

## Puerto Rico's Incentives Code

Act No. 60-2019, as amended.  
Approved: July 1, 2019.

The Incentives Code merges into one act, what was more than 30 incentive acts previously administered by multiple government agencies, now centralized in a single government entity – the Office of Incentives for Businesses in Puerto Rico.

## Purposes - Act 60-2019


- Serve as a tool to foster the economic development of the Island.
- Harmonize and unify our tax incentives programs.
- Promote the transparency and oversight of the incentive programs.
- Ease the way of doing business in Puerto Rico.
- Delegate the authority to grant tax exemption decrees at the DEDC.
- Promote Puerto Rico's sustainable development, according to strategic economic sectors and activities, and the creation of jobs.
- Promote innovation and global competitiveness.


## How and where can you apply?


Tax incentives applications are processed through the Department of Economic Development and Commerce's Incentives Portal. This platform allows petitioners to file applications on a continuous basis, uninterruptedly, anywhere in the world, 24/7.

 **Portal:** <https://incentives.ddec.pr.gov/>

Learn more about **Puerto Rico's Incentive Code** at [ddec.pr.gov](https://ddec.pr.gov), or send an email to [applications@ddec.pr.gov](mailto:applications@ddec.pr.gov)

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# PUERTO RICO'S INCENTIVES CODE

OFFICE OF INCENTIVES FOR BUSINESSES IN  
PUERTO RICO

## SECTORS - INCENTIVES CODE



INDIVIDUALS



EXPORT



FINANCE &  
INSURANCE SERVICES



VISITORS  
ECONOMY



MANUFACTURING



INFRASTRUCTURE &  
GREEN ENERGY



AGRICULTURE



CREATIVES  
INDUSTRIES



ENTREPRENEURSHIP



OPPORTUNITY  
ZONES



OTHER  
INCENTIVES

DEPARTMENT OF ECONOMIC  
**DEVELOPMENT**  
AND COMMERCE



DEPARTMENT OF ECONOMIC  
**DEVELOPMENT**  
AND COMMERCE



## PUERTO RICO'S INCENTIVES CODE INCENTIVES PROGRAMS UNDER ACT NO. 60-2019

### ▶ INDIVIDUAL RESIDENT INVESTOR

**Eligibility:**

- Not a bona fide resident of Puerto Rico at any time between January 17, 2006, and January 17, 2012.
- Become a bona fide resident of Puerto Rico.

**Benefits:**

- 100% tax exemption on income derived from dividends, interest and capital gains.
- Benefits effective until December 31, 2035.

### ▶ DIFFICULT TO HIRE EMPLOYEE

**Eligibility:**

- An individual with specialized and indispensable knowledge related to the exempted operations of an Exempt Business in Puerto Rico.
- Become an Exempt Business' employee.

**Benefits:**

- 100% tax exemption on income in excess of \$100,000, derived from wages and benefits.

### ▶ RESEARCHERS AND SCIENTISTS

**Eligibility:**

- Conduct scientific research through a Higher Education Institution (Public or Private Universities) or an entity located at the Sciences District.

**Benefits:**

- 100% income tax exemption on compensation, up to: (i) \$195,000 in research conducted in a Higher Education Institutions | (ii) \$250,000 in research conducted in a Sciences District's entity.

### ▶ EXPORT ACTIVITIES

**Eligibility:**

- Export of services or goods from Puerto Rico to foreign markets.

**Benefits:**

- 4% income tax rate
- 75% property tax exemption
- 50% municipal tax exemption
- 100% income tax exemption on dividends

### ▶ INTERNATIONAL FINANCIAL ENTITIES

**Eligibility:**

- Provides banking or financial services to foreign persons or entities.
- Permit to operate issued by the Office of the Commissioner of Financial Institutions of Puerto Rico (OCIF).

**Benefits:**

- 4% income tax rate
- 75% property tax exemption
- 50% municipal tax exemption
- Non-Resident Individual: 100% tax exemption on income derived from interest, finance charges, dividends or membership participation.

### ▶ INTERNATIONAL INSURANCE COMPANIES

**Eligibility:**

- Business dedicated to assume risk outside of Puerto Rico.
- Permit to operate issued by the Office of the Commissioner of Insurance of Puerto Rico.

**Benefits:**

- 4% income tax rate on net income in excess of \$1,200,000
- 75% property tax exemption
- 50% municipal tax exemption
- 100% income tax exemption on dividends

### ▶ PRIVATE EQUITY FUNDS

**Eligibility:**

- Fund engaged in the business of buying and selling non-public securities.

