Impact of Fiscalization, Digitalization, and Simplification Efforts by the Puerto Rico Department of Treasury

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I. Executive Summary

The Department of Treasury has made significant progress towards a more efficient tax system by introducing simplification, fiscalization, and digitalization reforms. These reforms have helped the Department achieve several milestones along the way, such as:

1. *Increased tax revenue:* Through the current reforms, the Department of Treasury has achieved an increase in tax collections even through periods of disaster recovery (in the aftermath of Hurricane Maria) and economic contraction (COVID-19 Pandemic).

2. *Stable tax collection:* Tax revenue has increased over and above what is explained by economic performance. Thus, part of Treasury's current success derives from the implemented compliance reforms and will remain in place in spite of possible future economic downturns.

3. *Successful future reforms:* Given the success of the current reforms, the outlook for future reforms is positive. New reforms have the potential to build upon the current reforms and generate tax revenues not currently accounted for in Puerto Rico's fiscal plan. The Department of Treasury has the track record to be trusted in that new compliance reforms will generate additional tax revenue.

It is reasonable to conclude that most of the recent increase in *individual tax revenues*, over and above what is explained by economic activity, is the result of the initiatives by the Department of Treasury, as well as the trend towards electronic transactions of which the Department of Treasury is taking advantage.

The two economic predictor variables utilized for this analysis were the labor force and the Consumer Price Index (CPI) as an inflation indicator. To incorporate the long-term salary increases, a +1% accompanied the CPI variable. Both variables were strongly correlated with the tax revenue from individuals from FY 1985 up to FY 2016.

There is an average annual gap from FY 2017 to FY 2023 of around $225 million per year between the econometric model and actual collections. In other words, Treasury collected, on average, $225 million more per year from individual taxpayers than what the economic predictor variables would indicate.

While Treasury's compliance efforts had a positive impact on *corporate tax revenues*, it was not possible to quantify how much of the increase in corporate tax revenue from FY 2017 onwards was mainly the result of Treasury's compliance efforts.

Corporate tax revenue should behave in line with the jurisdiction's economic activity. From FY 1985 up to FY 2007, the tax revenue projections by the econometric model and the actual tax revenue collected from corporations presented a strong match.

Coinciding with the island's economic downturn in FY 2007, the econometric model began to lose predictive power to establish what the tax revenue from corporations should be, given economic conditions. The level of corporate tax revenue could no longer be explained by economic variables alone, pointing to other factors not considered in the model.

One factor contributing to the increase in corporate tax revenues is Act 257-2018, known as the 2018 Tax Reform. This law introduced fiscalization measures that are known as the "*Nuevo Régimen de Informativas.*" In order to deduct a professional service as an expense, businesses have to report it. The result was an increase of over $6 billion in reported revenue in *informativas* (Form 480.6B/Form 480.6SP) from 2018 to 2019. The increase is so large, that it is reasonable to assume that this has resulted in a significant increase in revenues for Treasury.

Undoubtedly, the development of the Unified Internal Revenue System ("SURI" by its Spanish acronym) is the most prominent and ambitious reform unveiled by the Department of Treasury. This platform allows the integration and streamlining of the

administration of taxes and revenues. SURI provides the necessary tools to manage all taxpayer information efficiently in one centralized platform.

SURI Analytics collects information on the effectiveness of its service. Upon analyzing the collected data, it was observed that the average user rating for the SURI portal is notably positive, with users finding it easy to navigate. Additionally, there was a significant reduction in the average time needed to complete an individual's tax return. In 2022, the average time was 22 minutes, whereas in 2023, it was reduced to about 16 minutes.

To the extent that SURI is the main tool in increasing tax revenues over and above what economic conditions would warrant, it would mean that SURI's investment of $37 million was one of the best investments in the history of the government of Puerto Rico. SURI would have generated revenues of around $6 every year for each $1 in a one-time investment.

Given that SURI now simplifies and automates many of the processes previously completed by hand, the digital tool, in addition to increasing revenues, also saves costs in terms of the government workforce. Assuming pre-2020 levels of efficiency, Advantage estimated that an additional 303 employees would have been required with direct costs of approximately $12 million each year.

II. Simplification of Tax Administration

The simplification of tax administration aims to streamline the different processes of a country's tax system and reduce the burden put on taxpayers. A more simplified and better tax administration may also increase taxpayers' compliance level, leading to more tax collection[1]. Higher tax compliance also leads to better identification and taxation of the shadow/informal economy of the country. Simplification of tax systems could manifest in the following forms:

Tax laws that are easy for taxpayers to understand

The simplification of tax laws increases efficiency and effectiveness as individuals and businesses can better understand their obligations and entitlements. Simplifying tax laws and codes also helps reduce the tax gap, or what the taxpayers owe to the government and what the government collects in reality, and reduces compliance costs[2].

Automation of the tax system

Automating certain aspects related to tax fillings is another strategy to simplify tax administration, which increases voluntary participation by taxpayers and eases overall filing procedures. Automation can take the shape of pre-filled documents; this reduces the risk of mathematical and data entry errors made by taxpayers. These features also help to reduce the amount of time required for processing.

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[1] Farah Rosley. EY. October 2020. *"How simplifying tax administration may encourage higher tax collection."*
[2] Alex Muresianu. The Tax Foundation. July 2021. *"Simplifying the Tax Code and Reducing the Tax Gap: What Can Be Achieved?"*

Digitalization of tax systems

The Gartner Glossary defines digitalization as "the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business." Many governments worldwide have begun or already have digital systems meant to improve their services, and taxing authorities lead the forefront of these efforts. This mainly includes robust digital platforms and personalized and automated customer service.

Currently, the Internal Revenue Service ("IRS") is in the process of establishing an IRS-run, free, direct, and electronic tax return system[3]. By drawing from experiences from federal government agencies, governments around the world, and the IRS itself, the United States is now taking steps to offer free online preparation and filing of tax returns. The United States recognizes the IRS's importance in collecting the revenue that supports the operations of the government, the annual federal paperwork burden, and the impact filing taxes has on individual taxpayers.

The case of the IRS and its process of developing a free online tax return tool can be analogous to the situation of Puerto Rico, which has already taken multiple steps to simplify its tax system. One such simplification method is creating a free digital tool for preparing and filing taxes online, the Unified Internal Revenue System ("SURI"). SURI was implemented in Puerto Rico in 2020 for individual and corporate taxpayers, steps ahead of the U.S.

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[3] Department of the Treasury, Internal Revenue Service. May 2023. *"Inflation Reduction Act §10301(1)(B) IRS-run Direct e-File Tax Return System"*

III. Puerto Rico Department of Treasury's Implemented Reforms: Fiscalization, Digitalization, and Simplification Measures

In recent years, the Puerto Rico Department of Treasury (hereinafter the Department of Treasury) has been implementing several reforms in the tax system. The reforms focus on three main areas: making the tax system more digital, simplifying it, and improving fiscalization. The reforms implemented are created to assist both individual taxpayers and corporations.

Implemented Reforms by the Puerto Rico Department of Treasury by Measure and Taxpayer since FY 2016

■ Only Corporate Taxpayers ■ Shared for Individuals and Corporate Taxpayers ■ Only Individual Taxpayers
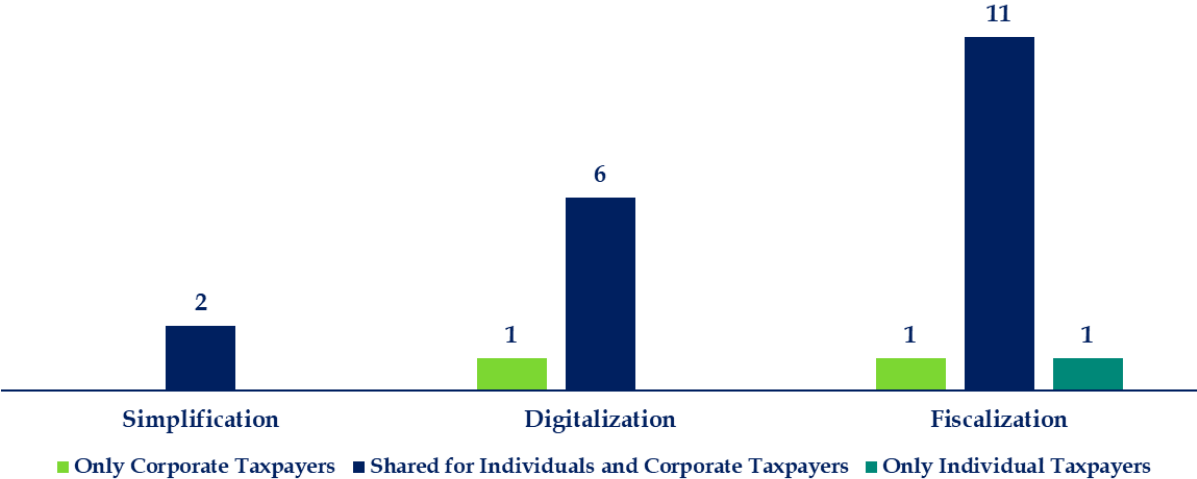
Most of the reforms taken by the Department of Treasury impact both individuals and corporate taxpayers. Most of the efforts centered around digitalization involve the use of the digital tool SURI to perform an ever-increasing number of transactions that had to be previously performed by hand or in person.

