

Act 22 of 2012 (Tax-exemption Benefits): Source: <http://puertoricotaxincentives.com/act-22/individual-investors-act/>

Act 22 is designed primarily to attract to Puerto Rico, high net worth individuals, empty nesters, retirees who currently relocate to other States and investors from the U.S. and other countries. The act provides the following benefits to new Puerto Rico bona-fide residents on qualified investments:

- 100% tax exemption from Puerto Rico income taxes on all dividends.
- 100% tax exemption from Puerto Rico on all interest; and
- 100% tax exemption from Puerto Rico income taxes on all short-term, and long-term capital gains accrued after the individual becomes a bona-fide resident of Puerto Rico (“Puerto Rico Gain”).

Act 20 of 2013 (Export Services Act) Source: <http://puertoricantaxincentives.com/act-20/export-services-act/>

At its core, the Act essentially extends to a broad spectrum of service industries the benefits that have made Puerto Rico one of the world’s manufacturing leaders...Now service enterprises ranging from advertising to accounting to legal services, as well as hedge fund managers and a wide range of other consulting firms are eligible for the benefits of the Act. Eligible activities can benefit from the following benefits on income derived from customers located outside of Puerto Rico in relation to services rendered from Puerto Rico.

- 4% fixed income tax rate. 3% fixed income tax rate in the case of services considered strategic.
- 100% tax exemption on distributions from earnings and profits.
- 90% tax exemption from personal property taxes for certain types of businesses (100% tax exemption for the first 5 years of operation). The taxable portion will be subject to the regular tax rate, that currently can be up to 8.83%, therefore, after considering the 90% exemption, the effective tax rate would be up to 0.883%.
- 90% tax exemption from real property taxes for certain types of businesses (100% tax exemption for the first 5 years of operation). The taxable portion will be subject to the regular tax rate, that currently can be up to 10.83%, therefore, after considering the 90% exemption, the effective tax rate would be up to 1.083%
- 60% tax exemption on municipal taxes (90% in Vieques and Culebra)...Any taxable portion will be subject to the regular tax rate, that currently can be up to 0.5%; therefore, after considering the 60% exemption, the effective tax rate would be up to 0.02%.

Act 73 of year: 2008 : Source: <http://www.investinpuertorico.net/#!/economic-incentives-law/cma0>

Some of the provisions include:

- 4% fixed income tax rate on net taxable income
- Pioneer industries’ tax rate of 0% or 1%
- Combined floor of 3% for local business
- Credit of up to \$5,000 per job created during the first year of operation, if the operation is located in the municipalities of Vieques and Culebra
- Up to 50% credit of qualified R&D expenses
- Credit for purchase of locally manufactured products
- Up to 10% credit of industrial energy consumption
- Special deductions for investment in structures, machinery and equipment
- Infrastructure incentives
- 90% exemption for personal and real property tax and 60% exemption for municipal taxes
- Training incentives
- Competitive financing options

Act 273 (of 2012): Source: <http://www.the2022actsociety.org/index.php/tax-incentives/act-273>

Purpose

Puerto Rico adopted the “International Financial Center Regulatory Act” (Act 273) to expand Puerto Rico as an international financial center and promote economic growth by broadening the scope of banking activities for international financial entities (IFE) organized in Puerto Rico as well as additional tax incentives for these IFEs.

Tax Incentives

IFE incentives:

4% Income Tax on Permitted IFE Activities:

0% Property Tax on Real, personal, tangible, and intangible property

IFE Shareholder incentives:

6% Income Tax on Distributions for P.R. residents

0% income Tax on Distributions for non-residents

Tax incentives for Agriculture: Source: <http://puertoricantaxincentives.com/>

Bona fide farmers qualify for the following tax benefits:

- 100% exemption on taxes for agricultural equipment
- 100% exemption on property taxes (land, buildings, vehicles, etc.)
- 100% exemption on municipal taxes
- 100% exemption on stamp payments to PR Treasury Department and fees to register a property
- 90% exemption on earning contribution from agricultural activity
- 50% tax credit for investment in eligible agricultural business
- Annual bonus for agricultural workers
- Wage subsidy program to eligible farmer
- And other benefits.