

# PRESS RELEASE



## Office of the Secretary

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### **PUERTO RICO TREASURY COLLECTIONS TOTAL \$676 MILLION IN OCTOBER 2014, \$7 MILLION ABOVE ESTIMATES**

***On a year-over-year basis, SUT revenues are up 7.6% in October 2014 and 6.3% year to date***

#### ***Individual Income Tax collections up \$100 million year-over-year***

**(San Juan, Puerto Rico)** – Treasury Interim Secretary Karolee García Figueroa announced that General Fund accounted revenues reached \$676 million in October 2014. This figure was \$7 million above estimates. As a result, the difference between year-to-date actual revenues and estimates drops to \$29 million, or 1.2%, in October from \$36 million, or 2.0%, in September, García Figueroa pointed out.

The main driver of collections was individual income tax revenue totaling \$259 million, for a year-over-year increase of \$100 million. This increase was due to the effect of Act 77 of 2014, which granted a temporary period during which certain transactions could be prepaid, such as Individual Retirement Accounts (IRAs), retirement plans and other capital assets. The temporary period ran from July 1, 2014 through October 31, 2014. For annuity contracts, the period runs from July 1, 2014 through December 31, 2014. Revenues from these transactions totaled \$103 million in October 2014, and total revenue for the fiscal year-to-date is \$110 million. The Legislative Assembly is considering extending the deadline for the transactions related to IRAs and pension plans until the month of December for the benefit of taxpayers who were previously unable to avail themselves of this law.

The Interim Secretary indicated that even though monthly revenues were above estimates, total revenues in October 2014 cannot be compared with October 2013 revenues. Due to specific situations, October 2013 receipts in two line items—corporate income tax and non-resident withholding revenues—included \$237 million in nonrecurring revenues. October 2013 corporate income tax revenues included approximately \$100 million from Act 117 of 2013, which provisionally provided that in October 2013 50% of corporate estimate taxes would be paid by corporations whose basis was the calendar year. This provision did not affect collections in October 2014. On the other hand, October 2013 non-resident withholding receipts, which included corporate royalty withholding payments, were \$137 million due to two also non-recurring payments in connection with U.S. Internal Revenue Service audits. “October 2014 estimates took into account the effect for both line items, corporate and non-resident withholding revenues. Accordingly, despite a \$110 million year-over-year decline, non-resident withholdings revenues exceeded estimates by \$24.4 million,” García Figueroa stated.

“The 6.0% state Sales and Use Tax (SUT) collections totaled \$114 million in October, which represents a year-over-year increase of 7.6%, the highest collections for a month of October since the SUT was implemented in November 2006. Fiscal YTD (July-October) SUT revenues totaled \$452 million, for a year-over-year increase in adjusted revenues (excluding the effect of last year’s amnesty) of 6.3%, or \$26.8 million,” she stated.

Certain excise taxes collections showed a decline. Motor vehicle excise taxes registered a \$9 million reduction compared to October 2013. As a matter of fact, Governor Alejandro Garcia Padilla recently sent a bill to the Legislative Assembly aimed at reducing motor vehicle excise taxes. This bill was approved this week by the Legislative Assembly and will be submitted to the Governor for executive action. This bill launches the first stage of the tax reform and addresses the decline in the revenues of an important line of business for Puerto Rico’s economic activity.

General Fund Net Revenues  
October  
(million of \$)

Items	October		Dif.	Estimate	Collections
	2013-14	2014-15		October	vs. Estimate
Gross General Fund Net Revenues	910.5	714.9	(195.6)	707.6	7.3
Reserve for Refund	(49.0)	(39.0)	10.0	(39.0)	-
General Fund Net Revenues	861.5	675.9	(185.6)	668.6	7.3
Individual	159.6	259.4	99.8	219.4	40.0
Corporations	230.8	103.8	(127.0)	110.9	(7.1)
Non-Resident Withholdings	176.6	66.9	(109.6)	42.6	24.3
Sales and Use Tax	-	-	-	-	-
Property Taxes	1.4	3.4	2.0	-	3.4
Foreign (Act. 154)	153.7	137.4	(16.2)	158.0	(20.6)
Alcoholic Beverages	26.7	18.1	(8.6)	26.6	(8.5)
Cigarettes	17.7	14.4	(3.3)	17.5	(3.1)
Motor Vehicles	43.0	33.9	(9.1)	41.3	(7.4)
Excises on Off-Shore Shipment Rum	30.0	18.5	(11.5)	27.7	(9.2)
Others	22.1	20.2	(1.9)	24.6	(4.4)

General Fund Net Revenues  
July to October  
(million of \$)

Items	July - October		Dif.	Estimate	Collections
	2013-14	2014-15		Jul - Oct	vs. Estimate
Gross General Fund Net Revenues	2,756.3	2,605.7	(150.6)	2,634.8	(29.1)
Reserve for Refund	(196.0)	(156.0)	40.0	(156.0)	-
General Fund Net Revenues	2,560.3	2,449.7	(110.6)	2,478.8	(29.1)
Individual	574.9	703.3	128.4	689.4	13.9
Corporations	588.5	463.8	(124.7)	503.8	(40.0)
Non-Resident Withholdings	296.3	174.0	(122.3)	162.3	11.7
Sales and Use Tax	-	-	-	-	-
Property Taxes	8.4	5.8	(2.6)	0.0	5.8
Foreign (Act. 154)	588.7	665.2	76.5	643.0	22.2
Alcoholic Beverages	90.4	77.7	(12.7)	91.5	(13.8)
Cigarettes	55.4	53.2	(2.2)	52.1	1.1
Motor Vehicles	123.7	90.0	(33.7)	122.8	(32.8)
Excises on Off-Shore Shipment Rum	118.2	75.6	(42.5)	100.6	(25.0)
Others	115.8	141.2	25.4	113.3	27.9

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