

PROMOTE EXPORTATION OF SERVICES

A TAX FRAMEWORK FOR THE DEVELOPMENT OF THE EXPORT SERVICES INDUSTRY IN PUERTO RICO (ACT 60 OF JULY 1, 2019)

Act 60 of July 1, 2019 known as the Tax Incentives Code of Puerto Rico ("Incentives Code") incorporated in a single code the tax incentives formerly granted under Act 20 of 2012 as well as many other tax incentives. The Incentives Code continues to provide the appropriate environment and opportunities to make Puerto Rico a center of international services, to encourage eligible businesses to offer their services from Puerto Rico to clients who are located outside of Puerto Rico.

INCENTIVES FOR EXPORT SERVICES

4% Income Tax Rate

- Eligible businesses providing services for exportation will enjoy a 4% flat income tax rate on net income related to such services.

100% Tax-Exempt Dividends

- Distributions from earnings and profits derived from the export services income of eligible businesses are 100% tax exempt from Puerto Rico income taxes.

50% Exemption on Municipal Taxes

- Municipalities in Puerto Rico may levy a gross receipts tax of up to 0.5% (1.5% for financial services).
- 75% Exemption on Property Taxes
- Property used in eligible export activities will enjoy a 75% exemption

TAX EXEMPTION DECREE

- To enjoy the benefits granted under the Incentives Code the Eligible Business must request 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.
- Such decree will have a term of 15 years, renewable for 15 additional years, provided certain conditions are satisfied.
- The Tax Exemption Decree will constitute a contract with the Puerto Rico Government not subject to subsequent legislative changes.
- There is a minimum employment requirement of at least 1 employee if annual business volume is greater than \$3,000,000.

WHY IS PUERTO RICO THE PERFECT DESTINATION FOR BUSINESSES?