The following are a summary of each of the reforms. For a more detailed look at these reforms, see the addendum.
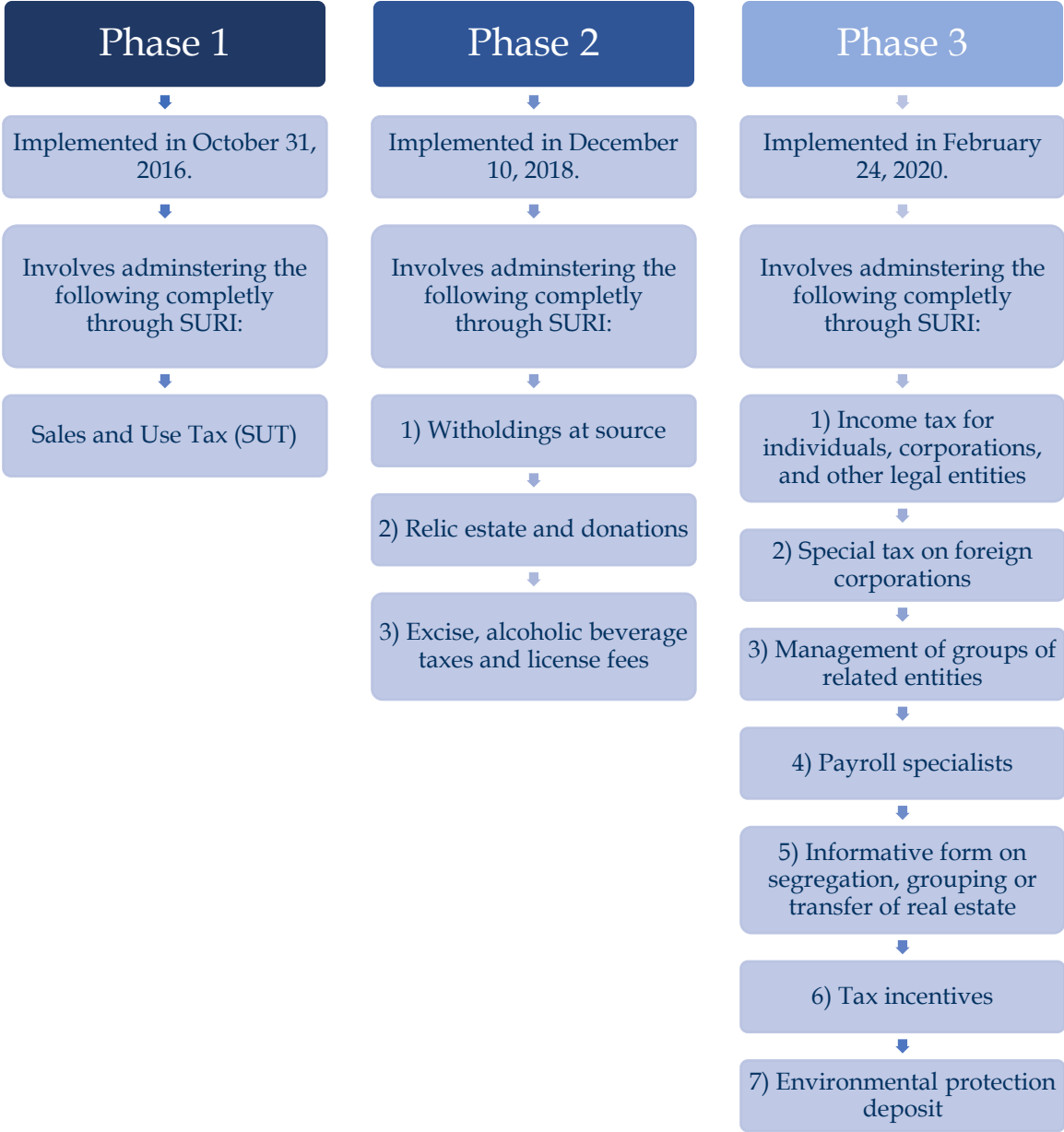
Shared Implemented Reforms for Individuals and Corporate Taxpayers	
Method	Description
Digitalization / Simplification	Automatic filing and requests for professional services withholding waivers via SURI.
Fiscalization	A CPA with valid Puerto Rico licenses is required to issue a Compliance Attestation and AUP Reports to claim expense deductions under ABT for individuals or AMT for corporations.
Digitalization / Simplification	Integration of individual income tax contribution accounts into SURI, a digital tool developed to integrate all taxes administered by the Department of the Treasury.
Fiscalization / Digitalization	Claims for notifications of mathematical error and adjustments in tax returns.
Fiscalization	Announcement new audit and investigation campaigns.
Fiscalization	Includes information on decrees issued by the Department of Economic Development and Commerce and the Tourism Company in the system.
Fiscalization	Notifications to non-filers using information from IRS-provided 1099s.
Fiscalization / Digitalization	Creation of the Tax Credit Manager tool.
Fiscalization	Creation of a landing page on the Department of the Treasury's website for the Voluntary Disclosure Program.
Fiscalization	Create awareness regarding cases of tax evasion where charges have been filed with the Department of Justice.
Fiscalization	Optional Tax for taxpayers whose income primarily stems from professional services.
Fiscalization	7% Reduced Tax Certificate for Prepared Foods.
Fiscalization / Digitalization	Bank seizures through the SURI system.
Digitalization	Payment plans through SURI.

Implemented Reform for Individual Taxpayers Only	
Method	Description
Fiscalization	Notification of W-2 and Information Summaries issued to the taxpayer.

Implemented Reforms for Corporate Taxpayers Only	
Method	Description
Fiscalization	Notifications to unregistered businesses using IRS information from federal Employer Identification Number ("EIN") requests.
Digitalization	Request for exemption for non-profit entities through SURI.

Given its importance in digitalizing and simplifying multiple aspects of the current tax system of Puerto Rico, the following are the phases SURI has gone through since 2016:

SURI Phases

Phase 1	Phase 2	Phase 3
Implemented in October 31, 2016.	Implemented in December 10, 2018.	Implemented in February 24, 2020.
Involves adminstering the following completly through SURI:	Involves adminstering the following completly through SURI:	Involves adminstering the following completly through SURI:
Sales and Use Tax (SUT)	1) Witholdings at source	1) Income tax for individuals, corporations, and other legal entities
	2) Relic estate and donations	2) Special tax on foreign corporations
	3) Excise, alcoholic beverage taxes and license fees	3) Management of groups of related entities
		4) Payroll specialists
		5) Informative form on segregation, grouping or transfer of real estate
		6) Tax incentives
		7) Environmental protection deposit

IV. Fiscalization, Digitalization, and Simplification Measures Benefits – Individuals
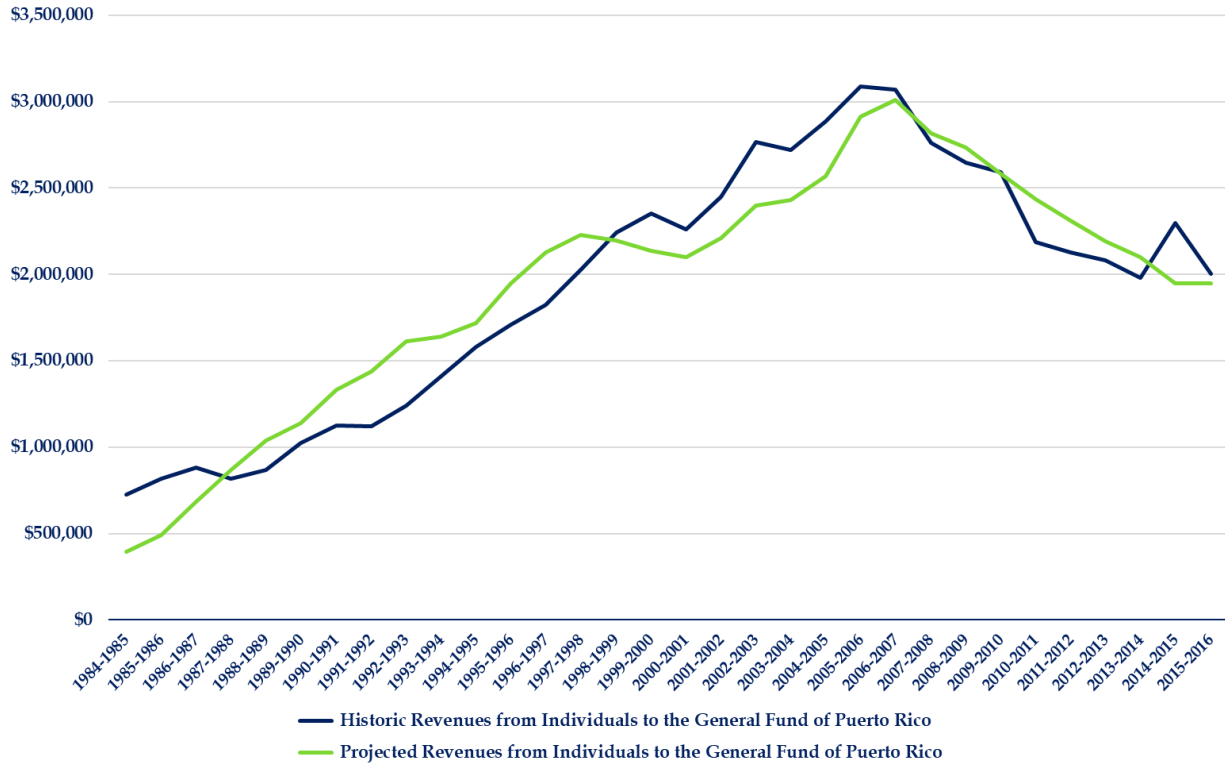
Individual income tax revenues move in line with economic activity. Advantage segregated the tax revenues that can be explained as a result of changes in economic conditions. The remaining figures are the result of some other events.

It is reasonable to conclude that most of the recent increase in individual tax revenues, over and above what is explained by economic activity, is the result of the initiatives by the Department of Treasury, as well as the trend towards electronic transactions of which the Department of Treasury is taking advantage.

The two economic predictor variables utilized for this analysis were the labor force and the Consumer Price Index (CPI) as an inflation indicator. A +1% accompanied the CPI variable to incorporate the long-term salary increases. Both variables were strongly correlated with the tax revenue from individuals up to FY 2016.

As can be observed in the graph, there is a good match over thirty years between what the model projects based on economic conditions and the actual revenue obtained by the Department of Treasury.

**Historic and Projected Tax Revenues from Individuals
(In Thousands of $) - FY 1984-1985 to FY 2015-2016**

Historic Revenues from Individuals to the General Fund of Puerto Rico
Projected Revenues from Individuals to the General Fund of Puerto Rico

The following graph depicts the projected tax revenue from individuals alongside the actual revenue collected across the last 13 fiscal years. While up to FY 2016, tax revenues would hover above and below the tax revenue projected based on economic activity, this is no longer the case after FY 2016, when tax revenues are consistently above the projected tax revenue.

