

PUERTO RICO

TAX EXPENDITURE REPORT

FOR TAX YEAR **2025**

INCLUDING TAX EXPENDITURE COST
FOR YEARS **2024-2030**



DEPARTMENT OF THE

TREASURY

GOVERNMENT OF PUERTO RICO

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INTRODUCTION

This Report, “The Puerto Rico Tax Expenditure Report for Tax Year 2025” (PRTER25,) is the fifth tax expenditure report issued by the Puerto Rico Treasury Department. The first report, “The Puerto Rico Tax Expenditure Report for Tax Year 2017” (PRTER17) was published in June 2019. The second report, “The Puerto Rico Tax Expenditure Report for 2018” was published in May 2021. “The Puerto Rico Tax Expenditure Report for 2023” was published in March 2022 and the “The Puerto Rico Tax Expenditure Report for 2024” was published in June 2023.

This Report includes tax expenditures created by tax law passed as of December 31, 2022. Tax expenditures created by laws passed in 2023 and thereafter will be included in future tax expenditure reports.

This Report provides a definition for “tax expenditures”, describes the method used to identify tax expenditures, and provides a list of tax expenditures with estimates of their cost. Estimates are provided for the cost of tax expenditures for the tax years 2024 through 2030 for the major tax regimes in Puerto Rico; including personal income tax, business income tax, sales and use tax and excise taxes. Tax expenditures attributable to Act No. 135 of December 2, 1997, as amended, (known as the “Tax Incentives Act of 1998”), Act No. 73 of May 28, 2008, as amended, (known as the “Economic Incentives Act for the Development of Puerto Rico”), Act No. 60 of July 1, 2019, as amended, (known as the “Puerto Rico Tax Incentives Code Act”), and Act No. 52 of June 30, 2022, as amended, (known as the “Puerto Rico Public Finances Stability Act”) appear in the corporate regime in this Report. However, they are inherently different from other corporate income tax expenditures in some very important ways; as a result, a separate discussion of these incentive act tax expenditures is included in Section III, Measurement of The Cost of Tax Expenditures.

The PRTER is an important tool to be used in conjunction with the annual budget of Puerto Rico. As discussed in more detail in Section II below, tax expenditures are an alternative to regular expenditures for pursuing policy objectives. However, unlike regular expenditures, tax expenditures are not presented in the annual budget of Puerto Rico. The PRTER complements the budget in that it provides a list of policies historically pursued by way of tax legislation enacted by the Legislative Assembly and the amounts expended as a result of such policies. The Puerto Rico Treasury Department has aimed to update the PRTER annually with the intent that it be taken into consideration in the budgeting process for the Government of Puerto Rico. This Report, PRTER25, is published later than intended because some of the tax data on which the cost of tax expenditures is based became available later than expected.

This Report includes the cost of tax expenditures for the budget year of 2025, the prior year of 2024 and for a five-year forecast for the years 2026 - 2030. Table VII-4 shows

the cost of the 436 tax expenditures that exist under 2022 tax law for the tax regimes covered in this Report. Table VII-5 of this Report, includes the complete list of 468 tax expenditures for which costs were estimated in this or prior reports. Table VII-5 includes repealed (and deleted) tax expenditures that were available under prior tax law but are no longer available under 2022 tax law and thus do not appear in Table VII-4.

This Report is divided into seven major sections:

- Section I; The Definition of Tax Expenditures, describes how a tax expenditure is defined for purposes of the PRTER;
- Section II; The Tax Expenditures as Part of the Budget, explains the importance of this Report as part of the government budget process;
- Section III; The Measurement of the Cost of Tax Expenditures, explains how the cost of tax expenditures is estimated and includes a discussion of taxpayer behavior;
- Section IV; The Identification of Tax Expenditures and Benchmarking, describes the benchmarking process for each of the tax regimes included in this Report;
- Section V; What is New in The Tax Expenditure Report for 2025, is a section that appears for the first time in this Report and describes any prominent new or repealed tax expenditures contained in this Report and any significant changes in accounting in the Tax Expenditure Budget;
- Section VI; Future Editions of the PRTER, describes plans for future editions of the PRTER;
- Section VII; The Tax Expenditures Budget, includes the list of the tax expenditures and their costs in tabular form classified by tax regime, type of tax expenditure and budget category.

The Office of Economic and Financial Affairs, or in Spanish, La Oficina de Asuntos Económicos y Financieros ("OAEF"), at the Puerto Rico Treasury Department developed the tools, models, and methods used to identify and measure the tax expenditures included in this Report. This Report is a result of extensive working hours and collaboration from several areas within the Department. The Department recognizes the leadership and commitment of the following individuals:

- Waheed Murad, Acting Assistant Secretary, Office of Economic and Financial Affairs, Puerto Rico Treasury Department directed the work. Major contributions were made by the staff of OAEF including Aixa Cruz, Yecenia Collazo, Yarlier Lopez, Nelson López, Blanca Cintrón and Janny Robles. Significant contributions concerning legal citations, identification of tax expenditures and interpretation of the tax law were provided by Sandra Torres and Luz Perez of the Internal Revenue Service. Comments were provided by other components of the Government of Puerto Rico. Gerald Silverstein, a consultant to the Treasury, has provided guidance and advice for the preparation of the Report since its first publication.



DEPARTMENT OF THE

TREASURY

GOVERNMENT OF PUERTO RICO

Edith Brashares, a consultant to the Treasury, provided advice and guidance for PRTER25.

PUERTO RICO TAX EXPENDITURE REPORT

I. DEFINITION OF TAX EXPENDITURES

Tax expenditures as measured in Puerto Rico are revenue losses attributable to provisions of Act No. 1 of January 31, 2011, as amended, the Internal Revenue Code for a New Puerto Rico (the “PRIRC”) that deviate from the tax structure’s benchmark law. The revenue loss could be due to a special exclusion, deduction, exemption, credit, a preferential rate of tax, or a deferral of tax liability.

For purposes of the PRTER, the benchmark law is characterized only by the most fundamental aspects of a tax; the application of a general tax rate to a broadly defined tax base. Any departure from this benchmark that reduces tax revenues is considered a tax expenditure. This broad approach provides greater transparency by ensuring that information is being disclosed on a wide range of tax measures.

The Treasury staff uses its judgment to distinguish those income tax provisions that should be considered part of the benchmark tax law as opposed to those special provisions that result in tax expenditures.

II. TAX EXPENDITURES AS PART OF THE BUDGET

A tax expenditure is the result of the government’s use of the tax system to pursue certain policy goals such as encouraging savings, stimulating employment, stimulating economic activity, encouraging foreign investment and protecting national industries. In such circumstances, the tax system fulfills a role like that of a spending program; however, unlike a spending program in which taxes are collected and spent by the government, a tax expenditure reduces revenues when the taxpayer engages in activities that further the policy goal. These revenue losses or tax expenditures may be viewed as alternatives to other policy instruments such as spending or regulatory programs.

The budget of Puerto Rico is an accounting tool that shows revenues on the receipts side of the budget and spending on the expenditures side of the budget. In the budget, a spending program created to achieve a policy goal appears on the expenditures side of the budget while revenues that are used to support the policy appear on the receipts side of the budget. A tax expenditure, on the contrary, does not appear in the budget at all. As a result, there is no spending program on the expenditures side of the budget and the amount of foregone revenues due to the tax expenditure is not accounted for on the receipts side of the budget. Therefore, a budget without a list of tax expenditures neither includes the entire set of programs that the government is engaged in nor the total amount of dollars spent on government programs.

For example, the deduction for medical expenditures is an exception to the benchmark income tax structure that reduces taxes. It is a tax expenditure that is a substitute for a spending program. Thus, when a policy goal, such as subsidizing individuals with medical expenses, is achieved through a tax expenditure, such initiative reduces taxes by an amount unspecified in the budget. Had there been no deduction for medical expenditures, that same policy could have been pursued through a spending program and there would have been additional revenues on the receipts side of the budget and a spending program showing the subsidies to individuals for medical expenses on the expenditures side of the budget.

The list of tax expenditures and their costs that appears in Section VII below is referred to as the Tax Expenditure Budget (“TEB”). As mentioned above, it is important that the TEB be considered along with the regular expenditures included in the budget in order to have a complete list of government programs and expenditures. There are other reasons to produce a TEB. While spending programs are reviewed every year by both the legislature and the administration in order to prepare the regular budget, tax expenditures are embedded in the PRIRC, and since they are outside the budget, they are not considered when the budget is prepared. However, like all other governmental programs, tax expenditures should be continually subject to evaluation. The TEB provides a tool for that evaluation.

The public should be aware of the policies that their government is involved in and the TEB allows the public to better understand these policies. Tax expenditure analysis can help both policymakers and the public to understand the actual size of government, the uses to which government resources are put and the tax and economic policy consequences that follow from the implicit or explicit choices made in legislation.

Inclusion of a provision within the TEB is not an evaluation of the appropriateness of the policy but only a recognition that a program exists to pursue a policy goal even though it doesn’t appear in the budget. **Treasury emphasizes that in the process of listing tax expenditures, no judgment is made, nor any implication intended, about the desirability of any special tax provision as a matter of public policy.**

III. MEASUREMENT OF THE COST OF TAX EXPENDITURES

III-A Measurement and Behavior

In this Report, the cost of tax expenditures is measured as “foregone revenue”. Foregone revenue is the method used to measure the cost of tax expenditures by most states in the United States and foreign governments, including Latin American governments. Foregone revenue is the loss of revenue that occurs after a tax expenditure has been introduced. Each tax expenditure is measured as the difference between tax liability

under present law and the tax liability that would result if the tax expenditure provision were eliminated.

