



April 24, 2026

**INFORMATIVE BULLETIN BY THE OFFICE OF INCENTIVES FOR BUSINESSES IN
PUERTO RICO NO. DDEC 2026-004**

**ATTENTION: INDIVIDUAL RESIDENT INVESTORS, APPLICANTS,
REPRESENTATIVES, AND DECREE HOLDERS UNDER ACT NO. 60-
2019, AS AMENDED**

**MATTER: CLARIFICATIONS AND FREQUENTLY ASKED QUESTIONS
REGARDING AMENDMENTS ENACTED UNDER ACT NO. 38-2026**

Act No. 60 of July 1, 2019, created the “Puerto Rico Incentives Code” (“Incentives Code”), integrating the legal provisions applicable to tax exemptions and incentives available for the socioeconomic development of Puerto Rico. On December 21, 2020, the Department of Economic Development and Commerce (“DDEC”) approved the Incentives Regulation, Regulation No. 9248 of December 21, 2020 (“Incentives Regulation”) establishing, among other things, the processes for filing tax exemption and incentives applications, annual reports, collection of fees per transaction, evaluation and review of Applications, in accordance with the provisions of the Incentives Code. Subsequently, on October 27, 2022, the DDEC approved Regulation No. 9414, which modified several articles of the Incentives Regulation.

Pursuant to Section 6011.01 the Incentives Code, the Office of Incentives for Businesses in Puerto Rico (“OIN”, for its Spanish acronym) of the DDEC is responsible for processing, evaluating, processing and supervising applications for the granting of incentives, the decrees granted and requests for amendments thereto, among other matters related to the granting of incentives under the Incentives Code.

This Informative Bulletin seeks to clarify the interpretation of certain amendments to the Incentives Code upon the enactment of Act No. 38-2026 on March 10, 2026, particularly on the income tax rate and alternatives applicable to individual resident investor (“IRI”) applications pending approval, applications filed on or before December 31, 2026, updated requirements for compliance with the primary residential property acquisition commitment under the tax exemption decrees, and on the prospective applicability of Circular Letter No. DDEC 2026-001 issued by the OIN on January 12, 2026 (“CC 26-001”).

I. Alternatives Regarding the Fixed Income Tax Rate on Capital Gains

1. *Question:* What is the last date on which the OIN will receive IRI applications for the 0% tax rate (total exemption) on net capital gains, interests and dividends under Sections 2022.01(a) and 2022.02(a) and (b) of the Incentives Code?

Answer: The OIN will receive IRI applications for the 0% tax rate (total exemption) on net capital gains, interests and dividends under Sections 2022.01(a) and 2022.02(b) of the Incentives Code until December 31, 2026.

2. *Question:* How will the OIN process IRI applications filed prior to January 1, 2027?

Answer: All IRI applications received prior to January 1, 2027 (*i.e.*, applications received no later than December 31, 2026 at 11:59pm, per the Incentives Portal filing fee time stamp confirmation) will be deemed as applications requesting the 0% tax rate (total exemption) on net capital gains, interests and dividends under Sections 2022.01(a) and 2022.02(b) of the Incentives Code, with a decree expiration date of December 31, 2035. Decree applications filed with the OIN before January 1, 2027, shall retain all substantive benefits in effect at the time of filing, including the 0% fixed tax rate on net capital gains, interests, and dividends, as well as the primary residential property acquisition rules in effect prior to the amendments introduced by Act No. 38-2026, regardless of the decree's approval date.

3. *Question:* How can an IRI with a decree application that is pending processing by the OIN request the 4% fixed income tax rate on net capital gains, interests and dividends under Sections 2022.01(b) and 2022.02(d) of the Incentives Code?

Answer: The IRI must file a sworn request for amendment to unapproved decree (*i.e.*, a supplement to the original decree application) through the Incentives Portal <https://incentives.ddec.pr.gov/> requesting the 4% fixed income tax rate on net capital gains, interests and dividends under Sections 2022.01(b) and 2022.02(d) of the Incentives Code, expressly waiving the 0% tax rate (total exemption) on net capital gains, interests and dividends under Sections 2022.01(a) and 2022.02(b) in favor of a decree expiring on December 31, 2055.

4. *Question:* Can the IRI request that the decree be issued with a 0% tax rate (total exemption) on net capital gains, interests and dividends under Sections 2022.01(a) and 2022.02(b) of the Incentives Code until December 31, 2035, and that the 4% fixed income tax rate on net capital gains, interests and dividends under Sections 2022.01(b) and 2022.02(d) be applied as of January 1, 2036?

Answer: No. Pursuant to Section 6020.03(d) of the Incentives Code, an IRI that elects decree coverage until December 31, 2055, shall be simultaneously and unequivocally subject to the 4% fixed income tax rate on net capital gains, interests and dividends under Sections 2022.01(b) and 2022.02(d) of the Incentives Code.