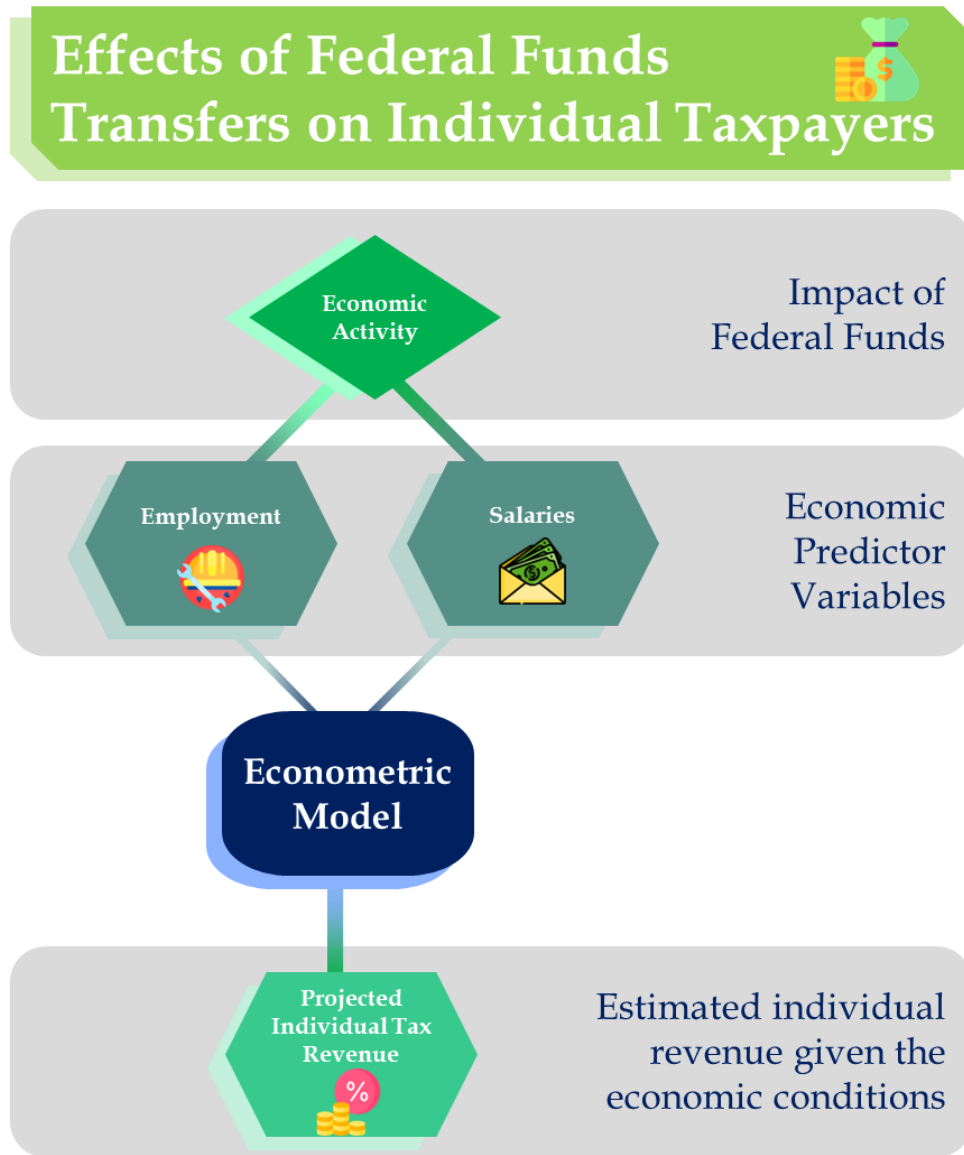**Historic and Projected Tax Revenues from Individuals**
(In Thousands of $) - FY 2010-2011 to FY 2022-2023
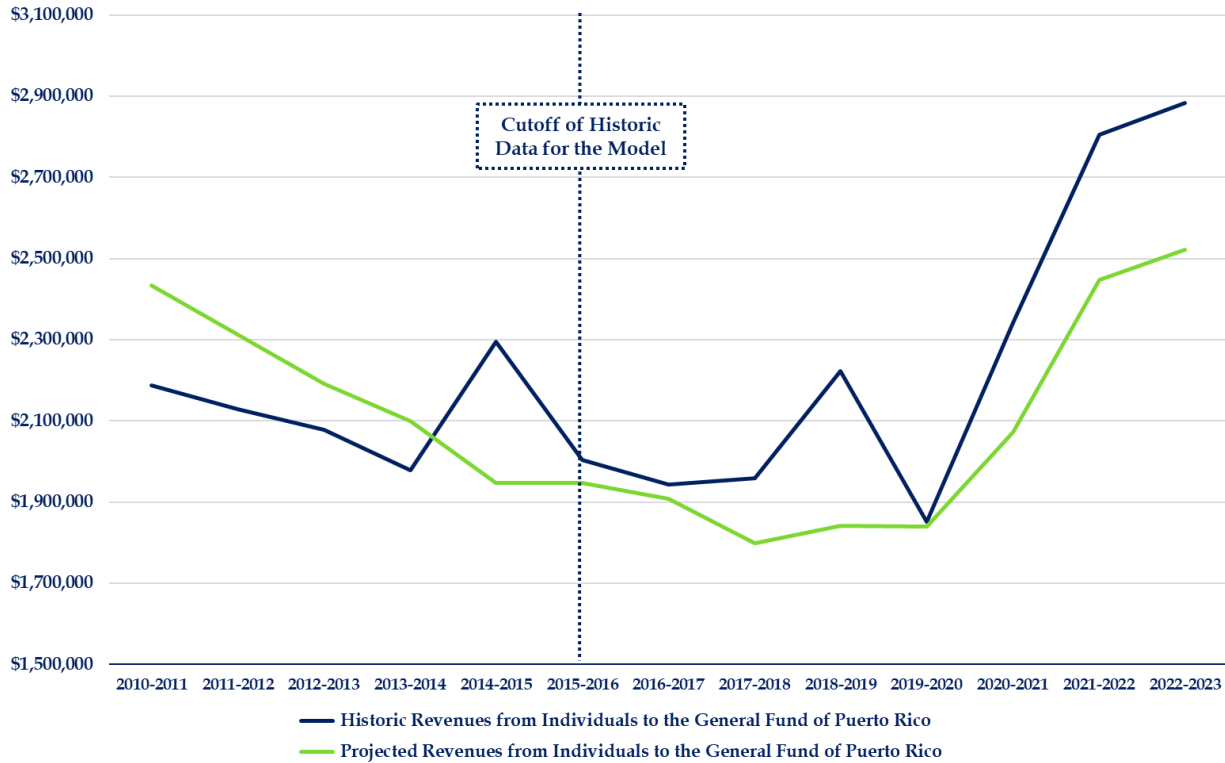
There is an average annual gap from FY 2017 to FY 2023 of around $225 million. In other words, Puerto Rico received, on average, $225 million more per year from individual taxpayers than what the economic predictor variables would indicate. This revenue gap could then be attributed to, but not limited to, the following factors:

1. Simplification or streamlining of the taxation framework to enhance compliance among individual taxpayers.

2. Advancements in digitalization of the taxation system through the expanding utilization of the SURI platform.

3. Implementing fiscalization methods that facilitate heightened collection of taxes from individuals.

4. Tax reforms that impact the amount of taxes collected.

5. Trends favoring electronic transactions and thus impacting the informal economy.

6. Other non-quantifiable variables or external pressures.

The model includes the impact of federal funds transfers in the revenues of the Department of Treasury. The mechanism is that federal funds contribute to economic expansion, which results in more employment and higher salaries. Therefore, the expected revenues projected by the model include changes in federal transfers.

Effects of Federal Funds Transfers on Individual Taxpayers

Economic Activity — Impact of Federal Funds

Employment / Salaries — Economic Predictor Variables

Econometric Model

Projected Individual Tax Revenue — Estimated individual revenue given the economic conditions

The next graph depicts the gap between projected tax revenue from individuals and the actual revenue collected between FY 2011 and FY 2023. When a positive gap is calculated, tax revenue from individuals exceeds projections. This graph indicates that the difference between projected and historic tax revenue from individuals has consistently

outperformed economic conditions since FY 2014. Even during the first fiscal year under the COVID-19 pandemic, tax revenue from individuals was around $11 million above what economic conditions would imply.

Gap Between Historic and Projected Tax Revenues from Individuals
(In Thousands of $) - FY 2010-2011 to FY 2022-2023
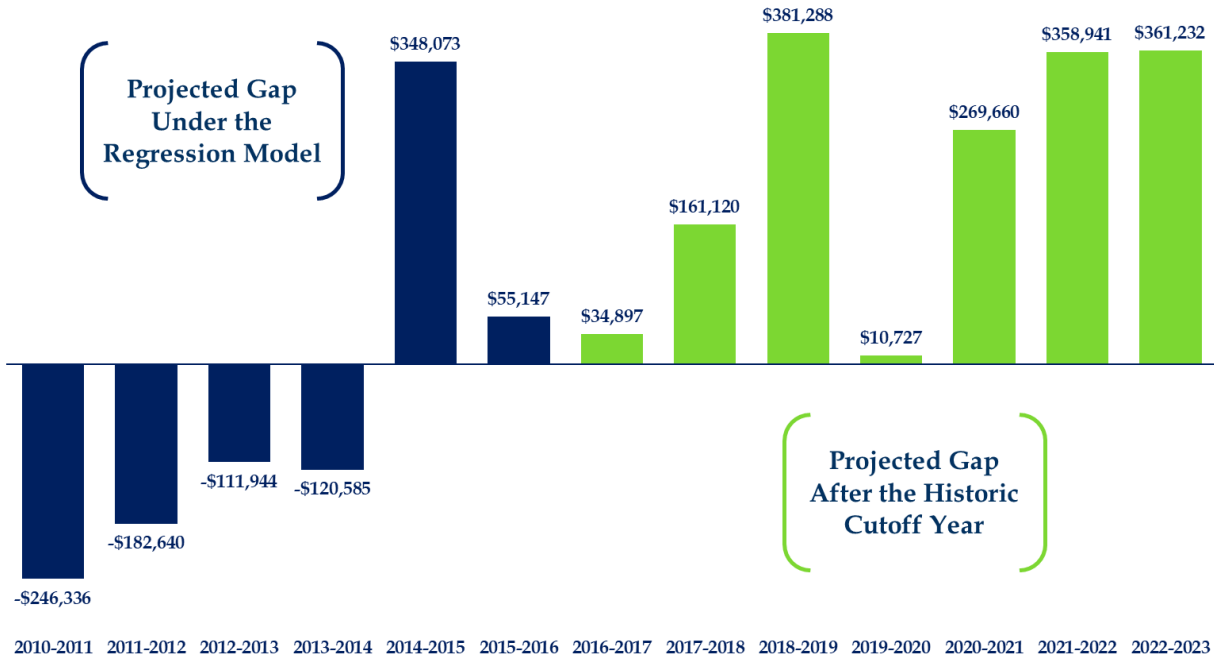
An example of a contributing factor to the gap observed is the 2018 tax reform under Law 257. The Revised Fiscal Plan for Puerto Rico estimated a total net impact after implementation of this tax reform of between $92 million (FY2020) and $45 million (FY2022)[4].

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[4] Government of Puerto Rico (March 10, 2019). "Revised Fiscal Plan for Puerto Rico" – as Submitted to the Financial Oversight and Management Board for Puerto Rico.
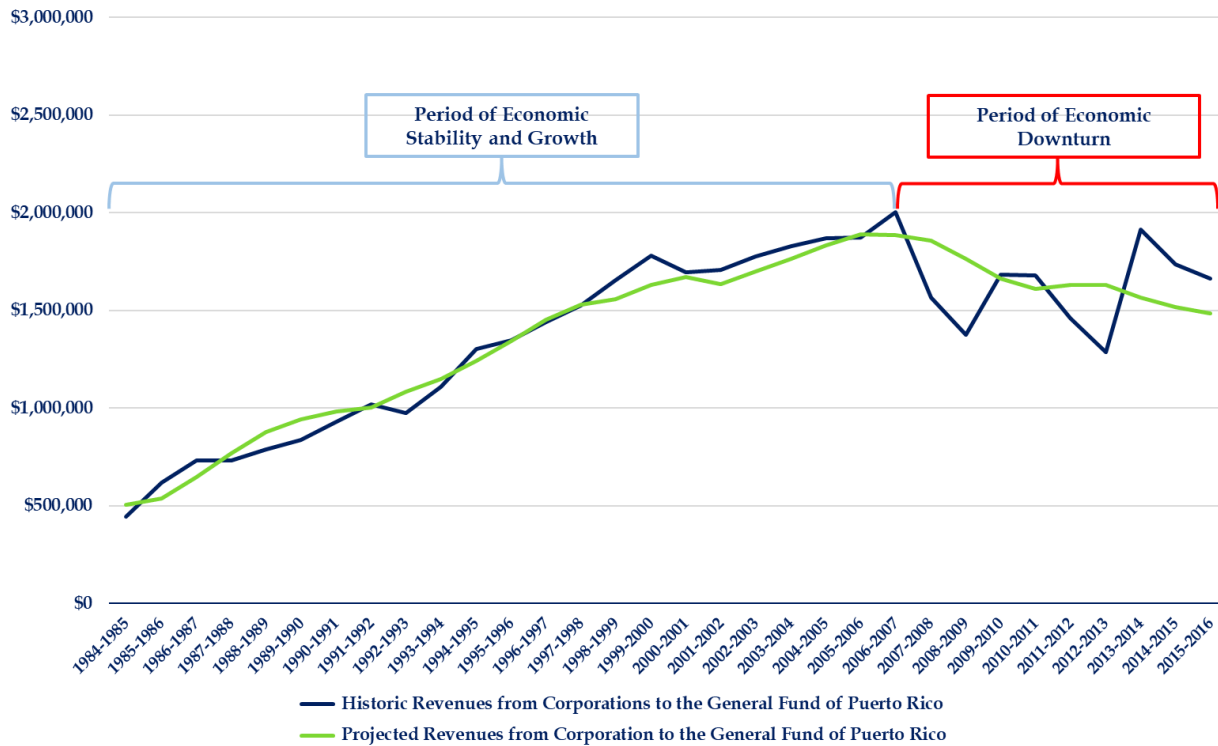
V. Fiscalization, Digitalization, and Simplification Measures Benefits – Corporations

Like tax revenue from individuals, tax revenue from corporations should also align with the jurisdiction's economic activity. Therefore, Advantage undertook the task of segregating the corporate tax revenues due to fluctuations in economic conditions.