Foregone revenue does not include the impact on tax revenues of behavioral response by the taxpayer to the loss of his or her tax preference. The foregone revenue method was specifically chosen by Treasury in order to avoid the considerable difficulty of measuring behavioral responses to the elimination of the many tax expenditures presented in this Report. However, the omission of behavioral responses generates cost estimates and projections that may increase the estimate of revenue gains that would result if a particular provision were eliminated. In many instances the repeal of a tax expenditure would cause taxpayers to change their behavior to minimize the amount of tax they would have to pay thus reducing the tax revenue collected. Treasury understands that for most tax expenditures the impact of behavior is marginal and that it would not generally affect the ordinal ranking of the tax expenditures. Thus, this Report provides valuable information, even without including behavior in the cost of tax expenditures, by identifying tax expenditures and providing consistent measures of their cost.

The effects of behavior can be illustrated by considering the taxation of capital gains. If the lower tax rate for capital gains under current income tax law were increased, it is likely that taxpayers would react by postponing certain transactions on capital assets in order to reduce the burden of the resulting tax increase. This behavior would reduce the expected revenue gains for the government, an effect that is not taken into account when estimating the cost of this tax expenditure. It should be noted that a revenue estimate of legislation that would eliminate the lower capital gains tax rates would always take into consideration behavior. Thus, the value of the tax expenditure can be different from the estimated revenue gain that the government would project if it were to pass legislation to eliminate the preferential rate. Unlike the measures of tax expenditures presented in this Report, all revenue estimates produced by Treasury take into consideration the impact of taxpayers' behavior on revenues.

Although behavior is not included in the measurement of tax expenditures in this Report, certain kinds of changes in a taxpayer's position as a result of the elimination of a tax expenditure is included in the measurement of tax expenditures. For example, as a result of the elimination of the deduction for medical expenditures, a taxpayer may move into a higher tax bracket. The methods used to measure the cost of a tax expenditure take this into consideration so that the additional revenues from moving to a higher tax bracket (or similar changes in a taxpayer's position) are included in the cost of a tax expenditure.

The estimates of the cost of tax expenditures presented in this Report do not take into account their impact on the overall level of economic activity and the potential resulting impact on aggregate tax revenues. These kinds of impacts are frequently referred to as macroeconomic feedback or dynamic effects. Many tax expenditures are policies designed to increase economic activities that are expected to have significant positive

effects on economic growth. The elimination of such tax expenditures may have a negative impact on economic growth fostering a decrease in aggregate tax revenues that may offset a part (or all) of the increase in revenues resulting from elimination of the tax expenditure. For example, eliminating a tax expenditure that encourages investment may decrease the amount of investment that, in turn, may decrease the amount of capital, its productivity, GDP and ultimately decreasing tax revenues. Eliminating a tax expenditure would also mean that the government would have more funds available to increase spending, reduce taxes or pay down debt—actions that could have additional dynamic effects on the economy and on tax revenues. These possible dynamic effects from the elimination of tax expenditures are not considered when determining the cost of tax expenditures appearing in this Report.

III-B The Special Case of Foreign-Owned Incentive Corporations

The Incentive Acts, like any other tax law, are the result of legislation passed by the Legislative Assembly of Puerto Rico and signed by the Governor. Among other things, the Incentive Acts generally lower the tax rate applicable to businesses whose operations qualify thereunder and sign an agreement thereof with the Government of Puerto Rico. The Incentive Acts are designed to encourage economic activity in Puerto Rico and the tax benefits provided clearly qualify as tax expenditures. For example, the lower tax rates, accelerated deductions and the tax credits granted create a revenue loss in order to achieve the policies of encouraging foreign investment in Puerto Rico and stimulating economic growth. The count of tax expenditures created under the Incentive Acts can be found below in Table VII-3 of Section VII, while details about the foregone revenue attributable to the Incentive Acts and the legislation that created them can be found in Tables VII-4 and VII-5.

Almost all of the income taxed under the Incentive Acts is income generated by foreign-owned incentive corporations. Foreign-owned incentive corporations are corporations engaged in a trade or business in Puerto Rico pursuant to the provisions of one of the Incentive Acts and owned by foreign individuals or entities. The Incentive Acts provide a myriad of tax incentives for foreign-owned corporations to either locate or expand their businesses in Puerto Rico. For example, in return for increasing their economic activity in Puerto Rico, the tax rate applicable to foreign-owned corporations for income taxes is significantly reduced. The tax rates appearing in the agreement are negotiated and must fall within a range of possible rates specified in the Incentive Acts. The qualifying corporation must file an incentive corporation income tax return which looks much like a regular corporate tax return. Incentive corporations are taxed much like regular corporations but at lower tax rates and for some corporations eligible under the Puerto Rico Public Finances Stability Act exemptions of income are provided.

There is a significant difference between the measures of the tax expenditures attributable to the Incentive Acts and all other tax expenditures appearing in this Report. The difference is in the potential behavior of taxpayers in response to the elimination of

the tax expenditure. As mentioned above, for most tax expenditures the behavior has a marginal effect on the cost of the tax expenditure. In the case of Incentive Act corporations, however, the potential behavior in response to elimination of the tax benefits thereof could have an impact that eliminates any potential gain in revenues resulting from elimination of the tax expenditure and may create significant dynamic reductions in the economy.

This behavior may be expected since most incentive corporations have a presence in many countries but choose to locate their operations in Puerto Rico mostly because of the very low tax rates and other tax benefits offered through the Incentive Acts. Were these preferences to be eliminated, the operations currently in Puerto Rico could be moved to other jurisdictions that also offer low tax rates and in which the parent corporations already have a presence; these jurisdictions are already competing with Puerto Rico for those operations. If the qualifying corporations were to move their operations from Puerto Rico, there would be significant dynamic effects felt throughout the economy.

Treasury has decided to include estimates of the cost of tax expenditures for the Incentive Acts in the TEB measured without behavior in the same way as any other tax expenditure. However, the elimination of the Incentive Acts would likely not increase tax revenues, but instead significantly decrease revenues because of the foreign-owned corporations' ability to relocate operations outside of Puerto Rico and the resulting significant dynamic reductions in the economy.

III-C The Non-Additive Nature of Tax Expenditures

There are no revenue totals shown for tax expenditures in this Report. The cost of a tax expenditure shown in this Report is measured assuming that every other tax expenditure remains unchanged. For example, the cost of the deduction for medical expenses is measured assuming that the charitable donations deduction remains intact. Consider a taxpayer that would remain in the same tax bracket if either the medical deduction or the charitable donations deduction was eliminated but would move into a higher income tax bracket if both were eliminated. In that case, the addition of the two independent estimates would be different (smaller) than an estimate if the tax expenditures were eliminated as a group. In general, the cost of a group of tax expenditures may not correspond to the sum of the cost of each independently measured tax expenditure in that group. This is true because tax measures interact with one another. For this reason, totals of the costs of tax expenditures are generally inaccurate and are not shown in this Report.

III-D Data Sources and Measurement Techniques

In this Report there are three major sources of data used to estimate the cost of tax expenditures including: tax returns, national accounts data and GNP forecasts. Tax

returns are the best source of information about tax expenditures. However, tax returns are not available for all years included in this Report. When tax returns are not available, measures of nominal GNP from national accounts data are generally used to extrapolate the latest available year of tax returns. GNP is compiled by the Puerto Rico Planning Board from actual measures of economic activity and published in the appendix to the Governor's Budget Publication. For this Report, measures of nominal GNP from national accounts data through 2022 were used to extrapolate tax returns.

For years after the latest available year of tax returns or national accounts data, the Financial Oversight and Management Board (FOMB) forecast of nominal GNP is used as an extrapolator.

Table III-1 below shows a summary of the sources of data used to estimate the cost of tax expenditures by tax regime and by tax year.

Table III-1

Table III-1: Data Sources For Tax Expenditures Estimates in PRTER25 By Tax Regime						
	Income Taxes				Sales and Use Tax	Excise Taxes
	Individual	Incentive Corporations	Regular Corporations	Partnerships		
Most Recent Year of Tax Returns	2022	2019	2020	2016	2023	2023
National Accounts GNP Extrapolation Period	n/a	2020-2022	2023 1/	2017-2022	n/a	n/a
FOMB GNP Forecast Extrapolation Period	2023-2030	2023-2030	2024-2030	2023-2030	2024-2030	2024-2030

1/ Regular Corporate tax liabilities for 2023 were estimated using data related to corporate sales developed by the Planning Board

All estimates of the cost of tax expenditures based on tax returns are final estimates. When national accounts data is used as an extrapolator, the cost estimates will be revised as tax returns become available. National accounts data itself is on a revision cycle so

that it is possible that the national accounts will be revised between the publication of two PRTERs while tax returns are still not available; these national accounts revisions may give rise to revisions of the cost of tax expenditures appearing in this Report. Finally, the cost of tax expenditures extrapolated by FOMB forecasts can be revised as Planning Board measures of the national accounts become available to replace FOMB forecasts of GNP or as FOMB revises their forecast.

It should be noted that tax receipts in the budget are on a fiscal year basis (e.g.: fiscal year 2025 includes July 2024 through June 2025) while the cost of tax expenditures in this Report are shown on a tax year basis. The tax year is very close to a calendar year basis because the tax liabilities that appear on the tax returns filed by most taxpayers in Puerto Rico coincide with the calendar year. We hope that we will be able to show the cost of tax expenditures on a fiscal year receipts basis in future PRTERs as more information becomes available from the new tax return reporting system, SURI.

Listed immediately below are the types of tax returns and the techniques used to estimate the cost of tax expenditures for each of the tax regimes included in this Report.

III-D.(a) Individual Income Taxes

Data – Individual income tax returns.

Technique – A microsimulation model run against the population of individual tax returns.

III-D.(b) Business Income Taxes

Data – Business income tax returns and informative returns.

