](http://www.hacienda.gobierno.pr/ivu).

### 6. What are the responsibilities of a Merchant with the Municipality where the Merchant is located?

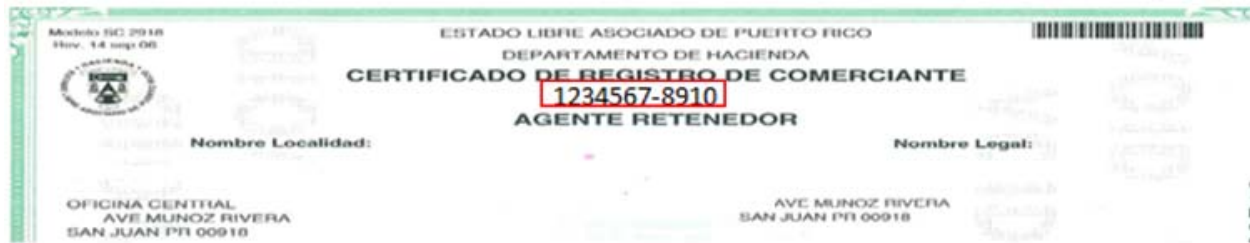
All merchants must register with the Municipality within thirty (30) days of starting any industry or business in the Municipality.

## 7. What is the Merchant's Registration Certificate?

The Merchant's Registration Certificate is the authorization granted by the Treasury Department for doing business in Puerto Rico. The Merchant's Registration Certificate authorizes the sale of taxable items, including goods and services, subject to the SUT.

## 8. How do I confirm the merchant registration number for each location?

The Merchant's Registration Certificate specifies the merchant's registration number in the fourth line of the heading. See the example below:



## 9. Is there any penalty for not registering?

Yes. The penalties for not registering are established by the 2011 Puerto Rico Internal Revenue Code of 2011 as amended and the Regulations approved by the Treasury Department.

## 10. Where should the Merchant's Registration Certificate be displayed?

The Merchant's Registration Certificate should be displayed in the business location where the merchant conducts sales activities. Failure for not displaying the certificate as required by law, will subject the business to a \$1,000 fine. The penalty for altering a Certificate will entail a \$5,000 fine for each violation.

## 11. Where do I file the monthly Municipal SUT?

All merchants of all Municipalities of Puerto Rico may file and pay the monthly Municipal SUT returns at the COFIM webpage: [cofim.pr.gov](http://cofim.pr.gov).

Merchants have the option of paying at any branch of Banco Popular de Puerto Rico or at any other participating banks. Merchants must obtain the official return directly from the Municipality.

If the municipality is authorized by COFIM as a Certified Collecting Municipality, the merchant may file and pay directly the SUT at the Municipality or if available through the Municipality's webpage.

## 12. Which are the municipalities certified by COFIM as Certified Collecting Municipalities?

COFIM is in the process of certifying those municipalities that have requested to be included as Certified Collecting Municipality. These will be published in COFIM webpage as soon as they are certified.

## 13. What are the payment alternatives?

Electronic filing and payment through the COFIM Portal at [cofim.pr.gov](http://cofim.pr.gov):

- Payments may be made through an ACH (account debit) from a checking or savings account.

Filing Paper Returns and Payments through a bank branch:

- Banco Popular Branches: Payments can be done in cash, check, money order, manager's check and Banco Popular debit card ("ATH").
- Branches of participating banks: Payments can be done in cash, check, money order, manager's check and bank card.
- **All checks, money orders and manager's checks must be in the name of "COFIM – Municipality of \_\_\_\_\_". Otherwise, the SUT return will be deemed not filed.**

If the Municipality is a COFIM Certified Collecting Municipality:

- The payment may be made in cash, by check, money order, manager's check or other form of payment accepted by the Municipality, including the Municipality's webpage.
- **All checks, money orders and manager's checks must be in the name of "COFIM – Municipality of \_\_\_\_\_". Otherwise, the SUT return will be deemed not filed.**

**14. What is the "company id" that the merchant must define with his/her bank so that the bank accepts the ACH (account debit) transaction?**

Merchants that have bank account protection services against unauthorized debits must authorize their banks the ACH (account debits) originated through the COFIM webpage. COFIM's "company id" is 7660826364.

**15. What is the due date to file the Monthly Municipal SUT returns?**

The monthly Municipal SUT returns must be filed on or before the twenty (20) of the following month.

**16. What is the penalty for a merchant filing a monthly Municipal SUT return after the due date?**

Penalties, interest and late fees will be applicable as established in the Puerto Rico Revenue Code, Act No. 1 of January 31, 2011, as amended, and in the Regulations approved by the Treasury Department.

**17. What services are provided through the COFIM Portal?**

The following services are provided through the COFIM Portal:

- Register a new user;
- Recover a username;
- Recover a password;
- Change a password;
- Update your information;
- Add a business;
- Look up information about the business location;
- Request access to an existing business;
- Submit monthly SUT returns and make the corresponding payments;
- View the history of SUT returns filings and payments.

**18. How do I file an amended return?**

Merchants who wish to file an amended return must contact the Municipality directly.

**19. How can I register at the COFIM Portal?**

To begin the registration process in the COFIM Portal, you must click on the link "Create User" and enter the required information. Once registered, you must add the business(es) you wish to manage, by clicking on the link "Enter Information of User's Business."

Merchants registered in the Treasury Department's webpage (PICO, Spanish acronym) must use the same username and password for the COFIM Portal. The business administrator in the COFIM Portal will have the same privileges as in PICO. Other users must request the business administrator permission to access in order to do transactions in the COFIM webpage.

**20. Once registered in the COFIM Portal, how many people can I authorize to access the Portal?**

You may authorize access to as many people as you wish. In addition, you may establish the type of access each one will have.

**21. I have several locations or activities registered with the Treasury Department; they are all registered under the same employer identification or social security number. I have a Merchant's Registration Certificate. When I register in the COFIM Portal, do I have to register each location and create a user and a password for each?**

No. You may register all registered locations or activities as are needed under one same user and password.

**22. If I have more than one (1) location, do I have to prepare a Monthly SUT return for each location?**

Yes. You will have to prepare a SUT return reporting the taxable and exempt sales for each locality.

**23. Where can I obtain the instructions to use the COFIM Portal?**

To obtain the instructions for the COFIM Portal, you may go to the Reference Manual available at [cofim.pr.gov](http://cofim.pr.gov).

**24. Who can provide system support if I have trouble registering in the COFIM Portal?**

To receive support with the webpage, you may call (787)722-2525 or send an e-mail to COFIM@bgfpr.com.

**25. Who can I call regarding any other situation?**

You may call (787)722-2525 or send an e-mail to COFIM@bgfpr.com.

**26. If for any reason a merchant does not have sales during a month or specific period, will he/she be required to continue filing a monthly Municipal SUT return?**

In this event, the merchant must file a Municipal SUT return in zero through the COFIM webpage. Otherwise, he/she will be subject to the penalties provided in Subtitle F of the PR Revenue Code.

**27. If I am an exempt merchant, how should I file the monthly Municipal SUT return?**

In this case, the merchant must file a Municipal SUT return in zero through the COFIM webpage. Otherwise, he/she will be subject to the penalties provided in Subtitle F of the PR Revenue Code.



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