The analysis utilized two economic predictor variables to segregate the corporate tax revenues explained by economic conditions. The economic predictors were the Economic Activity Index (EAI) and the Consumer Price Index (CPI) as an indicator of inflation, while the period analyzed was FY 1985 to FY 2016.

From FY 1985 up to FY 2007, the tax revenue projections by the model and the actual tax revenue collected from corporations presented a strong match. This relation indicates that the economic variables have historically been strong predictors of corporate tax revenues. Starting from the fiscal downturn in FY 2007, the econometric model started to lose predictive power to establish what the tax revenue from corporations should be, given economic trends. The increased fluctuation in tax revenue collected could no longer be mainly attributed to the economic predictor variables, pointing to other aspects not considered in the model. The points previously discussed can be observed in the following graph.

Historic and Projected Tax Revenues from Corporations
(In Thousands of $) - FY 1984-1985 to 2015-2016

Legend:
— Historic Revenues from Corporations to the General Fund of Puerto Rico
— Projected Revenues from Corporation to the General Fund of Puerto Rico

The following graph depicts the projected tax revenue from corporations alongside the actual tax revenue collected over the last 23 fiscal years. Advantage also highlights in the graph below all the years in which significant changes to the tax system of Puerto Rico occurred to contextualize the tax revenue changes during the period. After FY 2007, the differences in tax revenues are more challenging to explain by just the economic predictor variables as they fluctuate significantly. Corporate tax revenue has far outperformed the economic variables used in recent years, creating a substantial gap between corporations' historical and projected tax revenue.

Historic and Projected Tax Revenues from Corporations
(In Thousands of $) - FY 2000-2001 to 2022-2023

Cutoff for Historic Data for Projection

2006 Reform

Act 154-2010

2011 Reform

2015 Reform

2018 Reform

— Historic Revenues from Corporations to the General Fund of Puerto Rico
— Projected Revenues from Corporation to the General Fund of Puerto Rico
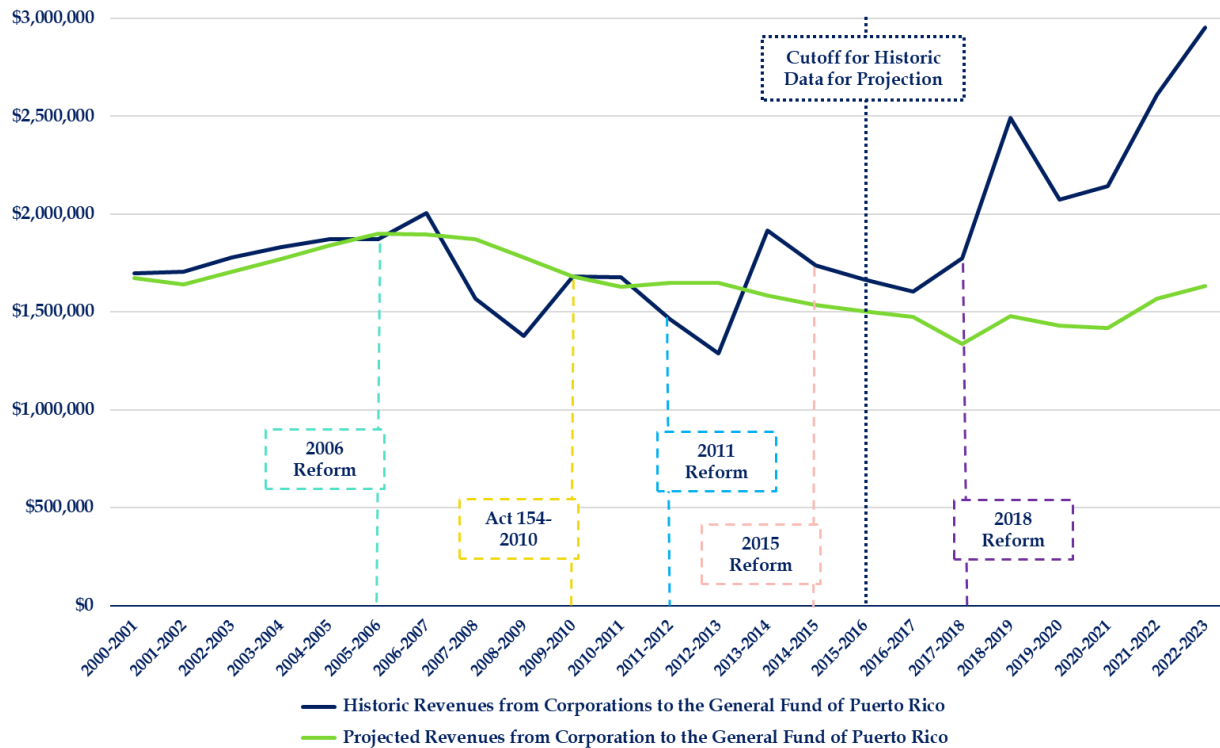
The model projected corporate revenues should have decreased in the aftermath of the 2017 hurricanes, yet the historical data shows an increase. The model's projection of a revenue decrease during the COVID-19 pandemic was accurate, but it did not factor in the significant changes observed in recent years, which have been more abrupt than historical patterns. Advantage attempted to create and use multiple regression models with different parameters, but none showed significant improvement in explaining the gap.

According to the model analysis, the yearly difference between the actual amount of corporate taxes received and the amount predicted by the economic variables amounted to an average of $685 million between FY 2017 and FY 2022. This indicates that, on average, corporate taxpayers in Puerto Rico contributed $685 million more per year than expected based on the economic predictor variables.

One factor contributing to the increase in corporate tax revenues is Act 257-2018, known as the 2018 Tax Reform. This law introduced fiscalization measures that are known as the "*Nuevo Régimen de Informativas*." In order to deduct a professional service as an expense, businesses have to report it. The result was an increase of over $6 billion in reported revenue in *informativas* (Form 480.6B/Form 480.6SP) from 2018 to 2019. The increase is so large, that it is reasonable to assume that this has resulted in a significant increase in revenues for Treasury.

Payment for Professional Services Provided
by Corporations (In Millions of $) from Taxable Years 2017 to 2022

2017	2018	2019	2020	2021	2022
$12,948	$12,317	$19,877	$18,808	$22,105	$25,113
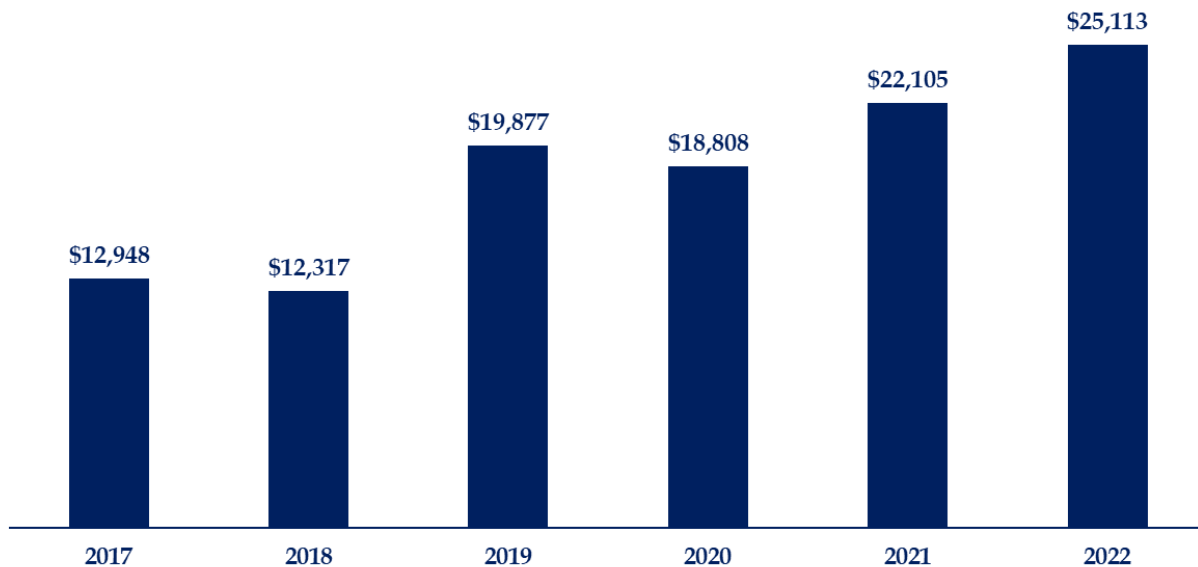
The following graph depicts the gap between projected tax revenue from corporations and the actual tax revenue collected between FY 2011 and FY 2023. When a positive gap is calculated, tax revenue from corporations exceeds projections based on economic activity.

Even after experiencing the COVID-19 pandemic, corporate tax revenue never went below pre-2019 levels and eventually recovered over the next two fiscal years.

During fiscal year 2023, it was observed that the revenue generated from corporate tax substantially increased. This is attributed to neither economic conditions nor compliance efforts. Instead, it can primarily be attributed to the implementation of Act 52. This act allowed foreign subsidiaries to opt out of their current tax regimen under Act 154-2010, consequently increasing corporate tax revenue.