Technique – For corporations, a large-scale microsimulation model is run against the population of regular corporation tax returns. A separate microsimulation model is run against incentive corporation tax returns.

For non-corporate businesses, including partnerships and special partnerships, information on the various tax expenditures were obtained from informative returns. Estimates of the portion of those deductions, exemptions, etc. that were taxed on the returns of the owners of the non-corporate businesses (regular corporations, incentive corporations and individuals) were made in order to calculate the revenue cost of each tax expenditure.

III-D.(c) Sale and Use Taxes

Data – Sales and Use tax returns, importation tax returns.

Technique – Based on the tax return data repository (sales and imports) and statistics from the Department of Labor (Expenditure Basket), Puerto Rico Planning Board (GASTCON), among others.

III-D.(d) Excise Taxes

Data - Excise tax return data.

Technique – The dollar amount of the exempt good is multiplied by the appropriate excise tax rate.

IV. IDENTIFICATION OF TAX EXPENDITURES AND BENCHMARKING

Tax expenditures are identified by reference to benchmark tax law. The benchmark law is characterized by four fundamental aspects of the tax system including: the tax base, the tax rate, the unit of taxation and the period of taxation. Any departure from this benchmark that reduces taxes is considered a “tax expenditure”. This broad approach provides greater transparency by ensuring that information is being disclosed on a wide range of tax measures.

Note that this Report does not include tax expenditures under Act 154. Act 154 was designed simply to raise a certain amount of revenues and the base of the tax as well as the credits were chosen to achieve that revenue target. Therefore, there is no departure from the benchmark concept that can be identified and there are no tax expenditures.

Appearing below is a description of the benchmark for each of the four tax regimes for which tax expenditures estimates are presented in this Report.

IV-A Income Taxes in General

The tax base for both the individual and business income taxes are patterned on a comprehensive income tax, which defines “income” as the sum of: (1) consumption and, (2) the change in net wealth in a given period of time. However, there is an exception to this definition of income in order to arrive at the normative baseline from which departures are measured as tax expenditures.

The normative income tax baseline only includes income when it is realized. The unrealized capital gains on both assets and debt are not included in the normative income tax baseline. Thus, the deferral of tax on unrealized capital gains is not regarded as a tax expenditure.

Departures from this normative income tax baseline are tax expenditures for both individual and business income. An example of such a departure is the deductibility of charitable contributions for individuals (See TEB-4 in the tables appearing in Section VII). The normative individual income tax baseline would not allow a deduction for any personal expenditures, including charitable contributions. In contrast the PRIRC Section 1033.15(a)(3)(A) allows a deduction in the amount of contributions or gifts made during the tax year to, or for use by, non-profit organizations. This deduction generates a tax expenditure.

IV-B Individual Income Taxes

Tax Base - The normative individual income tax baseline allows personal exemptions, a standard deduction, and deduction of expenses incurred in earning income.

Rate – The tax rate is the progressive rate structure in existence for each tax year at the time of the Report. This means that the progressive tax rate structure (including brackets, standard deduction and personal exemptions) is not a tax expenditure. Treasury has determined that the credit (calculated as a percentage reduction in tax liabilities) introduced in Act 257-2018 and revised in Act 60-2019 is an adjustment to the progressive rate structure as is the revision to the Basic Alternate Tax Rates and therefore do not themselves give rise to tax expenditures.

Unit of Taxation – The individual.

Period of Taxation – The calendar year.

Notes on Individual Income Taxes –

Schedule B Credits – Schedule B credits are tax credits available to businesses. A subset of the Schedule B credits are those tax credits generated by businesses that have no tax liabilities and which may transfer such tax credits to third parties. Business entities in a loss position and have no tax liabilities but are entitled to such tax credits can raise cash by selling the same (at a discount) to other businesses or individuals who may use them to reduce their income tax liabilities. In these cases, the benefit of the tax credit is shared between the business that generated the tax credit and the business or individual purchaser of the credit. In this Report there is no attempt to share out the benefit of the credit between the seller and the acquirer of the tax credit. Instead, the Schedule B credits are shown as a tax expenditure in the tax regime (individual or business) where the credit was claimed.

IV-C Business Income Taxes

Tax Base – The normative business income tax baseline allows expenses incurred in earning income. Expenses incurred in earning income include wages, depreciation

deductions and certain other expenses that are incurred in earning income. The separate corporate tax system is considered part of the normative business income tax baseline and does not by itself generate a tax expenditure.

Rate – The tax rate is the progressive rate structure in existence for each tax year at the time of the Report. This means that the progressive tax rate structure is not a tax expenditure. Treasury has determined that the optional tax computation for self-employed individuals and corporations that was introduced in the Act 257- 2018 is an adjustment to the tax rate structure and does not itself give rise to tax expenditures. Similarly, the reduction in the normal tax rate for corporations introduced in Act 257-2018 does not give rise to tax expenditures.

Unit of Taxation – The legal business entity.

Period of Taxation – The fiscal year of the taxpayer.

Notes on Business Income Taxes –

Non-Corporate Business –

The income of non-corporate businesses (frequently referred to as pass-through entities) is attributed to the owner and is taxed on his or her tax return at the appropriate tax rate. This Report includes the cost of tax expenditures for non-corporate businesses in the form of partnerships and special partnerships. In the PRTER business entities are divided by legal form between: (i) corporations including regular corporations, incentive corporations and corporations of individuals and (ii) non-corporate businesses including partnerships, special partnerships and sole proprietorships reporting their income on Schedules K (Industry or Business Income), L (Farming Income), M (Professions and Commissions Income) and N (Rental Income) of the individual tax return. This report does not include tax expenditures for corporations of individuals or sole proprietorships because no recent data are available for these entities. It is expected that a future PRTER will contain such estimates.

Non-Corporate business income tax expenditures include tax expenditures such as deductions, exemptions, etc. that are taken on the non-corporate business tax return. Other than credits, these tax expenditures will lower the income that is passed through to the owner and is taxed on his or her return. For example, a partnership may deduct a charitable contribution on his partnership return that may lower the income passed to its owner who may be an individual. The individual owner may also take a charitable contribution on his individual tax return that will also lower his taxable income. For purposes of classifying these tax expenditures by tax regime in this Report, the charitable contribution the partnership deducts appears in this Report as a non-corporate business tax expenditure while the charitable contribution that the owner takes on his or her individual tax return appears in this Report as an individual income tax expenditure. Credits generated by the partnerships are considered non-corporate business tax

expenditures even though they generally will be passed on to the owners to be used on their tax returns.

Depreciation – The comprehensive income tax base forming the benchmark allows a deduction for economic depreciation. Economic depreciation is defined as the change in the market value of the fixed asset over the course of the year. This definition of economic depreciation is consistent with the notion of a comprehensive income tax that includes the change in net wealth since the change in the market value of fixed assets is part of the change in net wealth. For this Report, economic depreciation in Puerto Rico is assumed to have the same pattern of depreciation as the Bureau of Economic Analysis of the United States Department of Commerce uses to determine economic depreciation in the United States. These depreciation patterns rely on a geometric rate of decline in the value of the fixed asset that most closely resembles the change in the market value of the fixed asset. However, the tax law allows various methods of depreciation, some of which accelerate that depreciation deduction. The higher depreciation deduction taken in the earlier years of an asset's life under accelerated depreciation rules in the tax law creates a deferral of taxes which is a tax expenditure given to encourage investment in Puerto Rico.

Most of investment in Puerto Rico is depreciated for tax purposes using patterns of depreciation provided under either Section 1033.07 of the PRIRC or Section 1040.12 of the PRIRC or the Incentive Acts. Section 1033.07, referred to as "Current Depreciation" generally provides depreciation patterns that follow a straight-line depreciation formula. Generally, this depreciation pattern is similar to that provided by economic depreciation. Therefore, we do not consider depreciation deductions under Section 1033.07 a departure from the normative business income tax baseline and thus it does not create a tax expenditure.¹ Section 1040.12 referred to as the "Accelerated Cost Recovery Depreciation Method" generally provides depreciation patterns that follow a declining balance formula. As the term implies accelerated depreciation deductions allow higher depreciation deductions in the early years of an asset's life than does economic depreciation and thus creates a deferral of taxes which is a tax expenditure.

The Incentive Acts (e.g.: Act 73, Section 4(b)) allow a special form of accelerated depreciation for incentive businesses that allows the entire investment to be deducted in the year of purchase. This also creates a tax expenditure.

¹ As a result, TEBs 126, 127, 129, 292, 293, and 295 are deleted from PRTER25 even though there is no change in tax law. These deletions are a result of reconsideration and reclassifications by Treasury staff. For example, TEB 126, Current Depreciation, and TEB 127, Amortization, are deleted since they do not create a deferral relative to the benchmark economic depreciation. On the other hand, TEB 127, Flexible Depreciation, is deleted since by the time PRTER17 was developed, it was not resulting in a revenue loss.

This Report does not include tax expenditures for depreciation. An explanation for their temporary removal from PRTER25 appears in Section V-C below.

IV-D Sale and Use Taxes

Tax Base - The normative tax base for sales and use taxes is total personal consumption occurring in Puerto Rico. Any departure from this normative tax base is considered a tax expenditure. For example, the Exemption for Prescription Drugs (See TEB-251 in the tables appearing in Section VII) is a tax expenditure. The sales and use tax normative baseline is personal consumption expenditures which includes the purchase by individuals of prescription drugs. In contrast, the PRIRC Section 4030.12 exempts medicines for human consumption that may be acquired solely or exclusively under a medical prescription (Rx products) including the jars and lids, security tags and bags inherent to the office of prescription drugs from the sales and use tax. This departure from the normative tax base generates a tax expenditure.

Rate – The benchmark tax rate is 11.5 percent.

Unit of Taxation – The seller or importer pays the tax (although the burden of the tax falls on the consumer).

