

PROMOTE RELOCATION OF INDIVIDUAL INVESTORS

A TAX FRAMEWORK TO ATTRACT INDIVIDUALS WITH CAPITAL TO PUERTO RICO (ACT 60 OF JULY 1, 2019)

Act 60 of 2019 known as the Tax Incentives Code of Puerto Rico ("Incentives Code") offers the tax incentives formerly granted under Act 22 of 2012 to individual investors that relocate to Puerto Rico. Act 60 includes incentives to attract new residents to Puerto Rico by providing a total exemption from Puerto Rico income taxes on passive income accrued after such individuals become New Residents of Puerto Rico.

INCENTIVES FOR INDIVIDUAL INVESTORS

100% Tax Exemption on Dividends and Interest

- New Residents will enjoy a 100% tax exemption from Puerto Rico income taxes on all dividend and interest income.
- Interest and dividends that qualify as Puerto Rico source income will not be subject to federal income taxation under Section 933 of the U.S. Tax Code.

100% Tax Exemption on Capital Gains from Securities and Digital Assets ("Eligible Investments")

- All capital gains accrued from Eligible Investments after becoming a New Resident will be 100% exempt from Puerto Rico Income taxes.
- Prior Unrealized Capital Gains: Capital gains accrued prior to becoming a New Resident and realized after moving to Puerto Rico may be subject to tax.
- To qualify for the Act 60 incentives, all gains must be recognized prior to January 1, 2036.

Eligibility

To qualify under Act 60 an individual must have physical presence in the Island for at least 183 days of the year and must not have been a resident of Puerto Rico from 2009 to 2019 (the 10-year period preceding the effective date of the Incentives Code).

TAX EXEMPTION DECREE

Individual investors who want to enjoy the benefits granted under the Incentives Code must apply for and obtain a tax exemption decree under Act 60, which will be signed by the Secretary of the Department of Economic Development and Commerce of Puerto Rico.

The Tax Exemption Decree will constitute a contract with the Puerto Rico Government not subject to subsequent legislative changes.

REQUIREMENTS

- To obtain access to the approved and signed Tax Exemption Decree under Act 60, a one-time fee of \$5,000 must be satisfied and deposited into the 'Special Fund under the Act to Promote the Transfer of Individual Investors to Puerto Rico'.
- All Individual Investors that hold a Tax Exemption Decree under Act 60 must comply with an annual contribution of \$10,000 to a duly organized and registered non-profit organization in Puerto Rico.
- A residential property must be purchased in Puerto Rico within the first two years after obtaining the decree.

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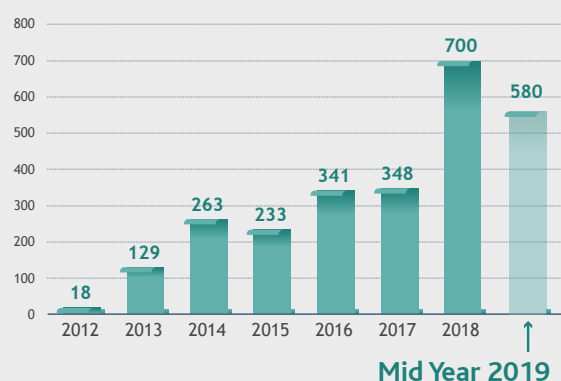
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WHY IS PUERTO RICO AN IDEAL INVESTMENT DESTINATION?

Act 60 of 2019 offers the tax incentives formerly granted under Act 22, which was born to incentivize investors to establish residency in Puerto Rico. Since its enactment in 2012, it has helped to establish 2,612 investors in the island, taking advantage of the law.

TOTAL DECREES PER YEAR



LAW REQUIREMENTS

The benefits of ACT 60 are available to bona-fide residents of Puerto Rico that were not bona-fide residents of Puerto Rico for the 10-year period preceding the Act's enactment in 2019. Basically:



Persons who are present for at least 183 days during the taxable year in Puerto Rico.



Persons who do not have a tax home outside of Puerto Rico during the taxable year.



Persons who do not have a closer connection to the US or a foreign country other than to Puerto Rico.

BENEFITS



Tax exemption from Puerto Rico income taxes on all dividends.



Tax exemption from Puerto Rico income taxes on all interests.



Tax exemption from Puerto Rico income taxes on Capital Gains from Securities and Digital Assets ("Eligible Investments") accrued after the individual becomes a bona-fide resident of Puerto Rico.