**Benefits:**

- Accredited Investors: 10% tax rate on income derived from interest and dividends
- 100% tax exemption on capital gains
- Tax deduction of 30% or 60% of the investment made in the Fund

### ▶ VISITORS ECONOMY

**Eligibility:**

- Business dedicated to tourist activities, such as casinos and hotels operations, condo hotels, hostels, guest houses, bed and breakfasts, vacational clubs, golf courses in a hotel, agrotourism, theme parks, nautical tourism, tourist marinas, etc.

**Benefits:**

- 4% income tax rate
- 75% property tax exemption
- 50% municipal tax exemption
- 100% income tax exemption on dividends
- Tax credit of 30% or 40% on Eligible Investment made in the tourism activity.

### ▶ MANUFACTURE

**Eligibility:**

- Business dedicated to the manufacturing of products, scientific research and development activities, recycling, development of programs or applications, licensing of intangible property, maintenance and repairment of airplanes and vessels, etc.

**Benefits:**

- 4% income tax rate
- 75% property tax exemption
- 50% municipal tax exemption
- 100% tax exemption on raw material, machinery and equipment, and dividends distribution

### ▶ GREEN ENERGY

**Eligibility:**

- Business dedicated to the production of green or highly efficient energy for consumption in Puerto Rico.

**Benefits:**

- 4% income tax rate
- 75% property tax exemption
- 50% municipal tax exemption
- 100% tax exemption on raw material, machinery and equipment, and dividends distribution

### ▶ INFRASTRUCTURE

**Eligibility:**

- Construction of social interest homes for elderly citizens or assisted living, and historic zones.

**Benefits:**

- 4% income tax rate
- 100% property tax exemption
- 90% municipal tax exemption

### ▶ AGROINDUSTRY

**Eligibility:**

- Business dedicated to agricultural activities, such as animal husbandry, vegetable cultivation, species, milk processors, mariculture, etc.

**Benefits:**

- 90% income tax exemption
- 100% property tax exemption
- 90% municipal tax exemption
- 100% tax exemption on raw material, and machinery and equipment

### ▶ CREATIVE INDUSTRIES

**Eligibility:**

- Feature films, short films, documentaries, series, mini-series, commercials, music videos, etc.

**Benefits:**

- 4% income tax rate
- 75% property tax exemption
- 75% municipal tax exemption
- Tax credit up to 40% on production expenses in Puerto Rico; and up to 20% on payments to foreigners

### ▶ YOUNG ENTREPRENEUR

**Eligibility:**

- New business created by an individual with less than 36 years of age.

**Benefits:**

- 100% tax exemption on the first \$500,000 of net income derived from the new business
- 100% exemption on personal property and municipal taxes
- Decree valid for 3 years

### ▶ AERIAL TRANSPORTATION

**Eligibility:**

- Business dedicated to public aerial transportation.

**Benefits:**

- 100% tax exemption on income and property tax

### ▶ MARITIME TRANSPORTATION

**Eligibility:**

- Business dedicated to the transportation of cargo between Puerto Rico's and foreign ports.

**Benefits:**

- 100% exemption on income tax, property tax, municipal tax and on dividends

### ▶ CRUISE SHIPS

**Eligibility:**

- Cruise ships that dock in a Puerto Rico's Port.

**Benefits:**

- Contributions and discounts to passenger fares, based on visits, passenger numbers, time in the port, etc., which will not exceed \$13.25 (fee per passenger).

### ▶ OPPORTUNITY ZONES

**Eligibility:**

- Development of real estate for sale or lease, located in a Puerto Rico's Opportunity Zone.

**Benefits:**

- 18.5% income tax exemption
- 25% property tax exemption
- 25% municipal tax exemption
- 100% exemption on dividends distribution

### ▶ CASH GRANTS

**Eligibility:**

- Carry out an eligible activity under Act No. 60-2019, as amended.

**Benefits:**

- Cash incentives subject to return on investment evaluation, for job creation, infrastructure development, purchase of machinery and equipment, etc.

### ▶ CREDITS FOR RESEARCH AND DEVELOPMENT

**Eligibility:**

- Exempt Business carrying out Research and Development activities.

**Benefits:**

- Up to 50% tax credit on expenses in Research and Development activities performed in Puerto Rico, that contribute to scientific advances and create new processes or products.

### ▶ NEW PYME\* / VIEQUES AND CULEBRA

**Benefits during the first 5 years of the decree:**

- 2% income tax rate
- Total exemption on property taxes
- Total exemption on municipal taxes

\*(i) Business was not in operation as of July 1, 2019 and (ii) Volume of business ≤ \$3,000,000

Note: Decree Exempted Period - 15 years, extendable for 15 additional years.