Period of Taxation – Taxes are due either when the good or service is imported or when it is sold to the consumer.

Notes on Sales and Use Taxes –

Since the benchmark tax base for the Sales and Use Tax is personal consumption, the taxation of business-to-business transactions, such as the tax on services sold from one business to another, is not part of the benchmark tax base. Such sales and use taxes are an addition to the benchmark tax base that yield additional tax revenues. Thus, the general exemption of business-to-business sales from the tax base is not a tax expenditure. This contrasts with, for example, an exemption for food items, whose consumption is part of the benchmark tax base; making their exemption a tax expenditure.

IV-E Excise Taxes

Tax Base - The normative tax base is the total production and importation of the goods being taxed.

Rate – The benchmark tax rate differs by product and is the standard rate under the law for that product.

Unit of Taxation – The producer or seller pays the tax (although) the burden of the tax falls on the consumer.

Period of Taxation – Taxes are due at the time that the goods enter inventory.

V. WHAT IS NEW IN THE TAX EXPENDITURE REPORT FOR 2025

This Section lists new and repealed tax expenditures. It also provides insight into new tax expenditures of note that have unique issues. This section also includes a discussion of any changes from prior Reports in the presentation of tax expenditures as well as potential changes in future Reports.

V-A New and Repealed Tax Expenditures

Two tables appear in this section. Table V-1 shows the TEB numbers of “new tax expenditures” that appear in the PRTER25 but had not appeared in prior PRTERs. Table V-1 also shows the TEB numbers of “repealed tax expenditures” for which we had estimated costs in prior PRTERs but for which we do not estimate costs in PRTER25. Both new and repealed tax expenditures are shown by tax regime. Modifications to previously reported tax expenditures do not appear in Table V-1 but are described in Table VII-5 that provides a description of each of the tax expenditures. The tax expenditure estimates appearing in Table VII-4 reflect the modified law.

Table V-1: New and Repealed Tax Expenditures Reported in PRTER25 by TEB Number and Count of Tax Expenditures

	Tax Regime				Sales and Use Tax	Excise Taxes	Total
	Income Taxes						
	Individuals	Regular Corporations	Incentive Corporations	Partnerships			
Count of Additions to Tax Expenditures TEB Numbers	2 464 465	0	2 466 467	0	1 468	0	5
Count of Repealed Tax Expenditures TEB Numbers	1 111	3 122 202 244	1 249	1 383	0	0	6
Total Count of New or Repealed Tax Expenditures	3	3	3	1	1	0	11

Table V-2 shows the history of new and repealed tax expenditures during the period of publication of the tax expenditure reports. The table shows the TEB numbers of new and repealed tax expenditures by tax regime and year enacted of the change in tax law through 2022. For example, laws passed in 2019 resulted in nine new tax expenditures including three for regular corporation income taxes (141, 142, 145), five for partnerships (316, 317, 318, 319, 386) and one for the SUT (430).

Table V-2: TEB Numbers of New and Repealed Tax Expenditures for The Period 2018 Through 2022 By Tax Regime and Year of Law Change

Tax Regime	Enacted in	Year of Law Change					
	Prior Years	2018	2019	2020	2021	2022	Total
New Tax Expenditures							
All Tax Regimes, Count	1	11	9	3	0	2	26
Individual Income Taxes		29 120 464 119		19 20 465			
Business Income Taxes							
Regular Corporations		159 164 211	141 142 145				
Incentive Corporations		231 266 267				466 467	
Partnerships	312		316 317 318 319 386				
Sale and Use Tax		468	430				
Excise Tax							
Repealed Tax Expenditures							
All Tax Regimes, Count	0	6	22	0	2	4	34
Individual Income Taxes		6 8	100 110 117		94	111	
Business Income Taxes							
Regular Corporations			122 183 191 192 197 199 201 209			202 249	
Incentive Corporations		227 229	238 241 244 245 269				
Partnerships		311 372	368 369 370 371 379 389		312	383	
Sale and Use Tax							
Excise Tax							

Note that the year the law is changed often is not the year the tax change is effective. Many laws that repeal a tax expenditure are effective in the year after the law change was enacted. For example, a tax law passes in 2022 may not be effective until 2023.

V-B New Tax Expenditures of Note

Tax Expenditures for Incentive Corporations Enacted Under Act 52

Act No. 52 of June 30, 2022, as amended, (known as the "Puerto Rico Public Finances Stability Act") allows incentive corporations to elect out of both the prior Incentive Acts and Act 154 and into a new statutory framework.

As described above in Section III-B, the Incentive Acts are designed to encourage economic activity in Puerto Rico by foreign owned entities. The corporations who take advantage of these Acts have a presence in many countries but choose to locate their operations in Puerto Rico mostly because of the very low tax rates and other tax benefits offered through the Incentive Acts. Since the Incentive Acts were intended to encourage foreign entities to either remain in Puerto Rico or relocate to Puerto Rico, it is important

that the incentives offered be competitive with those offered by other jurisdictions seeking to attract businesses to their jurisdictions.

Act 154, enacted in October of 2010, established a special 4 percent excise tax on the sale of certain products and services that are manufactured in Puerto Rico and acquired by a member of the manufacturer's controlled group. This special excise tax applies when the sum of the gross receipts from sales of personal property manufactured in Puerto Rico or services performed by a group member in Puerto Rico exceeds \$75 million for any of the preceding three years.² Act 154 raised approximately \$2 billion dollars annually almost entirely from incentive corporations. In 2011, the US Treasury Department and the US Internal Revenue Service (US IRS) allowed the excise tax to be claimed as a foreign tax creditable against its US tax liability. Thus, most of the additional taxes paid under Act 154 could be claimed as a credit against US taxes leaving the incentive corporation's controlled group with similar after-tax income as before the excise tax.

However, the US disallowed companies from claiming a credit for the 4 percent excise tax in tax years beginning on or after January 1, 2023. Without a US foreign tax credit to offset the cost of the excise tax, the cost of doing business in Puerto Rico could substantially increase and that could create an incentive for these foreign companies to leave the Island. In response, Puerto Rico's Legislative Assembly adopted Act 52-2022, a new statutory framework that allows companies to elect out of the 4 percent excise tax as well as parts of the existing Incentive Acts and into a new framework for incentive taxes that are creditable against US income taxes.

The new framework includes a 10.5 percent rate and tiered exemption amounts ranging from 20 percent to 85 percent on industrial development income (IDI). The exact amount of the exemption depends on certain conditions, such as the level of IDI and number of employees.³

The new income taxes raised under Act 52 create tax expenditures because the new tax rate and the exemptions from IDI are both departures from the benchmark business income tax law that both reduce tax revenues and provide benefits to the incentive

²As noted previously, this Report does not include tax expenditures under Act 154. Act 154 does not create a revenue loss, but instead increases revenue. Revenues obtained through Act 154 are shown in the budget. Therefore, there are no tax expenditures created by Act 154.

³ Act 52 also increased the withholding tax on royalties. The new 10.5 percent rate and the exemption on IDI plus the increased tax on royalties were designed to increase the income and royalty taxes for corporations electing into Act 52 by an amount that approximated the amount of taxes that they are no longer paying under the 4 percent excise tax regime of Act 154. The withholding tax regime is not included in this tax expenditure report and thus tax expenditures created by special lower withholding taxes paid by incentive corporations are not shown as tax expenditures in this Report.

corporation that are not separately accounted for in the budget. The tax expenditures created by Act 52 (TEBs 466 and 467) are shown separately from the tax expenditures created by prior Incentive Acts. Thus, the estimates of tax expenditures for prior Incentive Acts, TEBs 214-281, are reduced beginning in 2023.

The tax expenditure for the 10.5 percent rate (TEB-466) is shown separately from the tax expenditure for the tax base exemptions (TEB-467) because they take differing accounting forms. As explained in Section VI, the accounting form is one of the classifying characteristics used in this Report.

Credit for Employment

Also of note is the addition of the Refundable Credit for Employment (also known as the Earned Income Tax Credit (EITC)) in the PRTER25. Act 257-2018 reintroduced the Credit for Employment and Act 41-2021 incorporated extensions of the Credit for Employment into the PRIRC. Generally, for years after 2020, the credit is 15 percent of earned gross income up to a maximum of \$1,500, and depending on the marital status, number of dependents, and adjusted gross income can be increased to 44.83 percent of earned gross income up to a maximum of \$6,500. The policy goal of the Credit for Employment is to reduce poverty in Puerto Rico. The Credit also provided an incentive for individuals to file tax returns and thereby reduce the amount of activity taking place in the informal economy.

The Credit for Employment meets the definition of a tax expenditure because it is a departure from benchmark individual income tax law that reduces government tax receipts to pursue a policy goal through the tax system that is not accounted for as an expense in the budget.⁴ The refundable Credit for Employment was first available for tax year 2018. However, PRTER25 is the first Report to include the cost of this tax expenditure. Estimates for tax years 2024 through 2030 are shown as TEB-464 in Section VII of this Report.

The Credit for Employment is subsidized by the Federal Government. For every \$1 of credit funded by the Treasury of Puerto Rico, \$3 dollars are funded by the Federal Government. The fact that the US Government funds a part of the Credit for Employment does not alter our view that the entire credit creates a tax expenditure. The funds provided by the Federal Government do not appear in the budget of Puerto Rico but are instead directly used to fund the Credit for Employment. The Credit for Employment meets the definition of a tax expenditure whether it is funded by the Puerto Rico Treasury or funded by the Federal Government.

⁴ A modest credit for employment was available starting in 2006 with repeal in 2014 because of the fiscal situation. Act 257-2018 reinstated a credit for employment that was funded by the Federal Government starting in 2020. Act 41-2021 made additional modifications.

