

PUERTO RICO IS OPEN FOR BUSINESS

Puerto Rico Top 10

Puerto Rico is a premier investment destination under the U.S. flag. The implementation of structural reforms and economic incentives have positioned Puerto Rico as one of the most competitive jurisdictions in the world. The time to invest, work, live and play in Puerto Rico is now. Below are the top ten reasons why **Puerto Rico is Open for Business**.

1 Bridge to the U.S. and Latin American Markets

- Puerto Rico is **strategically located** between the Caribbean Sea and Atlantic Ocean, midway between North and South America, making it the **perfect bridge between both continents**
- 2.5 hour direct flight from Miami, 3.5 hour direct flight from New York, **direct international flights** to Caracas, Madrid, Frankfurt, London and Panama City

2 No U.S. Federal Income Taxes

- Puerto Rico offers the benefits of operating within a U.S. jurisdiction while providing the tax benefits of a foreign tax structure
- Strategic industries like manufacturing and export services enjoy a 4% fixed corporate income tax rate; Pioneer activities receive a preferential tax rate of 0%-1%

3 Highly Educated, Technical and Bilingual Workforce

- Highly **educated, productive** and **bilingual** workforce.
- Over **20,000 degrees** were awarded in Science, Technology, Engineering and Mathematics (STEM) in the last four (4) years.
- The University of Puerto Rico at Mayaguez **rank 1st in graduating Bachelor's Degrees Awarded to Hispanics** by School based on the ASEE Engineering by Numbers.

4 Attractive Tax Structure¹

- **Several incentives acts** have been approved to stimulate economic development and attract Foreign Direct Investment (FDI) in the following sectors: manufacturing, tourism, export services, insurance, financial services, agriculture, hospitality and hotel development and renewable energy

5 U.S. Federal Laws and Courts

- Puerto Rico is part of **U.S. Foreign-Trade Zones Act and U.S. Customs and Border Protection system**
- Puerto Rico's banking system is **regulated under U.S. laws (FDIC)**
- Puerto Rico is under the **protection of the Homeland Security Act**
- Puerto Rico is under the **U.S. legal system and intellectual property protections**
- **Made in USA**
- Puerto Rico has access to **federal programs and funds**

6 Mature and Diversified Economy with Pro-Growth and Pro Private Sector Policies

- The official languages are **English and Spanish**
- **No Passport is required** for U.S. Citizens
- The **U.S. Dollar** is the official currency
- **Presence of International Banks** including Popular PR; Scotiabank PR; Bco. Santander PR; First Bank PR; Oriental Bank PR; Bco. Cooperativo PR; Citibank N.A.; Nova Scotia PR; Banesco. (Office of the Commissioner of Financial Institutions (OCFI))
- **Sophisticated logistics capabilities and major couriers** including UPS, FedEx, Crowley, Sea Star Liner, DHL, Martinair and Maersk
- **Key suppliers** provide support to life science, electronics, technology among others

7 Strong Physical and Virtual Connectivity

- **24,000 miles of highways and a mass-transit system** recognized by the U.S. Federal Transit Administration as **the safest and most efficient in the U.S.**
- **Busiest airport in the Caribbean** and state-of-the-art port facilities
- **Most technologically advanced convention center** in the Caribbean and Latin America
- **Island-wide broadband service**, under sea fiber optic cable and a robust satellite system to stay well-connected

8 Open to Global Trade

- The World Economic Forum's (WEF) 2014-2015 Competitiveness Report **ranked Puerto Rico 32 out of 144 countries in the world;**
- The WEF's 2012 Global Information Technology Report ranked Puerto Rico **44 out of 143 countries**

9 Competitive Operating Costs

- San Juan has the **lowest cost of doing business** among the largest cities in the U.S.
- Puerto Rico has the **lowest labor costs** of any region under U.S. jurisdiction.
- Highly competitive wage rate. **Puerto Rico has 30% to 50% lower labor cost** than the mainland U.S.
- Hourly earnings in Manufacturing for the Calendar Year 2016 is \$12.27.

10 Live and Work in a Tropical Paradise

- Average year-round temperature is **82°F (28°C)**
- Puerto Rico **ranked #1 among the 25 best Caribbean islands**, thanks to the affordable hotel rates and amazing 1,056 activities travelers can enjoy (Business Insider, 2016)
- **Flamenco Beach in Culebra, Puerto Rico ranked #6 among 25 World's Best Beaches** (CNN-Traveler's Choice World's Best Beaches, 2016)
- **Puerto Rico ranked 15 among the 25 happiest countries in the world** (United Nation's Quality of Life Rankings, 2016)
- Over **23 golf courses** designed by the likes of Robert Trent Jones, Greg Norman and Tom Kite

¹please see the back page for details

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Attractive Incentives

Economic Incentives for the Development of Puerto Rico Act (Act 73 -2008)

- 4% Corporate income tax rate for manufacturing & related activities (12% withholding tax on royalty payment)
- 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

Act to Promote the Export Services (Act 20 -2012)

- 4% fixed income tax rate on export services. Rate may be reduced to 3% when 90% of gross income is derived from export services and the export services are considered to be strategic
- 100% exemption on dividends distribution
- Decree of 20 years, renewable for an additional 10

Individual Investors Act (Act 22 - 2012)

- 100% exemption on local taxes for new residents on certain passive income (i.e. interest, dividends, capital gains)
- Residency requirement: 183 days in Puerto Rico
- In addition, the individual investors shall be in compliance with the requirement of Section 937 of the U.S. Internal Revenue Code

Foreign Trade Zones (FTZ)

- Puerto Rico has 7,206 acres of properties designated as Foreign- Trade Zone
- Deferment of federal customs duties
- Deferment of Puerto Rico excise taxes
- 100% exemption of municipal license tax on exports from the zone to foreign countries (non-United States)

Others

- Film and Creative Services
- Tourism and Hospitality
- Agriculture

Five things that you need to know about Puerto Rico:

- 1) **German companies that have presence in Puerto Rico:** Lufthansa Technik Puerto Rico LLC, BASF Agrochemical Products B.V, Heraeus Medical, Sartorius, Bayer among others.
- 2) **12 of the top 20** largest biotechnology and pharmaceutical companies have presence in Puerto Rico (Ranking the Brands, 2016; PRIDCO, 2017)
- 3) **Home to 12 of the 20** largest medical device companies
- 4) **6 of the world's 10 best-selling pharmaceutical products** are manufactured in Puerto Rico
- 5) **Over 50 years of FDA & foreign regulatory compliance experience**



Puerto Rico is an island of opportunities where any company can establish, relocate or expand their operations while enjoying the benefits of doing business in a U.S. jurisdiction.

Take Advantage.
Puerto Rico is Open for Business.

**Visit us at Hannover Messe Trade Fair
Hall 3 – U.S.A. Investment – Stand F04/6**