



ACT 20

Tax Incentives to Promote Export Services in Puerto Rico



TAX BENEFITS: Puerto Rico's strategic location, status as a US jurisdiction and generous tax incentives make it an ideal base for entities that provide services to clients outside of Puerto Rico.

- 4% maximum corporate tax rate
- Dividends and distributions from earnings and profits are tax exempt for Puerto Rico residents
- Certain investment income also qualifies for 4% tax rate
- 60% exemption on municipal gross receipts tax
- Exemptions guaranteed for 20 years, renewable for 10 more under certain conditions

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- Fully compliant with US
 - Other service exporters already using incentives to grow business and profits
 - Tax guaranteed for 20 years, renewable for 10 more under certain conditions
 - Incentives granted in Tax Exemption Decree — a binding contract with the Government of Puerto Rico

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- No federal taxes on Puerto Rico-sourced income until repatriated
 - Highly qualified professional workforce educated and trained to US standards
 - Easy access to US and Latin America

For more information on the various incentives provided under the Puerto Rico laws, please visit WWW.BUSINESSINPUERTORICO.COM



ACT 22

Individual Investors Act



TAX BENEFITS

Passive Income Exemption

- New residents will enjoy a 100% tax exemption from Puerto Rico income taxes on all dividend and interest income.

Capital Gain Exemptions

- All capital gains accrued after becoming a new resident will be 100% exempt from Puerto Rico taxes. These gains will not be subject to federal taxes.

REQUIREMENTS

- Available to new residents who have not lived in Puerto Rico over the 6 years preceding the effective date of Act 22 (January 16th, 2006 to January 16th, 2012).
- Residency requirement: 183 days in Puerto Rico
- In addition, the individual investors shall comply with the requirement of Section 937 of the U.S. Internal Revenue Code

- Tax exemptions under Act 22 are valid through December 31, 2035.

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ACT 73

Economic Incentives for the Development of Puerto Rico



TAX BENEFITS

- **4% Corporate income tax rate** for manufacturing & related activities (*12% withholding tax on royalty payment*)
- **50% tax credit** with for eligible research and development activities
- **90% exemption for 15 years** on real and personal property taxes
- **60% exemption** on municipal license tax
- **100% exemption** on dividends distribution
- **12% tax deduction** for royalties paid to foreign entities with respect to intangible property used in the exempt business.
- Access to US Government contracts and ability to use “**Made in USA**” label

TAX CREDITS

- **25% tax credit** on purchases of products manufactured in Puerto Rico
- **35% tax credit** on purchases of products manufactured in Puerto Rico made from recycled materials
- **Tax credits for job creations** (ranges from \$1,000 - \$2,500 per job created)
- **50% tax credit** on eligible research and development activity costs

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