Gap Between Historic and Projected Tax Revenues from Corporations
(In Thousands of $) - FY 2010-2011 to 2022-2023
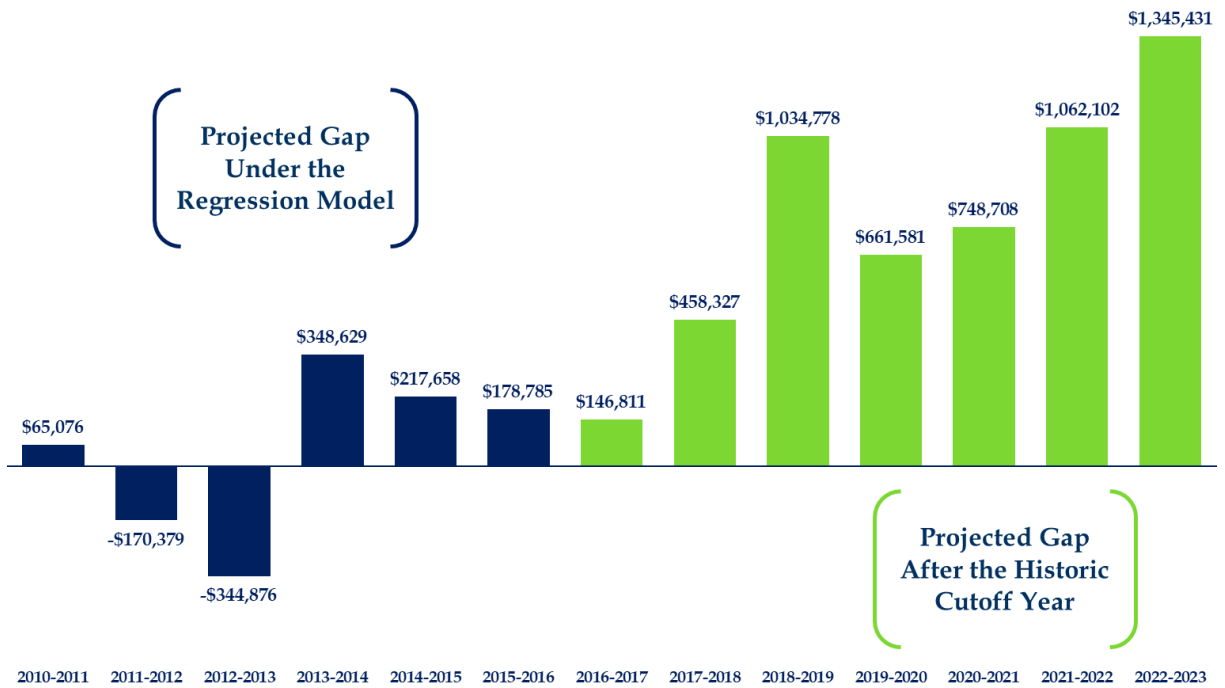
V. SURI's Overall Benefits

Undoubtedly, the development of the Unified Internal Revenue System ("SURI") is the most prominent and ambitious reform unveiled by the Department of Treasury. This platform allows the integration and streamlining of the administration of taxes and revenues. SURI provides the necessary tools to manage all taxpayer information efficiently in one centralized platform.

The tool allows the Department of Treasury to obtain a broad overview of taxpayers' accounts and provides the necessary technological resources to fulfill its tax collection and auditing functions. The implementation process of the different phases began on October 31, 2016, and concluded on February 24, 2020, resulting in the platform we know today.[5]

Through SURI, various transactions can be conducted, such as income tax, income information form, a special tax on foreign corporations, management of a group of related entities, specialists in tax forms, real estate transactions authorized in public deeds, tax incentives, and environmental protection deposits.[6]

For some individuals worldwide, fulfilling their tax obligations to the government is a complex and time-consuming process. That is why several tax administration systems have adopted a digital system.[7] In South Korea, the digitalization of the tax administration is an example of this adoption of digital approaches. It aimed to reduce work and enable the electronic issuance of certificates and automatic notifications to taxpayers. In 2015, the country implemented the *Home Tax Service system*, which features electronic filing and payments, tax certificates, receipts, invoices, earned income tax credits, and child tax credits. The primary purpose of this system was to alleviate the

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[5] Puerto Rico Department of Treasury. "*¿Qué es SURI?*"

[6] Puerto Rico Department of Treasury. January 31, 2020. "*Transición al sistema unificado de rentas internas (SURI)*"

[7] World Bank. December 1, 2021. Why tax administrations are embracing digital transformation

burden of employees, decrease the cost of compliance for taxpayers, and reduce the total operating expenses related to taxes. Additionally, it reduced time, as the service automatically completes some fields on taxpayers' returns. [8]

Similarly, over the last five years, Mexico has actively promoted the fundamental message that fulfilling tax obligations is easy. The Tax Administration Service ("SAT") has been digitalized since 2002, facilitating data exchange and analysis. The SAT claims to have increased efficiency in tax collection by 57%. Furthermore, there has been an improvement in the effectiveness and security between the system and taxpayers. Tax evasion is estimated to have decreased by 20% from 2012 to 2016. According to a survey, 81% of taxpayers have a positive impression of the SAT. [9]

In Puerto Rico, the improvement of the SURI system holds the potential to foster greater public confidence, facilitate a lasting shift towards increased compliance, and enhance the connection between taxpayers and government entities. When first available to individuals and corporations, around a million income tax returns were started through SURI, pointing to the significance of having an online tax preparation and filing tool available for free to the public.

SURI Analytics collects information on the effectiveness of its service. The maximum value of the scale is 5, indicating that the service is perceived as "very easy" to use. Upon analyzing the collected data, it was observed that the average user rating for the SURI portal is notably positive, with users finding it easy to navigate. This positive feedback suggests that the digital improvements and user-centric design have made the SURI system more user-friendly and accessible. Additionally, there was a notable reduction in the average time needed to complete an individual's tax return. In 2022, the average time was 22 minutes, whereas in 2023, it was reduced to about 16 minutes.

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[8] Korea Institute of Public Finance. 2022. A Roadmap for Digitalization of Tax Systems Lessons from Korea
[9] Better than Cash Alliance. 2020. "*La digitalización tributaria en México: factores de éxito y líneas de trabajo futuras*"

SURI: Features Shared with Other Successful Systems

Electronic management functions

User-friendly

24/7 access to tax account

Reduction in time and cost compliance
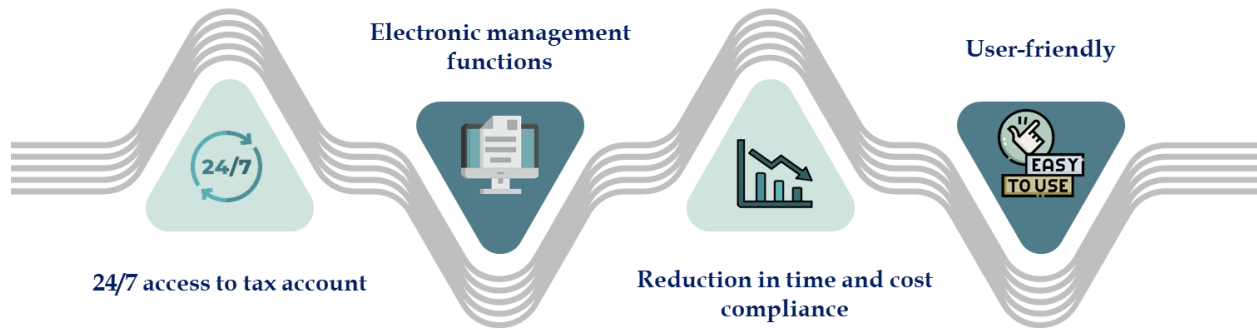
Advantage performed a basic productivity analysis of the staff at the Department of Treasury, with total employment data from the Puerto Rico Institute of Statistics. There was a considerable increase in productivity from 2016 to 2019, much of which is attributed to SURI. The number of tax returns increased significantly while the headcount declined by 21%.

Individual Tax Returns Filled Per Employee Dedicated to Tax Imposition and Collection Services Per Year from 2007 to 2021

Year	Value
2007	487
2008	500
2009	562
2010	588
2011	613
2012	707
2013	861
2014	748
2015	631
2016	641
2017	666
2018	721
2019	1,222
2020	1,248
2021*	1,245

Sources: Puerto Rico Department of Treasury, Puerto Rico Comptroller's Office, and *Advantage* estimates
*Note: Preliminary Tax Return Data
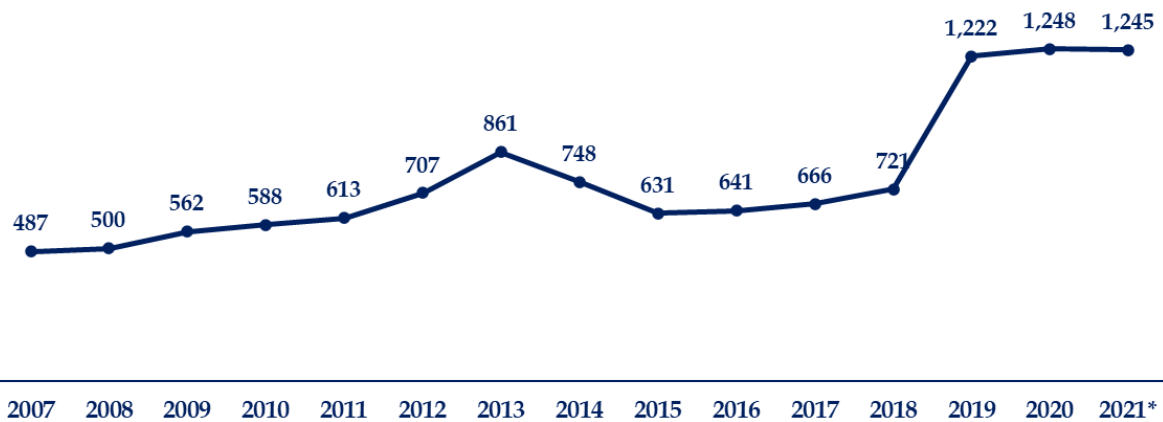
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Corporate Tax Returns Filled Per Employee Dedicated to Tax Imposition and Collection Services Per Year from 2007 to 2021
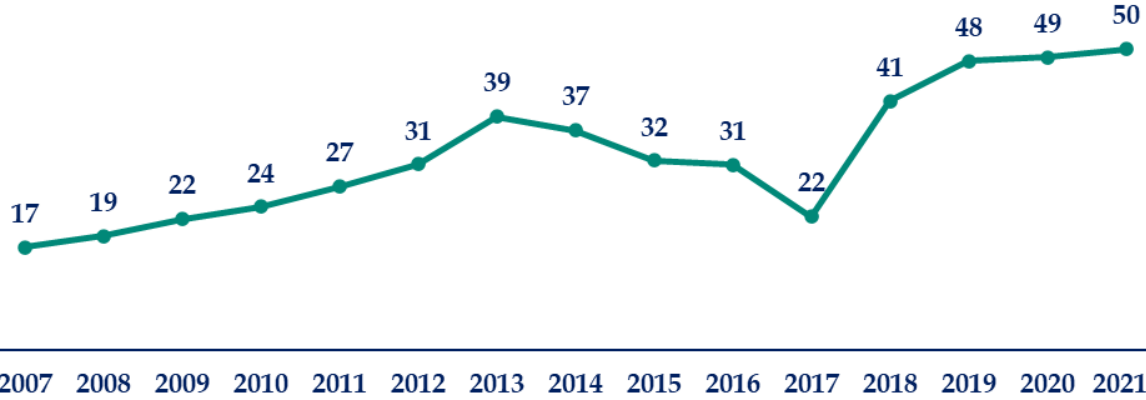
Sources: Puerto Rico Department of Treasury, Puerto Rico Comptroller's Office, and *Advantage* estimates
*Note: Preliminary Tax Return Data

Statistics on Individual Tax Return Burden on Puerto Rico Department of Treasury Employees

2016

2019

Individual Tax Return
(910,793)

Individual Tax Return
(1,365,826)