The Credit for Persons 65 and Older

The Credit for Persons 65 and Older (65-year-old credit), provides payments to persons over age 65 as well as certain pensioners. The policy goal of the credit is to reduce poverty among seniors. The 65-year-old credit meets the definition of a tax expenditure because it is a departure from benchmark individual income tax law that reduces government tax receipts in order to pursue a policy goal through the tax system and is not accounted for as an expense in the budget. The credit was not included in prior Reports so that the PRTER25 is the first Report to include the cost of the tax expenditure for the 65-year-old credit. Estimates for tax years 2024 through 2030 are shown as TEB-465 in Section VII of this Report.

V-C Changes in The Presentation of Tax Expenditures in PRTER25

Depreciation

The cost of tax expenditures for depreciation that are described in Section IV-C above are not shown in the PRTER25. However, the TEBs for depreciation are reserved for future PRTER editions. As explained in Section IV-C the accelerated depreciation allowed under tax law when compared to the economic depreciation allowed under the benchmark income tax creates a tax expenditure through the deferral of taxes. Treasury has developed a depreciation model that allows for the measurement of both tax depreciation and economic depreciation and thus the tax expenditure created by the deferral of taxes due to depreciation. However, the data required to allocate that tax expenditure to the forms of business shown in this Report are not currently available. This is an area for future work.

Deletions of TEBs

As a result of reconsideration and recategorization, some TEBs have been deleted from PRTER25 that appeared in previous PRTERs. These deletions do not reflect a change in law. Deleted tax expenditures do not appear in Tables VII-1 to VII-4A but do appear in Table VII-5.

Consolidation of TEBs

Currently, data and models are not available to enable the cost of certain tax expenditures to be estimated individually. However, the cost of these tax expenditures can be estimated as a group. For this reason, TEB groups 128 and 130 through 134, 262 through 265, 276 through 280, 294 and 296 through 300, 320 through 324, and 329 through 365 are collapsed with only one estimate presented for each group in the tables in Part VII of this Report. In the future it is hoped the cost of the of these tax expenditures can be presented separately.

VI. FUTURE EDITIONS OF THE PRTER

PRTER25 was published in December of 2024. PRTER26 will be published towards the end of March of 2025. It is the intention of Treasury to publish all future PRTERs in December. So that in December of 2025, PRTER27 will be published. It is also the intention of Treasury that all future Reports, like this Report, will include cost estimates of tax expenditures for the budget year, the prior year, and for a five-year forecast. In all, seven years of tax expenditures.

There is an increasing use of “sunsets” in the tax law where laws introducing a tax expenditure also include an ending date for the tax expenditure. In addition, there can be cases where the laws creating tax expenditures are not repealed but remain in the PRIRC with time limits placed (possibly through additional legislation) on their use. It is the intention of Treasury to add a “sunset” classification in the future to cover these cases.

A project is currently underway at Treasury to produce an ex-post analysis of a tax expenditure. The goal of this analysis is to determine if the tax expenditure met its declared policy goals and if the tax expenditure was an efficient means to achieve those goals. Treasury expects to publish an ex-post analysis of a single tax expenditure prior to the publication of PRTER27.

Finally, in future editions of the PRTER Treasury hopes to be able to provide estimates of foregone revenues for tax expenditures that for a variety of reasons were not included in this Report. An example is tax expenditures for non-corporate business reported on Schedules K, L, M and N of the individual tax return. Treasury will also continue to examine the feasibility of producing cost estimates of tax expenditures on a fiscal year receipts basis.

VII. THE TAX EXPENDITURE BUDGET

The Tax Expenditure Budget ("TEB") is a list of tax expenditures along with the revenue foregone due to each tax expenditure. The TEB also includes a description of each tax expenditure and a legal citation for the statutory provision that created the tax expenditure.

In the TEB each tax expenditure is identified by a TEB number that uniquely identifies that tax expenditure. For example, the mortgage interest deduction available to individuals for income tax purposes is TEB-1. There are 468 tax expenditures included in this Report each uniquely identified by its TEB number.

The TEB numbering system is consistent with prior Reports. In the 2018 Report the TEB numbers shown in the 2017 Report were revised in order to be able to include new tax expenditures and yet retain the consecutive numbering of tax expenditures in each tax regime. Starting with PRTER23, permanent numbers are assigned to each tax expenditure. As new tax expenditures are added due to tax legislation, the next available TEB number is assigned to the new tax expenditure. Repealed tax expenditures retain their number so that they continue to be uniquely identified by TEB number. As a result, the TEB numbers appearing in a tax regime will not be consecutive. However, the permanent nature of the TEB numbers allows readers to identify a tax expenditure by its number in the 2025 Report and all future tax expenditure reports and thus more easily construct time series of tax expenditure costs.

Act 60-2019 consolidated prior law pertaining to Incentive Acts into a single code. The TEB numbers specifying tax expenditures created by the incentive code did not change as a result of that consolidation. However, the legal citations in Table VII-5 now include references to Act 60-2019 as well as the original Acts creating the tax expenditure.

Each tax expenditure is classified into three major categories including the tax regime, the type of tax expenditure, and the budget category.

The tax regime classification is one of the four tax regimes described in Section IV above, they include:

Individual Income Tax;
Business Income Tax (including sub-regimes regular corporate, incentive corporate and non-corporate);
Sales and Use Tax;
Excise Taxes.

The type of tax expenditure refers to the accounting form that the tax expenditure takes. Six types of tax expenditures are included in this Report including:

- Deduction
- Exclusion
- Exemption
- Preferential Rate
- Credit
- Deferral of Taxes

The budget category refers to a policy grouping that is similar to the groupings shown in the Budget of Puerto Rico on a more detailed basis. The budget categories include:

1. Art, culture, sport & recreation

2. Business farming and fishing

- | | |
|--|--|
| 3. Business research and development | 4. Business - small business |
| 5. Business - other organizations | 6. Donation, gifts, charities and non-profit organizations |
| 7. Economic development | 8. Education |
| 9. Employment | 10. Environment |
| 11. Families and households | 12. Health |
| 13. Housing | 14. Income support |
| 15. Intergovernmental tax arrangements | 16. International |
| 17. Others | 18. Retirement |
| 19. Savings and Investment | 20. Social |

Six tables appear in the Tax Expenditure Budget. Tables VII-1, VII-2 and VII-3 are summary tables that show the count of tax expenditures cross-classified among the three major classification categories. Table VII-1 cross-classifies the count of tax expenditures into tax regime and type of expenditure. Table VII-2 cross-classifies the count of tax expenditures into tax regime and budget category. Table VII-3 cross-classifies the count of tax expenditures into tax regime (with Incentive Act and excise tax detail) and type of tax expenditure. Table VII-4, VII-4A and VII-5 list each tax expenditure separately. Table VII-4 shows the foregone revenue for each of the tax expenditures for tax years 2024 through 2030 organized by tax regime, and within tax regime organized by type of tax expenditure. A column in Table VII-4 shows the budget category of the tax expenditure. Table VII-4A presents the same information as Table VII-4 but organizes the information by budget category. Table VII-5 repeats the ordering of Table VII-4 but shows both the legal citation of the law creating the tax expenditure and a short description of the law and the data source for the estimate of foregone revenue. The TEB identification number shown on both Tables VII-4 and VII-5 can be used to cross-reference the foregone revenue with the law citation and description. The descriptions of tax measures contained in Table VII-5 are intended to provide only a general understanding of how each of the tax measures operates. These descriptions do not replace the relevant legislation or regulations and should not be relied upon by taxpayers in arranging their tax affairs.

Tables VII-1, VII-2, VII-3, VII-4 and VII-4A exclude repealed and deleted tax expenditures from the body of the Table. Table VII-5 includes repealed, deleted, and consolidated tax expenditures with an indication if the tax expenditure was repealed, deleted, or consolidated.

Table VII-1 Tax Expenditure by Tax Regime and by Type of Expenditure

This table classifies the count of tax expenditures in each regime into its type of tax expenditure for tax year 2025. For example, reading across the second line of Table VII-1, businesses can claim 262 different tax expenditures, 86 of which are the credit type of tax expenditure.



Table VII-1 - Tax Expenditure by Tax Regime and Type of Expenditure
Tax Expenditure Report for Tax Year 2025

Counts in units

Tax Regime Type of Expenditures	Deductions	Exclusions	Exemptions	Preferential Tax Rate	Credits	Deferrals	Total
Individual	8	12	53	14	25	-	112
Business Tax	17	16	76	45	86	22	262
Regular Corporate	3	7	39	5	20	10	84
Incentive Acts	5	-	-	22	34	2	63
Non-Corporate Business	9	9	37	18	32	10	115
SUT	-	4	28	1	-	-	33
Excise Tax	-	16	12	-	1	-	29
Total	25	48	169	60	112	22	436

Table VII-2 Tax Expenditure by Tax Regime and by Budget Category

Table VII-2 classifies the count of tax expenditures in each budget category into its tax regime for 2025. For example, reading across the first line of Table VII-2, there are 16 tax expenditures in the budget category of "Art, culture, sport & recreation", 10 of which can be claimed by business.

