
FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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BY ELECTRONIC MAIL

October 5, 2022

Mr. Francisco Parés Alicea
Secretary
Department of Treasury

Re: Administrative Determination No. 22-09

Dear Mr. Parés Alicea:

In accordance with the Rules, Regulations and Orders Review Policy of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) established pursuant to Section 204(b)(4) of PROMESA, we have reviewed the proposed Administrative Determination No. 22-09, to be issued by the Puerto Rico Department of Treasury (the “Proposed Administrative Determination”). The Proposed Administrative Determination seeks to extend the temporary exemption from the sales and use tax (“SUT”) payment on “Prepared Foods”¹ from October 7, 2022 to October 13, 2022.

After reviewing the Proposed Administrative Determination, the Oversight Board designates it as “Approved.” As stated by the Puerto Rico Department of Treasury, the additional week of SUT exemption on prepared foods will have an estimated fiscal impact on revenues of \$5.5 million that will be subsidized by the Emergency Reserve prior approval by the Puerto Rico Office of Management and Budget. We remind you that the replacement funds from the Emergency Reserve must be placed in the COFINA fund to offset the revenue impact of the extension.

Please note the Oversight Board’s review is solely limited to the Proposed Administrative Determination’s compliance with the applicable Fiscal Plan and no other matters. For the avoidance of doubt, the review performed by the Oversight Board does not cover a legal review under applicable laws, rules, and regulations, both federal and local, including without limitation, compliance with any applicable labor laws, rules and regulations. Any material changes to the

¹ “Prepared Foods,” as defined on Section 4010.01 of the Puerto Rico Internal Revenue Code of 2011, as amended, include “prepared foods,” “carbonated drinks,” “confectionery products,” and “sweets.”

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Proposed Administrative Determination must be submitted to the Oversight Board for its review and approval **prior to adoption and publication.**

This review was conducted on the basis of information submitted by the Puerto Rico Department of Treasury. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information not available when the review was conducted. In addition, during the course of our review, we may receive information which we may determine to refer to the relevant authorities.

This letter is issued only to the Puerto Rico Department of Treasury and solely with respect to the Proposed Administrative Determination.

We look forward to continuing working with you for the benefit of the people of Puerto Rico.

Sincerely,



Jaime A. El Koury
General Counsel