Department of Treasury Employees
(2,493)

Department of Treasury Employees
(1,961)

Employees Dedicated to Tax Imposition and Collection Services*
(1,421)

Employees Dedicated to Tax Imposition and Collection Services*
(1,118)

Individual Tax Returns Worked Per Employee Each Year
(641)

Individual Tax Returns Worked Per Employee Each Year
(1,222)

Individual Tax Returns Worked Per Employee Each Day
(2)

Individual Tax Returns Worked Per Employee Each Day
(5)

Statistics on Corporate Tax Return Burden on Puerto Rico Department of Treasury Employees

2016

2019

Corporate Tax Return
(43,900)

Corporate Tax Return
(53,722)

Department of Treasury Employees
(2,493)

Department of Treasury Employees
(1,961)

Employees Dedicated to Tax Imposition and Collection Services*
(1,421)

Employees Dedicated to Tax Imposition and Collection Services*
(1,118)

Corporate Tax Returns Worked Per Employee Each Year
(31)

Corporate Tax Returns Worked Per Employee Each Year
(48)

Corporate Tax Returns Worked Per Employee Each Week
(0.6)

Corporate Tax Returns Worked Per Employee Each Week
(0.9)

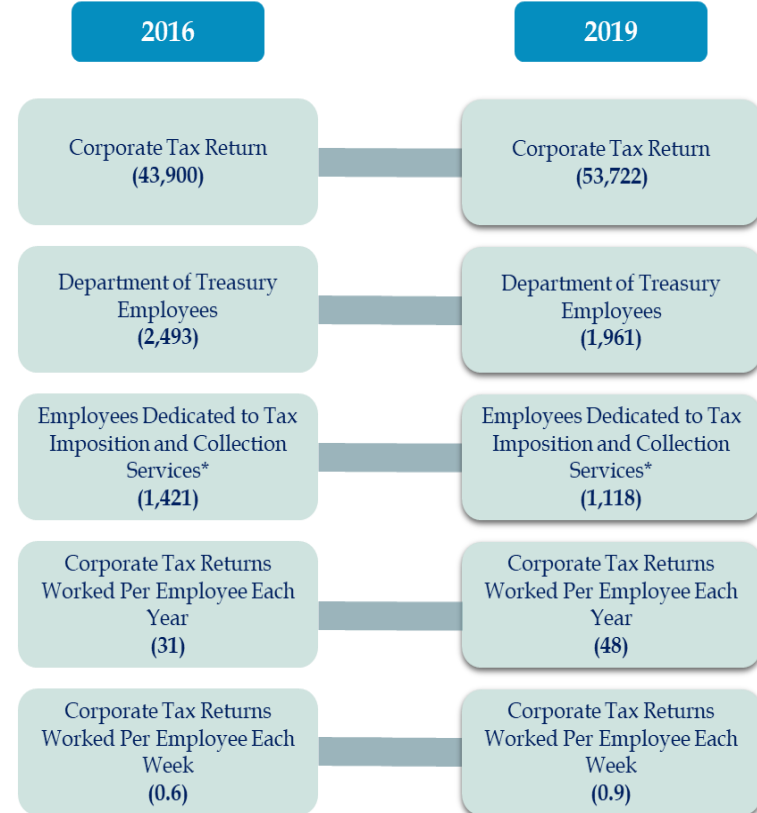Sources: Puerto Rico Department of Treasury, Puerto Rico Comptroller's Office, and *Advantage* estimates

*Note: Preliminary Tax Return Data

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Investment and Return on the Development and Implementation of SURI

According to the Department of Treasury, the total cost of developing and implementing SURI from FY 2016 to FY 2021 was almost $37 million[10]. It is worth noting that the digital tool was implemented in various phases over the period previously mentioned. The following are the investment costs associated with developing and implementing SURI:

Investment Costs for the Development and Implementation of SURI	
Phase of Product Launch	**Costs**
GenTax Licensing Cost	**$5,000,000**
Implementation Services:	
Rollout 1a: Value Added Tax	**$2,265,937**
Rollout 1b: Sales & Use Tax	**$3,350,375**
Rollout 2: Withholding	**$11,000,000**
Rollout 3: Individual Income & Corporate Income Taxes	**$13,250,000**
Total Development and Implementation Costs	**$34,866,312**
Other Costs of Integration and Iniciatives:	
FIV's Fraud	**$187,750**
BMC	**$200,000**
Pass Through Return	**$400,000**
Electronic Submission of 2022 Non-Profit Return	**$400,000**
Fiscal Audit Enhancements	**$400,000**
Total Costs	**$36,454,062**

Since FY 2017, Advantage has estimated that the Department of Treasury has collected around $225 million more per year from individual taxpayers than the economic conditions would indicate.

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[10] The $37 million costs of developing and implementing SURI does not account for maintenance and operations costs present every year. This cost also does not take into account the costs of the incentive programs implemented during the COVID-19 pandemic.

To the extent that SURI is the main tool in this increase in tax revenues, it would mean that it was one of the best investments in the history of the government of Puerto Rico. SURI would have generated revenues of around $6 every year for each $1 in one-time investment.

Given that SURI now simplifies and automates many of the processes previously completed by hand, the digital tool, in addition to increasing revenues, also saves costs in terms of the workforce. Based on calculations by Advantage, the number of personnel dedicated to tax impositions and collection services for the Department of Treasury has decreased since at least the taxable year 2007, while the workload in terms of tax returns has increased substantially. For more details, see the addendum.

Instead of hiring new employees to deal with this recent influx, the Department of Treasury was able to operate with a reduced number of employees. Assuming pre-2020 levels of efficiency, Advantage estimated that an additional 303 employees would have been required, with direct costs of approximately $12 million each year.

| Total Yearly Wage Costs of New Employees Needed to Maintain Pre-2016 Efficiency in the Tax System	
Minimum of new employees	303
Yearly Average Wage Salary	$32,344
Total Yearly Wage Costs + 20% Fringe Benefits	$11,767,750

*Sources: Puerto Rico Department of Treasury, Puerto Rico Comptroller's Office, BLS, and Advantage estimates

VI. Department of Treasury – Looking Forward

The 2023 Commonwealth Fiscal Plan[11] highlights that effective tax systems:

…are based on taxes that generate sufficient revenue to fund needed public services, are simple to administer, are transparent, are perceived as fair and equitable, and encourage economic efficiency and growth.

An important benefit of tax systems that follow these precepts is that they promote compliance, administration, and enforcement because the tax rules are simple and transparent, are perceived of as fair, and offer reduced incentives for tax avoidance and evasion.
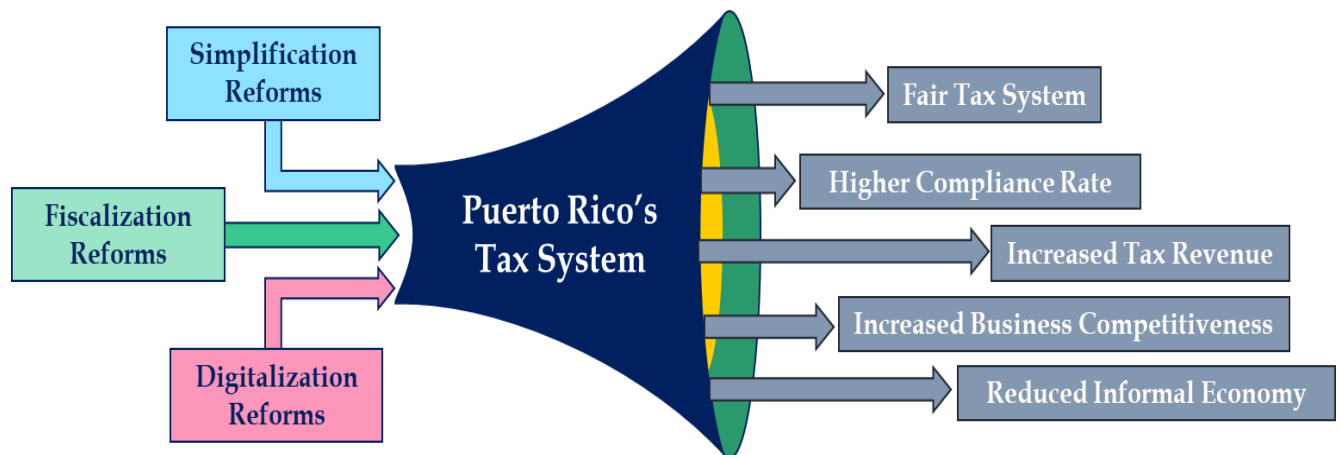
The Department of Treasury has made significant progress towards a more efficient tax system by introducing simplification, fiscalization, and digitalization reforms. These reforms have helped the Department achieve several milestones along the way, such as:

1. *Increased tax revenue:* Through the current reforms, the Department of Treasury has achieved an increase in tax collections even through periods of disaster

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[11] 2023 Transformation Plan for Puerto Rico – Restoring Growth and Prosperity – Volume 3: Implementation requirements and plan. As certified by the Financial Oversight and Management Board for Puerto Rico (FOMB), April 3, 2023.

recovery (in the aftermath of Hurricane Maria) and economic contraction (COVID-19 Pandemic).

2. *Stable tax collection:* Tax revenue has increased over and above what is explained by economic performance. Thus, part of the Treasury's current success derives from the implemented compliance reforms and will remain in place despite possible future economic downturns.

3. *Successful future reforms:* Given the success of the current reforms, the outlook for future reforms is positive. New reforms have the potential to build upon the recent reforms and generate tax revenues not currently accounted for in Puerto Rico's fiscal plan. Treasury has the track record to be trusted in that new compliance reforms will generate additional tax revenue.

VI. Addendum

Addendum 1: Puerto Rico Department of Treasury reforms since 2016

This section will summarize some of the implemented initiatives, divided between individuals, corporations, or shared, with a further sub-division to distinguish between fiscalization, digitalization, and simplification methods.

 Shared Implemented Reforms for Individuals and Corporate Taxpayers

> **Digitalization / Simplification** - Automatic filing and requests for professional service withholding waivers via SURI: According to the amended 2011 Internal Revenue Code of Puerto Rico, any individual who carries out payments to another individual for services provided in the exercise of an industry or business activity for the production of income in Puerto Rico has to deduct and retain 7% of the payments for income tax[12]. The Treasury Secretary can offer partial or complete relief to this 7% withholding, subject to terms and conditions. Starting in December 2018, to facilitate the issuance of the reliefs, at the end of December of each year, the Department automatically sends the following year's reliefs to many taxpayers, relying on specific parameters to determine qualification.

> **Fiscalization** – Requirement to issue a Compliance Attestation and AUP ("Agreed Upon Procedures") Reports prepared by a CPA with a valid Puerto Rico license as a prerequisite to claim deductions for certain expenses for the Alternative Basic Tax for individuals or Alternative Minimum Tax for corporations. Effective from the year 2019, it was legislated with Act 257-2018, also known as the 2018 tax reform.