An IRI may opt to continue with the processing of its decree application so that it be issued reflecting the 0% tax rate (total exemption) on net capital gains, interests and dividends under Sections 2022.01(a) and 2022.02(b) of the Incentives Code with an expiration date of December 31, 2035, and subsequently (e.g., on 2035) request a modification of the decree to extend its expiration date until December 31, 2055, provided that the provisions introduced upon the enactment of Act No. 38-2026 are still in full force and effect at such time. In such cases, where the request for extension is filed in the last year in which the decree is set to expire, the extension and modification request shall be treated as a new application under Sections 2022.01(b) and 2022.02(c) and (d) with an effective date of January 1, 2036, for the newly extended decree.

5. *Question:* Can a current IRI decree holder request an extension of the decree until December 31, 2055?

Answer: An IRI that has already been approved and holds a decree under Act No. 22-2012, as amended, or under the Incentives Code, or that is approved a decree that was applied for before January 1, 2027, may request modification of the decree for it to be extended until December 31, 2055. Extension requests to the OI may be filed at any time and no later than December 31, 2035, provided that the framework introduced by Act No. 38-2026 extending IRI decrees until December 31, 2055, remains in effect by the time of filing the extension request.

To request the decree's extension, the IRI must file a sworn request for amendment to the decree through the Incentives Portal <https://incentives.ddec.pr.gov/>.

However, in accordance with Section 6020.03(d) of the Incentives Code, the decree's extension is subject to the simultaneous modification of the fixed income tax rate on net capital gains, interests and dividends under Sections 2022.01(b) and 2022.02(c) and (d). Accordingly, all current, compliant and non-revoked IRI decrees under Act 22 or the Incentives Code, and subsequently approved decrees that were applied for before January 1, 2027, for which an extension is requested and approved, will be subject to the 4% fixed income tax rate as of January 1st of the year in which the request for extension and modification is filed with the OIN.

II. Clarifications Regarding Prior Residency of Applicant

1. *Question:* What are the prior residency requirements for potential IRI decree applicants filing prior to January 1, 2027?

Answer: Potential IRI filing for decree prior to January 1, 2027, must not have been a resident of Puerto Rico between January 17, 2006, and January 17, 2012, inclusive.

2. *Question:* What are the prior residency requirements for potential IRI decree applicants filing after December 31, 2026?

Answer: Potential IRI filing for decree after December 31, 2026, must not have been a resident of Puerto Rico for the 6-year period immediately preceding the IRI's date of relocation to Puerto Rico.

3. *Question:* Are there any criminal record considerations?

Answer: Yes. It has been a long-standing practice of the OIN to require IRI decree applicants to submit a criminal record report from the last place of residence of the IRI. Additionally, the IRI generally must not have a criminal record in Puerto Rico nor any jurisdiction reflecting convictions for felonies involving wire fraud, bank fraud, securities fraud, tax fraud, mail fraud, or any similar or analogous crime or crimes of economic or financial nature, or a pattern of criminal behavior, the latter even if such pattern is for multiple misdemeanors.

As part of the decree application review process, the OIN conducts and/or commissions a full background check of each IRI. Findings of any of these types of convictions or patterns of criminal behavior mentioned above are considered grounds for dismissal and/or denial of the decree application.

III. Clarifications on Requirement of Primary Residential Property in Puerto Rico

1. *Question:* Did the enactment of Act No. 38-2026 modify the requirement of acquisition of primary residential property in Puerto Rico? How?

Answer: Yes. Section 6020.10(c) of the Incentives Code was amended to limit the means of acquisition of real property in Puerto Rico for purposes of complying with the primary residential property commitment under the IRI decrees. Act No. 38-2026 establishes that compliance with the primary residential property commitment for IRI decree applications filed on or after January 1, 2027, shall be verified through evidence of:

- (i) full domain and title of the real property,
- (ii) that is duly registered or pending registration with the Property Registry of Puerto Rico (i.e., public deed filed for registration therewith),
- (iii) in the name of the individual, or jointly with the spouse, or in the name of a trust that is covered under Section 2022.07 of the Incentives Code (i.e., a grantor trust).

2. *Question:* Is the modified residential property requirement applicable to all decrees?

Answer: No. The limitation requiring that the primary residential property be solely acquired directly, either as an individual, jointly with a spouse, or through a trust, is applicable solely to IRI decree applications filed on or after January 1, 2027. Decrees already approved under Act 22 or the Incentives Code, as well as decree applications filed

before January 1, 2027, are not subject to such limitations and may still acquire the primary residential property through an eligible legal entity organized in Puerto Rico.¹

However, current IRI decree holders that request the extension and modification of their decrees for these to be extended until December 31, 2055, and who have not yet (i) acquired the primary residential property in Puerto Rico and (ii) submitted evidence of compliance with such requirement through the exempt business annual report for the taxable year of acquisition, shall become subject to the limitation imposed under Section 6020.10(c).

3. *Question:* Are the provisions of CC 26-001 still applicable?

Answer: Yes. All provisions of CC 26-001 that are not in contradiction with Act No. 38-2026 as clarified through this Informative Bulletin remain applicable and fully enforceable. For more information regarding this Informative Bulletin, you may contact the OIN at (787) 764-6363, or via email at: applications@ddec.pr.gov.



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¹ See Article 6020.10(a)(4)(iv)-1(i)(2) of the Incentives Regulation.