Table VII-2 - Tax Expenditure by Tax Regime and Budget Category
Tax Expenditure Report for Tax Year 2025

Counts in units

Tax Regime / Budget Category	Individual	Business Tax	SUT	Excise Tax	Total
Art, Culture, Sport & Recreation	5	10	1	-	16
Business farming and fishing	1	8	1	-	10
Business research and development	2	10		1	13
Business- small business	1	2	3	-	6
Business-other	20	74	4	2	100
Donation, gifts, charities and non-profit organization	3	5	-	2	10
Economic development	10	61	1	2	74
Education	2		3	1	6
Employment	4	15			19
Environment	2	9	1	1	13
Families and households	2		5		7
Health	6	4	4	2	16
Housing	6	11	-	-	17
Income support	6		2	-	8
Intergovernmental tax arrangements	1	-	-	10	11
International	2	7		3	12
Others	9	5	1	4	19
Retirement	6	-	-	-	6
Savings and investment	18	37	1	-	56
Social	6	4	6	1	17
Total	112	262	33	29	436

Table VII-3 Tax Expenditure by Tax Regime and by Type of Expenditure With Incentive Act Detail

Table VII-3 is similar to Table VII-1 in that it classifies the count of tax expenditures in each regime into its type of tax expenditure. However, Table VII-3 also provides detail at the sub-tax regime level showing the cross-classification by type of tax expenditure for each of the Incentive Acts, for non-corporate business and for detailed excise taxes for 2025. For example, reading across the fifth line of Table VII-3, there are three tax expenditures that can be claimed by businesses under the incentive acts for the "Film and Creative Industry", two of which are the preferential tax rate type of expenditures.

Table VII-3 - Tax Expenditure by Sub-Tax Regime and Type of Expenditures
Tax Expenditure Report for Tax Year 2025

Counts in units

Sub-Tax Regime Incentive Acts Category	Deductions	Exclusions	Exemptions	Preferential Tax Rate	Credits	Deferrals	Grand Total
Individual	8	12	53	14	25		112
Business Tax	17	16	76	45	86	22	262
Regular Corporate	3	7	39	5	20	10	84
Incentive Acts	5	0	0	22	34	2	63
Film and Creative Industry	-	-	-	2	1	-	3
Finance/Investment	1	-	-	2	2	-	5
Green Energy		-	-	1	-	-	1
Industrial Development	2	-	-	1	9	-	12
Tourism Development	-	-	-	2	1	-	3
Hospital Facilities	-	-	-	1	-	-	1
Community Rehabilitation	-	-	-	6	6	-	12
Farm Incentives	-	-	-	2	-	-	2
Encourage Employment	1	-	-		2	-	3
Others	1	-	-	5	11	2	19
Environment	-	-	-		2		2
Non-Corporate Business	9	9	37	18	32	10	115
SUT	-	4	29	-	-	-	33
Excise Tax	-	16	12	-	1	-	29
Cigarettes	-		2	-	-	-	2
Crude Oil and Petroleum Products	-	9	-	-	-	-	9

Distilled Spirits and Alcoholic Beverages	-	3	-	-	-	-	3
Fuel	-	4	-	-	-	-	4
Vehicles	-	-	10	-	1	-	11
Total	25	48	170	59	112	22	436

Table VII-4- Revenue Foregone by Tax Expenditure, by Tax Regime, by Type of Tax Expenditure and by Budget Category

This table can be considered the main table in this Report. It shows the foregone revenue for each of the 436 tax expenditures that existed under 2022 tax law ordered by TEB number and tax regime, and within tax regime organized by type of tax expenditure for tax years 2024 through 2030. The Table also shows the budget category of the tax expenditure. For example, the first line of this Table shows that the revenue foregone from tax expenditure TEB-1, the home mortgage interest deduction for individuals, is included in the housing budget category and is \$227.9 million dollars in 2024 and \$233.3 million dollars in 2025 and so on through 2030.

Table VII-4A Tax Expenditures by Budget Category

Table VII-4A rearranges the information in Table VII-4 into budget categories. This table allows the user to identify and group TEBs in ways that are more informative to policy objective deliberations.

Table 4 - Revenue Foregone by Tax Expenditure, by Tax Regime, by Type of Tax Expenditure and by Budget Category

Tax

Regime

INDIVIDUAL INCOME TAX

Millions of dollars | Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added To a Meaningful Total

TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Deductions								
TEB - 1	Home mortgage interest	227.9	233.3	239.0	247.7	257.9	265.5	269.0
TEB - 2	Casualty loss on your principal residence	0.8	0.8	0.9	0.9	0.9	1.0	1.0
TEB - 3	Medical Expenses	57.5	59.0	60.5	62.9	65.8	67.8	68.8
TEB - 4	Charitable contributions	68.9	70.5	72.2	74.8	77.8	80.0	81.1
TEB - 5	Loss of personal property as a result of certain casualties	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 7	Contributions to individual retirement accounts	21.0	21.4	21.9	22.5	23.3	23.9	24.1
TEB - 9	Educational Contribution and My Future Account	0.5	0.5	0.5	0.6	0.6	0.6	0.6
TEB - 10	Interest paid on student’s loans at university level	5.6	5.7	5.9	6.1	6.3	6.5	6.6
Exclusions								
TEB - 11	Life insurance	2.2	2.3	2.3	2.4	2.4	2.5	2.5
TEB - 12	Donations, legacies and inheritances	42.7	43.4	44.1	45.1	46.4	47.3	47.7
TEB - 13	Compensation for injuries or sickness	4.0	4.1	4.2	4.3	4.5	4.6	4.7
TEB - 14	Benefits from federal social security for old-age and survivors	226.8	232.9	239.3	249.3	261.2	269.9	274.1
TEB - 15	Income derived from discharge of debts	6.1	6.3	6.4	6.6	6.8	7.0	7.0
TEB - 16	Child support payments	1.2	1.2	1.2	1.3	1.3	1.4	1.4
TEB - 17	Compensation, payments or distributions due to a disaster declared by the Governor of Puerto Rico - Reported in a withholding statement or informative return	4.5	4.6	4.8	5.0	5.2	5.4	5.5



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Exclusions								
TEB - 18	Qualified payments and transactions due to hurricane María Compensation, payments or distributions due to a disaster declared by the Governor of Puerto Rico - Not reported in a withholding statement or informative return	1.9	2.0	2.0	2.1	2.2	2.2	2.2
TEB - 19	Amount received from any subsidy or stimulus paid by the Government of Puerto Rico as a result of COVID-19 (Submit detail)	12.0	12.3	12.6	13.2	13.8	14.3	14.5
TEB - 20	Interests upon mortgages over residential property located in Puerto Rico granted after January 1, 2014	0.2	0.3	0.3	0.3	0.3	0.3	0.3
TEB - 21	Amounts paid by an employer as reimbursement of expenses related to trips, meals, lodging, entertainment and others	50.8	52.0	53.3	55.2	57.4	59.0	59.8
TEB - 22	Other exclusions	13.5	13.7	13.9	14.3	14.8	15.1	15.3
Exemptions								
TEB - 23	Additional Personal Exemption for Veterans	4.2	4.3	4.4	4.6	4.8	5.0	5.0
TEB - 24	Fringe benefits paid by the employer in relation to a cafeteria plan	0.1	0.1	0.1	0.1	0.2	0.2	0.2
TEB - 25	Interest upon-Obligations from the United States Government, any of its states, territories or political subdivisions	6.5	6.7	6.8	6.9	7.2	7.3	7.4
TEB - 26	Interest upon-Obligations from the Government of Puerto Rico	7.5	7.6	7.7	8.0	8.2	8.4	8.5
TEB - 27	Interest upon-Certain Mortgages	2.7	2.8	2.8	2.9	3.0	3.1	3.1
TEB - 28	Interest upon- Deposits in Puerto Rico interest bearing accounts up to \$100 (\$200 for married filing jointly)	0.7	0.8	0.8	0.8	0.8	0.9	0.9
TEB - 29	Bonds, notes or other obligations under section 6070.56(h) of Act 60-2019	(*)	(*)	(*)	(*)	(*)	(*)	(*)

TEB ID

Tax expenditures

Revenue Forgone



2024 2025 2026 2027 2028 2029 2030

INDIVIDUAL**Exemptions**

TEB - 30	Interest upon-Other interest subject to alternate basic tax reported in a Form 480.6D	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 31	Interest upon-Other interest not subject to alternate basic tax reported in a Form 480.6D	1.4	1.4	1.4	1.5	1.5	1.6	1.6
TEB - 32	Interest upon-Other interest subject to alternate basic tax not reported in a Form 480.6D	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 33	Interest upon-Other interest not subject to alternate basic tax not reported in a Form 480.6D	1.4	1.5	1.5	1.5	1.6	1.6	1.6
TEB - 34	Dividends of-Subject to alternate basic tax reported in a Form 480.6D	3.7	3.8	3.8	4.0	4.1	4.2	4.2
TEB - 35	Dividends of-Not subject to alternate basic tax reported in a Form 480.6D	534.3	542.3	550.5	563.3	578.2	589.0	594.1
TEB - 36	Dividends of-Subject to alternate basic tax not reported in a Form 480.6D	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 37	Dividends of-Not subject to alternate basic tax not reported in a Form 480.6D	22.6	22.9	23.3	23.8	24.5	24.9	25.2
TEB - 38	Expenses of priests or ministers	0.2	0.2	0.2	0.2	0.2	0.2	0.2
TEB - 39	Recapture of bad debts, prior taxes, surcharges and other items	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 40	Stipends received by certain physicians during the internship period	2.6	2.7	2.8	2.9	3.1	3.2	3.3
TEB - 41	Prize from the Lottery of Puerto Rico and the Additional Lottery	2.8	2.9	2.9	3.0	3.1	3.1	3.2
TEB - 42	Income from pensions or annuities, up to the applicable limitation	125.9	129.7	133.6	139.7	147.0	152.3	154.9
TEB - 43	Christmas Bonus, Summer Bonus and Medicine Bonus	(*)	(*)	(*)	(*)	(*)	(*)	(*)