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[12] Puerto Rico Department of the Treasury. 2018. *"Carta Circular Rentas Internas Núm. 18-15 ("CC RI 18-15")"*

- **Digitalization / Simplification** - Integration of individual income tax contribution accounts into SURI, a digital tool developed to integrate all taxes administered by the Department of the Treasury. It unifies all transactions carried out by said taxes into a single system[13]. This tool allows taxpayers to carry out and administer all transactions from a single place. In 2020, the tool became available to accounts from individuals and corporations. In 2022, a new version was implemented to be more user-friendly, with filled-out information, reducing the time it takes to file the tax return[14]. SURI implementation was divided into three phases.

- **Fiscalization / Digitalization** - Claims for notifications of mathematical errors and adjustments in tax returns. These could involve errors in the mathematical calculations used in the tax return or omission of any information required in the tax return, among others[15]. Effective from December 2020 onwards.

- **Fiscalization** - Announcing new audit and investigation campaigns. Starting in 2021, these campaigns focused on compliance with the declaration and payment of motor vehicle excise taxes and the collection and deposit of the SUT on sales made through electronic means, among others[16].

- **Fiscalization** - Includes information on decrees issued by the Department of Economic Development and Commerce and the Tourism Company in the system. Effective from September 2021 onwards.

- **Fiscalization** - Notifications to non-filers using information from IRS-provided 1099s.

- **Fiscalization / Digitalization** – Created the Tax Credit Manager tool: Implemented in January 2023 due to being legislated by Act 52 of 2022; this tool,

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[13] Puerto Rico Department of the Treasury. 2020. *"Boletín Informativo de Rentas Internas Núm. 20-01 ("BI RI 20-01")"*

[14] Puerto Rico Department of the Treasury. 2022. *"Boletín Informativo de Rentas Internas Núm. 22-05 ("BI RI 22-05")"*

[15] Puerto Rico Department of the Treasury. *"Planilla con Error Matemático"*

[16] Puerto Rico Department of the Treasury. 2019. *"Boletín Informativo de Rentas Internas Núm. 21-03 ("BI RI 21-03")"*

which is part of SURI, will allow taxpayers to carry out transactions related to their tax credits[17].

➤ **Fiscalization** – Created a landing page on the Department of the Treasury's website for the Voluntary Disclosure Program. The Department of the Treasury will not refer to the Department of Justice for criminal prosecution of those taxpayers who voluntarily disclose income, items, transactions, events, returns, forms, certifications, reports, forms, or contributions that were undisclosed or not adequately filed, leading to non-compliance[18].

➤ **Fiscalization** – Create awareness regarding cases of tax evasion where charges have been filed with the Department of Justice.

➤ **Fiscalization** - Optional Tax for taxpayers whose income primarily stems from professional services. Effective from the year 2019, it was legislated with Act 257-2018.

➤ **Fiscalization** - 7% Reduced Tax Certificate for Prepared Foods: Law No. 257 of December 10, 2018, introduced that certain taxable items made by restaurants that obtain proper authorization and certification from the Secretary of the Treasury would be subject to a reduced Sales and Use Tax ("SUT") rate of 7% instead of 11.5%. Effective October 1, 2019[19].

➤ **Fiscalization / Digitalization** – Bank seizures through the SURI system: This applies to SUT debts since late 2016 and all other debts since February 2020. The COVID-19 lockdown caused a suspension of these bank seizures from March 2020 to March 2022.

➤ **Digitalization** - Payment plans through SURI. The SUT debts were from 2017 onwards, while all other debts were from February 2020 forward.

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[17] Puerto Rico Department of the Treasury. 2023. "*Carta Circular de Rentas Internas Núm. 23-02 ("CC RI 23-02")*"

[18] Puerto Rico Department of the Treasury. "*Programa de Divulgación Voluntaria*"

[19] Puerto Rico Department of the Treasury. 2019. "*Determinación Administrativa Núm. 19-03*"

Implemented Reform for Individual Taxpayers Only

➢ **Fiscalization** - Notification of W-2 and Information Summaries issued to the taxpayer. Effective March 2022 for the 2021 tax year and implemented again in March 2023 for the 2022 tax year.

Implemented Reforms for Corporate Taxpayers Only

➢ **Fiscalization** - Notifications to unregistered businesses using IRS information from federal Employer Identification Number ("EIN") requests.

➢ **Digitalization** - Request for exemption for non-profit entities through SURI.

Addendum 2: Regression Methodology for Individual Taxpayers

Advantage created regression models using historical tax revenue from individual taxpayers for this calculation. These regression models used the historical tax revenue data from FY 1985 to FY 2016 alongside two economic predictor variables. The FY 2016 was used as the cutoff date given the general economic and environmental stability present during the year. These years were selected to establish a relationship between the economic variables and the tax revenue from individuals. Then, data from FY 2017 onwards were used to estimate the amount of tax revenue acquired due to the economic cycle's general workings.

The regression model created by Advantage was found to be significant in estimating the tax revenue from individuals up to FY 2016, with the two economic predictor variables passing statistical tests of significance. Of importance, it was found that the regression model could explain as much as 90% of the variation in tax revenue observed.

Given the strength of the regression model using historical data up to FY 2016, the historical labor force and CPI were introduced into the regression model up to FY 2023. A regression model using data until FY 2023 was not utilized to align with these projection's objective. This objective was to estimate the tax revenue from individuals based solely on the economic predictor variables to assess the variance or gap from the historical tax revenue. This gap in tax revenue could then be attributed to aspects other than the economic predictor variables.

The increase in tax revenue from individuals between FY 2016 and FY 2023 is over and above what would be expected, given the economic conditions observed at the time. Since the model could historically explain around 90% of the variation in historic tax revenue from individuals, a certain amount of variation could not be explained, indicating other economic forces creating the annual gap.

Table 1. Statistics for use in the regression model for the tax revenue from individuals

	Historic Tax Revenues and Economic Statistics for use in the Regression Model for Individuals from FY 1985 to FY 2023		
Fiscal Year	**Historic Tax Revenues from Individuals (In Thousands $)**	**Labor Force**	**Consumer Price Index**
1984-1985	$726,919	983,812	64.5
1985-1986	$816,363	1,005,629	64.4
1986-1987	$883,251	1,046,664	64.7
1987-1988	$818,425	1,080,281	66.5
1988-1989	$869,413	1,109,502	68.5
1989-1990	$1,025,084	1,124,401	70.2
1990-1991	$1,123,733	1,155,208	73.3
1991-1992	$1,122,335	1,175,099	74.3
1992-1993	$1,241,924	1,208,245	75.4
1993-1994	$1,409,824	1,212,412	76.0
1994-1995	$1,578,269	1,223,914	77.3
1995-1996	$1,709,116	1,267,015	79.3
1996-1997	$1,825,337	1,297,030	81.6
1997-1998	$2,026,612	1,316,926	82.3
1998-1999	$2,244,376	1,310,091	82.2
1999-2000	$2,352,066	1,290,682	83.9
2000-2001	$2,259,090	1,273,931	86.1
2001-2002	$2,449,982	1,301,125	85.3
2002-2003	$2,767,678	1,336,661	86.8
2003-2004	$2,720,920	1,340,437	87.6
2004-2005	$2,885,903	1,356,716	91.2
2005-2006	$3,087,748	1,409,818	97.1
2006-2007	$3,071,655	1,414,562	101.2
2007-2008	$2,759,305	1,355,157	105.7
2008-2009	$2,648,261	1,326,104	108.6
2009-2010	$2,593,598	1,284,459	110.8
2010-2011	$2,187,080	1,244,800	112.8
2011-2012	$2,129,434	1,207,223	115.7
2012-2013	$2,079,285	1,176,952	116.7
2013-2014	$1,979,448	1,152,874	117.8
2014-2015	$2,295,334	1,120,923	117.4

	Historic Tax Revenues and Economic Statistics for use in the Regression Model for Individuals from FY 1985 to FY 2023		
Fiscal Year	**Historic Tax Revenues from Individuals (In Thousands $)**	**Labor Force**	**Consumer Price Index**
2015-2016	$2,003,320	1,121,903	117.2
2016-2017	$1,943,923	1,110,837	117.9
2017-2018	$1,959,635	1,079,530	119.8
2018-2019	$2,223,827	1,086,790	120.4
2019-2020	$1,851,589	1,086,294	120.4
2020-2021	$2,342,762	1,136,203	120.6
2021-2022	$2,805,965	1,196,605	126.2
2022-2023	$2,883,286	1,187,162	132.9

Table 2. The final regression model statistics used in the analysis for tax revenue from individuals

Summary of Regression Model Statistics Calculated for the Tax Revenue from Individuals		
Statistics	**Value**	**P-Value**
Multiple R	0.95	-
R Square	0.90	-
Adjusted R Square	0.90	-
Standard Error	233,784.91	-
Observations	32	-
F Value	137.87	1.54E-15
Intercept Coefficient	-5,242,245.62	2.88E-12
Labor Force Coefficient	4.58	2.10E-12
Consumer Price Index Coefficient	17,500.17	9.00E-08

Figure 1. The formula of the final regression model used in the analysis for tax revenue from individuals

$$Projected\ Tax\ Revenue\ from\ Individuals =$$

$$-C_0 + (C_1 * Labor\ Force) + (C_2 * (Consumer\ Price\ Index + 1)) + \varepsilon_i$$

Table 3. Historic and projected tax revenue from individuals using the previous regression model and economic statistics

Historic and Projected Tax Revenues from Individuals (In Thousands $) from FY 1985 to FY 2023			
Fiscal Year	Historic Tax Revenues from Individuals	Projected Tax Revenues from Individuals	Difference Between Historic and Projected Tax Revenues
1984-1985	$726,919	$393,614	$333,305
1985-1986	$816,363	$490,395	$325,968
1986-1987	$883,251	$685,211	$198,040
1987-1988	$818,425	$869,965	-$51,540
1988-1989	$869,413	$1,038,552	-$169,139
1989-1990	$1,025,084	$1,136,992	-$111,908
1990-1991	$1,123,733	$1,332,514	-$208,781
1991-1992	$1,122,335	$1,439,998	-$317,663
1992-1993	$1,241,924	$1,611,385	-$369,461
1993-1994	$1,409,824	$1,640,661	-$230,837
1994-1995	$1,578,269	$1,716,705	-$138,436
1995-1996	$1,709,116	$1,949,362	-$240,246
1996-1997	$1,825,337	$2,127,578	-$302,241
1997-1998	$2,026,612	$2,229,969	-$203,357
1998-1999	$2,244,376	$2,196,589	$47,787
1999-2000	$2,352,066	$2,137,437	$214,629
2000-2001	$2,259,090	$2,099,696	$159,394
2001-2002	$2,449,982	$2,209,871	$240,111
2002-2003	$2,767,678	$2,400,416	$367,262
2003-2004	$2,720,920	$2,431,056	$289,864
2004-2005	$2,885,903	$2,568,486	$317,417
2005-2006	$3,087,748	$2,915,296	$172,452
2006-2007	$3,071,655	$3,008,002	$63,653
2007-2008	$2,759,305	$2,815,639	-$56,334
2008-2009	$2,648,261	$2,733,453	-$85,192
2009-2010	$2,593,598	$2,580,062	$13,536
2010-2011	$2,187,080	$2,433,416	-$246,336
2011-2012	$2,129,434	$2,312,074	-$182,640
2012-2013	$2,079,285	$2,191,229	-$111,944
2013-2014	$1,979,448	$2,100,033	-$120,585

Historic and Projected Tax Revenues from Individuals (In Thousands $) from FY 1985 to FY 2023			
Fiscal Year	Historic Tax Revenues from Individuals	Projected Tax Revenues from Individuals	Difference Between Historic and Projected Tax Revenues
2014-2015	$2,295,334	$1,947,261	$348,073
2015-2016	$2,003,320	$1,948,173	$55,147
2016-2017	$1,943,923	$1,909,026	$34,897
2017-2018	$1,959,635	$1,798,515	$161,120
2018-2019	$2,223,827	$1,842,539	$381,288
2019-2020	$1,851,589	$1,840,862	$10,727
2020-2021	$2,342,762	$2,073,102	$269,660
2021-2022	$2,805,965	$2,447,024	$358,941
2022-2023	$2,883,286	$2,522,054	$361,232

Addendum 3: Regression Methodology for Corporate Taxpayers

The regression models used the historical tax revenue data from FY 1985 to FY 2016 alongside two economic predictor variables. The FY 2016 was used as the cutoff date given the general economic and environmental stability present during the year. These years were selected to establish a relationship between the economic variables and the tax revenue from corporations.

