

# Incentive Legalities Defined Buying Incentives | Puerto Rico

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## 1. A. INCENTIVES

### Exemption Period from September 1, 2010- June 30, 2013

#### NEW CONSTRUCTION PROPERTY

**Definition:** New construction, residential properties, suitable for family living, which has not been subject of occupation and is acquired through a LICENSED developer.

**Requirements:** Seller shall certify by affidavit, that property is newly built and never been previously occupied; including property address, sale date, price, name of purchaser.

**Benefits:** 100% exemption on long term capital gain, to the **First buyer/Seller**, as long as it is purchased before **June 30, 2013**

**How to Apply:** Must declare capital gain on tax returns; include the certification from the Department of Treasury (Hacienda)

#### QUALIFIED PROPERTY

**Definition:** Existing residential real estate property, suitable for family living, occupied or none occupied for residential purposes.

Non-Residential Property- Existing none residential property whose sales price does not exceed \$3,000,000.00

**Requirements:** Seller shall certify by affidavit that property meets requirements of law and regulation; this statement must identify the parties involved in the transaction of the sale, the price, date acquired, and legal description.

**Note:** Everyone that has title has to sign exclusive agreement in order to sell.

**Benefits:** First Buyer of Qualified property = 50% exemption of long term capital gain, First Seller = 100% exemption on capital gain as long as it is purchased/sold before **June 30, 2013**

**How to Apply:** Must declare capital gain on tax returns; include the certification from the Department of Treasury (Hacienda)

**Remember:** Property taxes follow property, NOT individual.

**Note:** In the case of a purchase through Auction, the **First seller** becomes the person who has made the purchase at the auction.

#### USE OF CAPITAL LOSSES GENERATED BY A SALE OF A QUALIFIED PROPERTY

**Definition:** Applies to taxpaying Qualified Property owners that are not a corporation or a partnership, in which they can claim up to \$5,000 of a loss in the sale of a primary residence against their ordinary income in their tax return. Any excess of loss can be reported for a maximum of 15 years subject to a \$5,000 limit each year.

**Requirements:** The sale must take place between **September 1, 2010 and June 30, 2013**

#### **TAX EXEMPTIONS OF REAL PROPERTY AT CRIM**

**Exemption period: January 1, 2011- December 31, 2018**

**Definition:** Provides 100% exemption in the payment of real property taxes at CRIM for up to 5 years.

**Requirements:** Applies only to the First Buyer of a New Construction Property development of more than 20 units and registered with the departamento de Hacienda

**How to Apply:** To request the exemption it is necessary to complete Form BC-71 within 30 DAYS of the acquisition of the property.

**Note:** When closing foreign buyers must appoint someone to represent them in the sale that can be available locally. Assign a power of attorney for transactions with CRIM

#### **EXEMPTION OF CHARGES AND FEES FOR PUBLIC INSTRUMENTS**

**Exemption period: September 1, 2010- June 30, 2013**

**Definition:** The payment of internal revenue stamps, stamps for legal aid and recording fees required by law for the granting of public documents and filing and registration in the Land Registry

**Qualification:** Sales and Mortgage of New Construction Property = 100% Exempt of all charges

Sales and Mortgage of Qualified Property = 50% Exempt of all charges

**Note:** There are NO EXEMPTIONS in Notary fees