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Exemptions								
TEB - 44	Gain from the sale or exchange of principal residence by certain individuals and qualified property	61.8	62.8	63.9	65.5	67.4	68.7	69.4
TEB - 45	Certain income related to the operation of an employee’s-owned special corporation	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 46	Cost of living allowance (COLA)	0.7	0.7	0.7	0.8	0.8	0.8	0.8
TEB - 47	Unemployment compensation	29.1	30.0	31.0	32.5	34.2	35.5	36.1
TEB - 48	Compensation received from active military service in a combat zone	0.6	0.6	0.6	0.7	0.7	0.7	0.7
TEB - 49	Compensation received by an eligible researcher or scientist	0.9	0.9	0.9	0.9	0.9	1.0	1.0
TEB - 51	Compensation to citizens and alien’s nonresidents of Puerto Rico for the production of film projects	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 52	Income from overtime worked by a Puerto Rico Police member	17.6	18.1	18.6	19.4	20.3	21.0	21.3
TEB - 53	Income from sources outside of Puerto Rico	367.6	373.2	378.9	387.8	398.1	405.6	409.2
TEB - 54	Remuneration received by employees of foreign governments or international organizations	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 55	Income from buildings rented to the Government of Puerto Rico for public hospitals, health or convalescent homes, public schools (Contracts in force at November 22, 2010)	0.9	0.9	0.9	0.9	1.0	1.0	1.0
TEB - 56	Income from residential rent under Act 132-2010	38.5	39.4	40.2	41.6	43.2	44.4	44.9
TEB - 57	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	0.1	0.2	0.2	0.2	0.2	0.2	0.2
TEB - 58	Accumulated Gain in Nonqualified Options	0.1	0.1	0.1	0.1	0.1	0.1	0.1



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Exemptions								
TEB - 59	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	39.7	40.3	40.9	41.9	43.0	43.8	44.2
TEB - 60	Distributions from Non-Deductible Individual Retirement Accounts	3.8	3.9	4.0	4.1	4.2	4.3	4.3
TEB - 61	Compensation or indemnification Paid to an Employee Due to Dismissal	30.1	30.7	31.2	32.1	33.1	33.9	34.3
TEB - 62	Salaries from Overtime during Emergency Situations	0.5	0.5	0.5	0.5	0.5	0.6	0.6
TEB - 63	Income from copyrights up to \$10,000 under Act 516-2004	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 64	Income received by designers and translators up to \$6,000 under Act 516-2004	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 65	Distributable share on exempt income from pass-through entities	114.3	116.1	117.9	120.6	123.9	126.2	127.3
TEB - 66	Income derived by young people from wages, services rendered, self-employment or new business with special agreement (Act 135-2014)	84.0	86.8	89.7	94.3	99.7	103.8	105.7
TEB - 67	Exempt salaries of a professional in a hard-to-fill position (Form 499R-2/W-2PR)	1.9	1.9	1.9	2.0	2.0	2.0	2.1
TEB - 68	Other payments subject to alternate basic tax reported in a Form 480.6D	0.2	0.2	0.2	0.2	0.2	0.2	0.2
TEB - 69	Other payments not subject to alternate basic tax reported in a Form 480.6D	13.3	13.5	13.8	14.1	14.5	14.8	15.0
TEB - 70	Other exemptions subject to alternate basic tax not reported in a Form 480.6D	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 71	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	2,689.4	2,729.2	2,770.5	2,834.4	2,908.3	2,962.3	2,987.9
TEB - 72	Exempt amount from manufacturing income (Schedule J Individual)	(*)	(*)	(*)	(*)	(*)	(*)	(*)



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Exemptions								
TEB - 73	Exempt amount on income from the sale of goods (Schedule K Individual)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 74	Exempt amount from farming income (Schedule L Individual)	3.0	3.0	3.1	3.2	3.3	3.4	3.5
TEB - 75	Exempt amount on income from services rendered (Schedule M Individual)	1.0	1.1	1.1	1.1	1.2	1.2	1.2
TEB - 76	Exempt amount from rental income (Schedule N Individual)	3.4	3.5	3.5	3.6	3.8	3.9	3.9

TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Preferential Tax Rate								
TEB - 77	Net long-term capital gain (or loss) under Act	177.9	180.8	183.8	188.5	193.9	197.9	199.7
TEB - 78	Interest from IRA on deposits in accounts from certain financial institutions	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 79	Interest on deposits in accounts from certain financial institutions	1.4	1.4	1.5	1.5	1.6	1.6	1.6
TEB - 80	Interest from distributions of IRA to Governmental Pensioners	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 81	Non-exempt eligible interest paid or credited on bonds, notes, other obligations or mortgage loans	3.0	3.1	3.1	3.2	3.3	3.4	3.4
TEB - 82	Eligible distribution of dividends	27.0	27.5	28.1	29.0	30.0	30.8	31.1
TEB - 83	Income paid by sport teams of international associations or federations	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 84	Total distributions from qualified retirement plans	4.0	4.1	4.2	4.4	4.5	4.7	4.7
TEB - 85	Gain taxable at rate under an Incentives Act 14-2017 (K, L, M, or N) and/or wages (Qualified Physicians)	314.3	319.6	325.0	333.5	343.4	350.5	353.9
TEB - 86	Distributable share pass-through entities	306.4	311.1	315.9	323.5	332.2	338.5	341.5
TEB - 87	Any other income subject to a preferential rate	34.0	34.6	35.1	36.0	37.0	37.7	38.1
TEB - 88	Distributions for reasons of a disaster declared by the Governor of Puerto Rico	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 89	Act 185 - 2014, Private Equity Fund	22.8	23.1	23.5	24.0	24.6	25.1	25.3
TEB - 90	Act 22-2012, Transfer of Investors to Puerto Rico	2,500.1	2,537.0	2,575.3	2,634.5	2,703.2	2,753.2	2,776.9



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Credits								
Subject to Moratorium								
TEB - 91	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 -2000, including purchases.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 93	Credit for construction investment in urban centers (Act 212-2002, as amended) including purchases.	0.7	0.7	0.7	0.7	0.7	0.7	0.7
TEB - 95	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 96	Other credits subject to moratorium not included on the preceding lines	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 97	Credits carried from previous years	1.4	1.4	1.4	1.4	1.5	1.5	1.5
TEB - 98	Purchases: Solid Waste Disposal (Act 159-2011)	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 99	Purchases: Capital Investment Fund (Act 46-2000)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 101	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	1.1	1.1	1.1	1.1	1.2	1.2	1.2
TEB - 102	Purchases: Credit for investment in the construction or rehabilitation of rental housing projects for low- or moderate-income families (Act 140-2001)	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Not subject to Moratorium								
TEB - 104	Credit for Investment in Tourism Development (Act 78-1993 and Act 74-2010), including purchases.	56.0	56.8	57.7	59.0	60.5	61.7	62.2
TEB - 105	Credit for: (23) Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997	0.9	0.9	0.9	0.9	0.9	1.0	1.0
TEB - 106	Credit for investment in film industry development Act 27-2011 & Act 60-2019, including purchases.	27.9	28.3	28.7	29.4	30.2	30.7	31.0



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
INDIVIDUAL								
Credits								
Not subject to Moratorium								
TEB - 107	Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 108	Credit for contribution to former governors' foundations	0.2	0.2	0.2	0.2	0.2	0.2	0.2
TEB - 109	Credit for payment of Membership Certificates by Ordinary and Extraordinary Member of Employees-Owned Special Corporations	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 112	Other credits not included on the preceding lines	1.4	1.5	1.5	1.5	1.5	1.6	1.6
TEB - 113	Credits carried from previous years	5.5	5.6	5.7	5.8	6.0	6.1	6.1
TEB - 114	Credit for investment Act 73-2008, including purchases.	10.4	10.5	10.7	11.0	11.2	11.4	11.5
TEB - 115	Credit for investment Act 83-2010 (Green Energy), including purchases.	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 116	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	31.5	31.9	32.4	33.2	34.0	34.7	35.0
TEB - 118	Purchase: Other	14.1	14.3	14.5	14.9	15.3	15.5	15.7
TEB - 119	Purchases: Credit for investment in research and development	1.1	1.2	1.2	1.2	1.2	1.3	1.3
TEB - 120	Credit for Investment in Opportunity Zones, including Purchases	2.5	2.5	2.6	2.6	2.7	2.7	2.8
TEB - 464	Earned Income Tax Credit	1,292.8	1,312.2	1,342.4	1,377.3	1,402.7	1,414.7	1,432.3
TEB - 465	Credit for Persons 65 and Older and Compensatory Credit for Low-Income Pensioners ("Senior Credit")	96.3	97.8	100.0	102.6	104.5	105.4	106.7

Table 4 - Revenue Foregone by Tax Expenditure, by Tax Regime, by Type of Tax Expenditure and by Budget Category

Tax Regime

BUSINESS INCOME TAX

Millions of dollars | Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added to a Meaningful Total

TEB IDTax expenditures		Revenue Foregone						
		2024	2025	2026	2027	2028	2029	2030
REGULAR CORPORATE								
Deductions								
TEB - 121	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	2.5	2.5	2.8	2.9	2.9	3.0	3.0
TEB - 123	Charitable contributions	6.9	7.0	7.6	7.9	8.0	8.1	8.2
TEB - 124	Deduction under Act 185-2014 ("Private Equity Funds Act")	7.2	7.3	7.9	8.1	8.2	8.3	8.4
Deferral								
TEB-125 – TEB-134	Deferral Caused By Tax Depreciation
Preferential Tax Rate								
TEB - 135	Net long-term capital gain	3.9	4.0	4.3	4.4	4.5	4.5	4.6
TEB - 136	Interest subject to preferential rates	0.2	0.2	0.2	0.3	0.3	0.3	0.3
TEB - 137	Distributable share on net income subject to preferential rates from partnerships and special partnerships	14.6	14.8	16.2	16.6	16.9	17.1	17.3
TEB - 138	Net income subject to the 4% tax rate from the operations of an international financial entity that operates as a banking unit	1.8	1.8	2.0	2.0	2.1	2.1	2.1
TEB - 139	Other income subject to preferential rates	15.5	15.7	17.1	17.6	17.9	18.1	18.3



