

# PRESS RELEASE



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## TREASURY DEPARTMENT CHANGES REPORTING METHODOLOGY FOR SALES AND USE TAX

### Change allows for timely reporting of General Fund Revenues on a monthly basis

**SAN JUAN, P.R.** -Treasury Secretary, Juan Carlos Puig, announced today that the Treasury Department will begin reporting sales tax revenues on a cash basis in order to be able to issue monthly collection reports on a timelier basis. This change in reporting will enable the Treasury Department to report sales tax revenues on the same basis and at the same time as it reports all other tax revenues. Accordingly, sales tax revenues will be reported in the month in which such revenues are received by the Treasury Department. The new reporting method will be effective as of July 1, 2009.

This is strictly a change in reporting methodology and does not affect in any way the amount of taxes pledged to COFINA and its bondholders, the method of collecting sales taxes, the amount of taxes required to be deposited nor the process of depositing such taxes in COFINA's Dedicated Sales Tax Fund.

"Since the inception of the Sales and Use Tax in November 2006, the Treasury Department has reported sales tax revenues on a 'modified cash basis'. This means that the figures for each month represent the sales taxes corresponding to sales made by merchants and retailers and sales tax collected by such merchants and retailers during that month, but reported and remitted to the Treasury Department during the following month. The sales tax is the only tax that had been reported using this method. All other General Fund revenues are reported on a cash basis; that is, the Treasury Department reports such taxes in the month in which they are received," Puig explained.

“The ‘modified cash basis’ of reporting sales tax revenues has caused one-month delays in the timing of the Treasury Department’s revenue collection reports. For example, the report for collections of all taxes through March 31 is delayed pending the receipt of sales taxes in April, when the sales taxes attributable to March sales are reported and remitted to the Treasury Department,” the Treasury Secretary said.

This change will be made effective for fiscal year 2009-2010. Thus, the figures for sales tax collections previously reported in June 2009 will now be reported in July 2009.

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#### **Attachment**

Attached to this communication is a table showing the taxes that have been reported for each month under the modified cash basis and the taxes that, beginning on July 1, 2009, will be reported under the cash basis.



# Revision to SUT reporting methodology will accelerate monthly disclosure to investors

(in \$ thousands)

FY 2010

	Prior Methodology			Prior	Revised
	2006-2007	2007-2008	2008-2009	2009-2010	2009-2010
July	-	96,100	95,592	88,000	<b>94,382</b>
August	-	90,181	91,353	84,100	88,000
September	-	86,163	77,788	83,775	84,100
October	-	93,751	86,191	85,120	83,775
November	50,200	96,170	91,996	95,075	85,120
December	110,000	121,251	119,836	118,476	95,075
January	95,000	89,798	85,763	88,942	118,476
February	86,200	86,486	84,608	82,538	88,942
March	96,400	89,355	88,065		82,538
April	85,700	93,487	88,788		
May	94,400	103,331	93,302		
June	95,460	97,526	<b>94,382</b>		
<b>Total</b>	<b>713,360</b>	<b>1,143,599</b>	<b>1,097,664</b>	<b>726,026</b>	<b>820,408</b>

New reporting will disclose economic activity from previous month

**This is strictly a change in reporting methodology and does not affect in any way the amount of taxes pledged to COFINA**