After FY 2007, the predictive power of the regression model declined, perhaps due to the start of the economic downturn in Puerto Rico. The following fiscal years show a further decline in predictive power.

Given the strength of the regression model using historical data up to FY 2016, although with less predictive power in later years, the historical Economic Activity Index and CPI were introduced into the regression model up to FY 2023. A regression model using data until FY 2023 was not utilized to align with these projection's objective. This objective was to estimate the tax revenue from corporations based solely on the economic predictor variables to assess the variance or gap from the historical tax revenue. This gap in tax revenue could then be attributed to aspects other than the economic predictor variables.

The increase in tax revenue from corporations between FY 2016 and FY 2023 outperformed what would be expected, given the economic conditions observed at the time. The economic variables could not solely explain these increases; therefore, other non-quantifiable factors are affecting the historical tax revenue.

Table 1. Statistics for use in the regression model for the tax revenue from corporations

	Historic Tax Revenues and Economic Statistics for use in the Regression Model for Corporations from FY 1985 to FY 2023		
Fiscal Year	**Historic Tax Revenues from Corporations (In Thousands $)**	**Economic Activity Index**	**Consumer Price Index**
1984-1985	$444,300	95.4	64.5
1985-1986	$617,700	97.3	64.4
1986-1987	$731,700	103.3	64.7
1987-1988	$733,300	109.3	66.5
1988-1989	$786,900	114.6	68.5
1989-1990	$836,300	117.2	70.2
1990-1991	$931,900	118.1	73.3
1991-1992	$1,019,500	118.8	74.3
1992-1993	$975,100	123.0	75.4
1993-1994	$1,107,300	126.2	76.0
1994-1995	$1,304,600	130.9	77.3
1995-1996	$1,348,200	135.7	79.3
1996-1997	$1,440,700	140.8	81.6
1997-1998	$1,527,400	144.9	82.3
1998-1999	$1,653,800	146.4	82.2
1999-2000	$1,781,900	149.7	83.9
2000-2001	$1,696,800	150.9	86.1
2001-2002	$1,706,137	149.5	85.3
2002-2003	$1,776,985	152.2	86.8
2003-2004	$1,831,027	155.6	87.6
2004-2005	$1,870,937	157.9	91.2
2005-2006	$1,872,458	158.2	97.1
2006-2007	$2,002,718	155.9	101.2
2007-2008	$1,565,534	152.2	105.7
2008-2009	$1,375,596	145.5	108.6
2009-2010	$1,682,321	138.8	110.8
2010-2011	$1,677,345	134.9	112.8
2011-2012	$1,460,354	134.6	115.7
2012-2013	$1,286,506	134.1	116.7
2013-2014	$1,914,333	129.9	117.8
2014-2015	$1,735,836	127.4	117.4

Historic Tax Revenues and Economic Statistics for use in the Regression Model for Corporations from FY 1985 to FY 2023			
Fiscal Year	Historic Tax Revenues from Corporations (In Thousands $)	Economic Activity Index	Consumer Price Index
2015-2016	$1,663,605	125.6	117.2
2016-2017	$1,602,919	123.7	117.9
2017-2018	$1,775,672	114.9	119.8
2018-2019	$2,491,790	122.5	120.4
2019-2020	$2,072,240	119.9	120.4
2020-2021	$2,144,196	118.9	120.6
2021-2022	$2,608,072	124.8	126.2
2022-2023	$2,954,192	125.1	132.9

Table 2. The final regression model statistics used in the analysis for tax revenue from corporations

Summary of Regression Model Statistics Calculated for the Tax Revenue from Corporations		
Statistics	**Value**	**P-Value**
Multiple R	0.94	-
R Square	0.88	-
Adjusted R Square	0.87	-
Standard Error	156,749.98	-
Observations	32	-
F Value	106.38	4.42E-14
Intercept Coefficient	-1,721,990.13	9.27E-09
Economic Activity Index Coefficient	17,655.20	9.86E-11
Consumer Price Index Coefficient	8,441.11	4.85E-05

Figure 1. The formula of the final regression model used in the analysis for tax revenue from individuals

$$Projected\ Tax\ Revenue\ from\ Corporations\ =$$

$$-C_0 + (C_1 * Economic\ Activity\ Index)$$
$$+ (C_2 * (Consumer\ Price\ Index + 1)) + \varepsilon_i$$

Table 3. Historic and projected tax revenue from corporations using the previous regression model and economic statistics

Historic and Projected Tax Revenues from Corporations (In Thousands $) from FY 1985 to FY 2023			
Fiscal Year	**Historic Tax Revenues from Corporations**	**Projected Tax Revenues from Corporations**	**Difference Between Historic and Projected Tax Revenues**
1984-1985	$444,300	$506,612	-$62,312
1985-1986	$617,700	$538,929	$78,771
1986-1987	$731,700	$647,870	$83,830
1987-1988	$733,300	$768,640	-$35,340
1988-1989	$786,900	$879,408	-$92,508
1989-1990	$836,300	$940,465	-$104,165
1990-1991	$931,900	$982,450	-$50,550
1991-1992	$1,019,500	$1,002,262	$17,238
1992-1993	$975,100	$1,085,258	-$110,158
1993-1994	$1,107,300	$1,146,964	-$39,664
1994-1995	$1,304,600	$1,240,622	$63,978
1995-1996	$1,348,200	$1,343,241	$4,959
1996-1997	$1,440,700	$1,453,073	-$12,373
1997-1998	$1,527,400	$1,531,328	-$3,928
1998-1999	$1,653,800	$1,556,078	$97,722
1999-2000	$1,781,900	$1,628,838	$153,062
2000-2001	$1,696,800	$1,669,419	$27,381
2001-2002	$1,706,137	$1,636,288	$69,849
2002-2003	$1,776,985	$1,698,970	$78,015
2003-2004	$1,831,027	$1,764,698	$66,329
2004-2005	$1,870,937	$1,834,744	$36,193
2005-2006	$1,872,458	$1,889,994	-$17,536
2006-2007	$2,002,718	$1,884,507	$118,211
2007-2008	$1,565,534	$1,857,354	-$291,820
2008-2009	$1,375,596	$1,763,762	-$388,166
2009-2010	$1,682,321	$1,664,234	$18,087
2010-2011	$1,677,345	$1,612,269	$65,076
2011-2012	$1,460,354	$1,630,733	-$170,379
2012-2013	$1,286,506	$1,631,382	-$344,876
2013-2014	$1,914,333	$1,565,704	$348,629

Historic and Projected Tax Revenues from Corporations (In Thousands $) from FY 1985 to FY 2023			
Fiscal Year	Historic Tax Revenues from Corporations	Projected Tax Revenues from Corporations	Difference Between Historic and Projected Tax Revenues
2014-2015	$1,735,836	$1,518,178	$217,658
2015-2016	$1,663,605	$1,484,820	$178,785
2016-2017	$1,602,919	$1,456,108	$146,811
2017-2018	$1,775,672	$1,317,345	$458,327
2018-2019	$2,491,790	$1,457,012	$1,034,778
2019-2020	$2,072,240	$1,410,659	$661,581
2020-2021	$2,144,196	$1,395,488	$748,708
2021-2022	$2,608,072	$1,545,970	$1,062,102
2022-2023	$2,954,192	$1,608,761	$1,345,431

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Addendum 4: Tax Return Burden on the Puerto Rico Department of Treasury Employees

Table 1. Individual tax return burden on the employees of the Department of Treasury

Statistics on Individual Tax Return Burden on Puerto Rico Department of Treasury Employees					
Taxable Year	Individual Tax Returns	Department of Treasury Employees	Employees Dedicated to Tax Imposition and Collection Services**	Individual Tax Returns Worked Per Employee Each Year	Individual Tax Returns Worked Per Employee Each Day
2007	1,051,275	3,787	2,159	487	2
2008	1,049,718	3,683	2,100	500	2
2009	1,033,137	3,224	1,838	562	2
2010	1,026,418	3,063	1,746	588	2
2011	1,015,835	2,908	1,657	613	2
2012	1,063,442	2,640	1,505	707	3
2013	1,047,602	2,136	1,217	861	3
2014	957,241	2,244	1,279	748	3
2015	928,493	2,583	1,472	631	2
2016	910,793	2,493	1,421	641	2
2017	882,956	2,327	1,327	666	3
2018	871,215	2,119	1,208	721	3
2019	1,365,826	1,961	1,118	1,222	5
2020	1,335,971	1,878	1,071	1,248	5
2021*	1,301,332	1,834	1,045	1,245	5

Sources: Puerto Rico Department of Treasury, Puerto Rico Comptroller's Office, and *Advantage* estimates

*Note: Preliminary Tax Return Data

**Note: Around 57% of employees dedicated to tax imposition and collection services

Table 2. Corporate tax return burden on the employees of the Department of Treasury

Statistics on Corporate Tax Return Burden on Puerto Rico Department of Treasury Employees					
Taxable Year	Corporate Tax Returns	Department of Treasury Employees	Employees Dedicated to Tax Imposition and Collection Services**	Corporate Tax Returns Worked Per Employee Each Year	Corporate Tax Returns Worked Per Employee Each Week
2007	37,079	3,787	2,159	17	0.3
2008	39,814	3,683	2,100	19	0.4
2009	40,138	3,224	1,838	22	0.4
2010	41,631	3,063	1,746	24	0.5
2011	45,150	2,908	1,657	27	0.5
2012	46,518	2,640	1,505	31	0.6
2013	47,321	2,136	1,217	39	0.7
2014	46,820	2,244	1,279	37	0.7
2015	46,419	2,583	1,472	32	0.6
2016	43,900	2,493	1,421	31	0.6
2017	29,549	2,327	1,327	22	0.4
2018	50,008	2,119	1,208	41	0.8
2019	53,722	1,961	1,118	48	0.9
2020	52,207	1,878	1,071	49	0.9
2021*	52,330	1,834	1,045	50	1.0

Sources: Puerto Rico Department of Treasury, and Puerto Rico Comptroller's Office

*Note: Preliminary Tax Return Data

**Note: Around 57% of employees dedicated to tax imposition and collection services