

PRESS RELEASE



Office of the Secretary

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PUERTO RICO TREASURY SECRETARY ANNOUNCES RECORD DECEMBER PRELIMINARY REVENUE

Revenues increased by \$190 million or 26 percent over last year

IVU tax collections reached record high for the month of December since its implementation on 2006

(San Juan, Puerto Rico) – Treasury Secretary Melba Acosta Febo released preliminary revenue numbers for December, totaling \$913 million. This is the highest revenue total for December to date. Revenues increased by \$190 million or 26 percent compared to last year. These preliminary totals also surpassed initial estimates by \$1.3 million. Overall, the first half of this fiscal year (July-Dec.) surpasses revenues from last year by \$525 million, or 15 percent. Actual revenues surpass initial estimates for this period by \$80 million.

Acosta Febo signaled that the increase in revenues is due to two principal sources. Corporate income tax totaled \$316 million, which represents an increase of \$169 million, and more than double the amount collected in December 2012 of \$147 million. This increase was caused by the new revenue measures enacted in Act 40 that introduced the inclusion of the gross profit tax, among others.

“This increase in corporate income tax is even more relevant if we consider that on December 18, 2013 a lawsuit was established by a Puerto Rico association of food distributors that questioned the constitutionality of the gross profit tax. On December 31, 2013 the lawsuit was dismissed and the constitutionality of the tax was ratified. We noted that several taxpayers did not make the December

payment of the gross profit tax, probably waiting to see the outcome of the case. Given the favorable decision upholding the constitutionality of the tax, we expect to receive additional payments during the current month of January 2014,” stated the Secretary.

Another important revenue source was the 4 percent tax increase on foreign companies, which was enacted this fiscal year. The revenues for this measure were \$177 million, more than \$61 million or 53 percent than last year.

The revenues from the sales and use tax (“SUT”) in December, representing the commercial sales in November, reached \$107.7 million, the highest amount since the SUT was implemented in November 2006. The increase was \$7.9 million or 7.9 percent higher compared to last year. However, total fell short of estimates by \$23 million.

In terms of excise taxes, motor vehicle taxes were similar to last year revenues, as well as taxes on cigarettes which were similar to last year after subtracting \$2.6 million that was transferred to the Highway Authority and the Metropolitan Bus Authority. The withholding to non-resident corporations, which includes the tax imposed on royalties for the use of patents in the manufacturing industry’s production processes, registered a reduction of \$50 million. This decrease is attributable to a non-recurrent payment made last year by a particular company.

“We can see the positive results of new tax legislation and administrative efforts. We will continue to monitor revenues closely and strengthen the fiscal measures so that we reach our goals,” said Acosta Febo.

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General Fund Net Revenues
December
(million \$)

Items	December		Dif.	Estimate December	Collections vs. Estimate
	2012-13	2013-14			
Gross General Fund Net Revenues	771.7	961.6	189.9	960.3	1.3
Reserve for Refund	(49.0)	(49.0)	0.0	(49.0)	0.0
General Fund Net Revenues	722.7	912.6	189.9	911.3	1.3
Individual	172.4	171.4	(1.0)	167.6	3.8
Corporations	147.1	315.7	168.6	323.3	(7.6)
Non-Resident Withholdings	124.4	73.8	(50.6)	71.1	2.7
Sales and Use Tax	0.0	0.0	0.0	26.0	(26.0)
Property Taxes	1.1	3.7	2.6	0.0	3.7
Foreign (Act. 154)	115.6	176.5	60.9	156.3	20.2
Alcoholic Beverages	30.4	23.0	(7.4)	29.7	(6.7)
Cigarettes	15.1	15.7	0.6	17.5	(1.8)
Motor Vehicles	42.3	41.4	(0.9)	43.6	(2.2)
Excises on Off-Shore Shipment Rum	22.7	25.6	2.9	12.7	12.9
Others	51.6	65.8	14.2	63.5	2.3

General Fund Net Revenues
July-December FY 2013-14
(million \$)

Items	July-December Collections		Dif.	Estimate Jul-Dec	Collections vs. Estimate
	2012-13	2013-14			
Gross General Fund Net Revenues	3,715.4	4,240.0	524.6	4,160.1	79.9
Reserve for Refund	(294.0)	(294.0)	0.0	(294.0)	0.0
General Fund Net Revenues	3,421.4	3,946.0	524.6	3,866.1	79.9
Individual	925.5	878.3	(47.2)	928.8	(50.5)
Corporations	485.7	933.9	448.2	815.8	118.1
Non-Resident Withholdings	345.3	432.6	87.3	421.8	10.8
Sales and Use Tax	0.0	0.0	0.0	26.0	(26.0)
Property Taxes	6.4	13.0	6.6	0.0	13.0
Foreign (Act. 154)	898.4	900.5	2.1	891.7	8.8
Alcoholic Beverages	145.4	139.7	(5.7)	145.6	(5.9)
Cigarettes	88.6	80.5	(8.1)	88.8	(8.3)
Motor Vehicles	194.6	196.3	1.7	196.3	0.0
Excises on Off-Shore Shipment Rum	134.4	158.2	23.8	144.3	13.9
Others	197.1	213.0	15.9	207.0	6.0

