

PRESS RELEASE

TRANSLATION



Office of the Secretary

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Contact: María E. Quintero

Email: mquintero@hacienda.pr.gov
Tel: 787-398-0486 / 724-0290

PUERTO RICO TREASURY REVENUES TOTALED \$626.5 MILLION IN JULY 2015, UP \$21.1 MILLION COMPARED TO ESTIMATES AND \$2.3 MILLION COMPARED TO JULY 2014

Sales and Use Tax collections totaled \$154.3 million, a \$40.6 million, or 35.7%, year-over-year increase

(San Juan, Puerto Rico) – Treasury Secretary Juan Zaragoza Gómez announced that General Fund net revenues totaled \$626.5 million in July 2015 (the first month of FY 2016), a \$2.3 million increase compared to July 2014. Collections were \$21.1 million above estimates.

Sales and Use Tax (SUT) collections totaled \$154.3 million in July 2015, a \$40.6 million, or 35.7%, year-over-year increase and the highest amount of revenues for any month since the inception of the SUT. The Officer pointed out that July SUT revenues were driven mainly by imports and retail sales corresponding to the month of June, which were at the 6.0% rate. Pursuant to regulations, bonded importers have until the 10th day, and merchants have until the 20th day of the month following the taxable month to make SUT payments. As a result, the commercial transactions of June were paid in July. The SUT rate increase went into effect on July 1, 2015; therefore, collections under the new rate will be reflected in August, except for SUT paid by non-bonded importers who paid the new 10.5% rate when they picked up goods at the ports in July. The SUT paid in July at the new rate totaled \$21.6 million.

Zaragoza Gómez attributed the increase in SUT revenues in July 2015 to, among several factors, the implementation of the last phase of the Integrated Merchant Portal (PICO, by its Spanish acronym), which was completed on May 1st and involved the integration of non-bonded importers to the PICO system's process of declaring and paying the SUT for imported merchandise at the

ports. Another factor that may have influenced collections is the effect of consumers making purchases in advance of the rate increase. In addition, the Secretary highlighted the fact that, as a result of the Treasury Department's debt collection efforts, certain settlements were reached with several high volume retailers in July. These collection efforts will continue during the coming months.

The \$154.3 million SUT collected in July 2015 were distributed as follows: \$142.7 million to COFINA to cover debt service and \$11.3 million to the General Fund. The base amount allocated to COFINA increases each fiscal year at a rate of 4%, which this fiscal year is \$26.8 million more than last fiscal year, for a total base amount of \$696.3 million. The July 2015 allocation to COFINA was \$29 million above the July 2014 allocation, which was \$113.7 million. Seventeen percent (17%) of the total base amount for FY 2015 was deposited in July 2014, compared to 20.5% of the total base amount for FY 2016 deposited in July 2015.

The Treasury Secretary also pointed out that \$27 million was collected in connection with the tax amnesty that ended on June 30, 2015. The reason for this is because there were certain transactions that took place on the last day of June and were deposited on the next working day, i.e., they were credited in July. Tax amnesty revenues correspond mainly to individual and corporate income taxes; collections totaled \$111 million, with \$84 million collected in FY 2015.

In the main revenue categories, individual income taxes and non-resident withholdings reflected increases, while corporate income taxes reflected a slight decrease. The foreign excise tax was the main revenue driver, with \$258.9 million, or 41.3% of total collections in July 2015; in the year-over-year comparison this category reflected a decrease as a result of the specific effect of one transaction by one corporation. Other excise taxes showed mixed results: alcoholic beverages collections were up and cigarette and motor vehicle revenues were down. Motor vehicle excise tax revenues were \$21.4 million; however, \$20 million was transferred to the Green Energy Fund, in accordance with the law. Likewise, off-shore shipments of rum collections for the month of July were transferred to the Puerto Rico Industrial Development Company for the rum program, pursuant to the law. Motor vehicles excise tax revenues were \$21.4 million; however, \$15 million were transferred to the Green Energy Fund and \$5 million to the Legal Responsibility Fund, in accordance with the Law. Likewise, off-shore shipments of rum collections for the month of July were transferred to the Puerto Rico Industrial Development Company for the rum program, pursuant to the Law.

Sales and Use Tax Collections				
July - millions of \$				
	2014-15	2015-16	Dif	%
Total	113.7	154.3	40.6	35.7%
COFINA	113.7	142.7	29.0	25.5%
Fondo General	-	11.6	11.6	

General Fund Net Revenues
July
(million of \$)

Items	July		Dif.	Estimate July	Collections vs. Estimate
	2014-15	2015-16			
Gross General Fund Net Revenues	663.2	666.5	3.3	645.4	21.1
Reserve for Refund	(39.0)	(40.0)	(1.0)	(40.0)	-
General Fund Net Revenues	624.2	626.5	2.3	605.4	21.1
Individual	142.1	163.5	21.4	156.3	7.2
Corporations	99.3	96.3	(3.0)	95.0	1.3
Non-Resident Withholdings	17.2	30.3	13.1	28.0	2.3
Sales and Use Tax	-	11.6	11.6	9.5	2.1
Property Taxes	0.7	4.6	3.9	3.8	0.8
Foreign (Act. 154)	283.3	258.9	(24.4)	254.3	4.6
Alcoholic Beverages	16.2	22.8	6.6	18.3	4.5
Cigarettes	14.9	9.7	(5.2)	10.7	(1.0)
Motor Vehicles	7.1	1.4	(5.7)	4.1	(2.7)
Excises on Off-Shore Shipment Rum	15.6	-	(15.6)	-	-
Others	27.8	27.3	(0.4)	25.4	1.9

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