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
REGULAR CORPORATE								
Exclusions								
TEB - 140	Plantation insurance	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 141	Amount received through any grant or stimulus paid by the Federal Government as a result of COVID-19 (Submit detail)	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 142	Amount received through any grant or stimulus paid by the Government of Puerto Rico as a result of COVID-19 (Submit detail)	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 143	Income derived from discharge of debts	4.8	4.9	5.3	5.5	5.6	5.6	5.7
TEB - 144	Net income (or loss) from sources outside Puerto Rico not related to the operation carried out in Puerto Rico by a foreign corporation	10.9	11.1	12.1	12.4	12.6	12.7	12.9
TEB - 145	Interest on mortgages on residential property located in Puerto Rico granted after January 1, 2014	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 146	Other exclusions	33.8	34.3	37.4	38.4	39.1	39.4	39.9
Exemptions								
TEB - 147	Obligations from the United States Government, any of its states, territories or political subdivisions	26.5	26.9	29.3	30.1	30.6	30.9	31.3
TEB - 148	Obligations from the Commonwealth of Puerto Rico	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 149	Securities under Agricultural Loans Act	0.1	0.1	0.2	0.2	0.2	0.2	0.2
TEB - 150	Certain Mortgages	2.5	2.6	2.8	2.9	2.9	3.0	3.0
TEB - 151	Obligations secured or guaranteed under the Servicemen's Readjustment Act of 1944	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 152	Securities issued by cooperative associations up to \$5,000	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 153	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument' s Patronage and SER of Puerto Rico	(*)	(*)	(*)	(*)	(*)	(*)	(*)



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
REGULAR CORPORATE								
Exemptions								
TEB - 154	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 155	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 156	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 157	Loans for the establishment or expansion of small and medium businesses up to \$250,000	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 158	Loans for the capitalization of small and medium businesses up to \$250,000	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 159	Bonds, notes, or other obligations under Section 6070.56(h) of Act 60-2019	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 160	Other interest reported in Form 480.6D	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 161	Other interest not reported in Form 480.6D	1.1	1.1	1.3	1.3	1.3	1.3	1.3
TEB - 162	Industrial development income derived from certain interests	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 163	Cooperative associations	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 164	Exempt business under Act 60-2019 (Section 6070.56(e))	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 165	International Insurer or Holding Company of the International Insurer	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 166	Other dividends reported in a Form 480.6D	65.9	66.8	72.7	74.6	76.0	76.6	77.6
TEB - 167	Other dividends not reported in a Form 480.6D	0.3	0.3	0.3	0.3	0.3	0.3	0.3
TEB - 168	Recapture of bad debts, prior taxes, surcharges and other items	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 169	Income from news agencies or unions	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 170	Certain income related to the operation of an employees owned special corporation	(*)	(*)	(*)	(*)	(*)	(*)	(*)



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
REGULAR CORPORATE								
Exemptions								
TEB - 171	Income received or earned in relation to the celebration of sports games organized by international associations or federations	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 172	Income derived by the International Insurer or Holding Company of the International Insurer	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 173	Rents from the Historic Zone	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 174	Income from vessels owner’s associations and mutual protection and indemnity	0.3	0.3	0.3	0.3	0.3	0.3	0.3
TEB - 175	Income from buildings rented to the Commonwealth of Puerto Rico for public hospitals or schools, or health homes (Contracts in force as of November 22, 2010)	0.3	0.3	0.3	0.3	0.3	0.3	0.3
TEB - 176	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 177	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	0.6	0.6	0.6	0.6	0.7	0.7	0.7
TEB - 178	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	70.3	70.3	70.3	79.6	81.1	81.8	82.8
TEB - 179	Rent of residential property under Act 132-2010	3.8	3.9	4.3	4.4	4.5	4.5	4.6
TEB - 180	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	1.5	1.5	1.7	1.7	1.7	1.8	1.8
TEB - 181	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	56.3	57.2	57.2	63.8	65.0	65.5	66.3
TEB - 182	Exempt income from rent under Act 165-1996	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 184	Other payments reported in a Form 480.6 D	0.9	0.9	1.0	1.0	1.0	1.0	1.0
TEB - 185	Other payments not reported in a Form 480.6 D	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TEB - 186	Other exemptions	80.3	81.5	88.7	91.1	92.8	93.6	94.7



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
REGULAR CORPORATE								
Credits								
Subject to Moratorium								
TEB - 187	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46, including purchases.	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 188	Credit for investment in housing infrastructure (Act 98-2001, as amended), including purchases.	3.0	3.1	3.3	3.4	3.5	3.5	3.6
TEB - 189	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001), including purchases.	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 190	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	1.4	1.5	1.6	1.6	1.7	1.7	1.7
TEB - 193	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 194	Credits carried from previous years	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TEB - 195	Other credits not included on the preceding lines	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 196	Purchase: Solid Waste Disposal (Act 159-2011)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 198	Purchase: Other Credits	0.3	0.3	0.3	0.3	0.3	0.3	0.4



TEB ID		Tax expenditures	Revenue Forgone						
			2024	2025	2026	2027	2028	2029	2030
REGULAR CORPORATE									
Credits									
Not subject to Moratorium									
TEB - 200	Credit for investment in film industry development (Act 27-2011), including purchases.	42.1	42.7	46.5	47.7	48.6	49.0	49.6	
TEB - 203	Credit for investment Act 73-2008, including purchases.	6.0	6.1	6.6	6.8	6.9	7.0	7.1	
TEB - 204	Credit for investment Act 83-2010 (Green Energy Incentives)	0.5	0.5	0.6	0.6	0.6	0.6	0.6	
TEB - 205	Credits carried from previous years	4.1	4.1	4.5	4.6	4.7	4.8	4.8	
TEB - 206	Other credits not included on the preceding lines	3.6	3.7	4.0	4.1	4.2	4.2	4.3	
TEB - 207	Purchase: Tourism Development (Act 78-1993)	62.5	63.5	69.0	70.8	72.1	72.7	73.6	
TEB - 208	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	19.8	20.1	21.8	22.4	22.8	23.0	23.3	
TEB - 210	Purchase: Other Credits	26.5	26.9	29.3	30.1	30.6	30.9	31.3	
TEB - 211	Credit for Investment in Opportunity Zones, including Purchases	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
TEB - 212	Credit for the purchase or transmission of television programming made in P.R. (Section 1051.14)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
TEB - 213	Purchases: Credit for investment in research and development	0.5	0.5	0.5	0.6	0.6	0.6	0.6	

Table 4 - Revenue Foregone by Tax Expenditure, by Tax Regime, by Type of Tax Expenditure and by Budget Category

Tax Regime

BUSINESS INCOME TAX

Millions of dollars | Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added To a Meaningful Total

TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
Incentives Acts								
Preferential Tax Rate								
TEB - 214	Act 135 - 1997, Tax Incentives Law of 1998, Act 73 - 2008, Economic Incentives for the Development of Puerto Rico & Act 60 - 2019 Subtitle B Chapter 6	14,468.4	14,681.4	14,902.0	15,245.8	15,640.9	15,930.8	16,066.7
TEB - 215	Act 20 - 2012, Export Services & - Act 60 - 2019 Subtitle B Chapter 3	449.1	455.9	462.9	473.8	486.3	495.5	499.8
TEB - 216	Act 52 - 1983, Tourist Incentives Law of Puerto Rico Act 78 - 1993, Tourism Development Law of Puerto Rico Act 74 - 2010,	2.5	2.5	2.5	2.6	2.7	2.7	2.8
TEB - 217	Act 118 - 2010 & Act 107 - 2020, Law of Incentives for Municipal Economic Development and Tourism	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 218	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	1.1	1.1	1.1	1.1	1.2	1.2	1.2
TEB - 219	Act 362 - 1999, Law for the Development of the Film Industry	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 220	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico / Creative Activities - Act 60 - 2019 Subtitle B Chapter 9	0.3	0.4	0.4	0.4	0.4	0.4	0.4
TEB - 221	Act 168 - 1968, Tax Incentives Law for Hospital Facilities	25.4	25.8	26.2	26.8	27.5	28.0	28.3
TEB - 222	Act 148 - 1988, Special Law for the Rehabilitation and Development of Santurce	0.4	0.4	0.4	0.4	0.4	0.5	0.5
TEB - 223	Act 75 - 1995, Special Law for the Rehabilitation and Development of Río Piedras	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 224	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico & Act 60 - 2019 Subtitle B Chapter 8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TEB - 225	Act 14 - 1996, Special Law for the Development of Castañer	(*)	(*)	(*)	(*)	(*)	(*)	(*)



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
Incentives Acts								
Preferential Tax Rate								
TEB - 226	Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 228	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 230	International Financial Center	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 231	Opportunity Zones	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 232	International Insurer	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 233	Ocean Freight Carriers - Act 60 - 2019 Subtitle B Chapter 11	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 234	Public Carriers Air Transportation- Act 60 - 2019 Subtitle B Chapter 11	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 235	Rents from the Historic Zone	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 236	Tourism Industry - Act 60 - 2019 Subtitle B Chapter 5	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 467	Preferential tax rate for electing incentive corporations (2022)							
Credits								
Subject to Moratorium								
TEB - 237	Credit attributable to losses or for investment in the Capital Investment Fund, including purchases.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 239	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 240	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 242	Other credits not included on the preceding lines	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 243	Credits carried from previous years	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 244	Purchase: Solid Waste Disposal (Act 159-2011)	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 246	Purchase: Credit for investment in housing infrastructure (Act 98-2001, as amended	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
Credits								
Subject to Moratorium								
TEB - 247	Purchase: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	1.3	1.3	1.3	1.4	1.4	1.4	1.4
TEB - 248	Purchase: Other	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
Not subject to Moratorium								
TEB - 250	Credit for hospital units over payroll expenses	7.8	7.9	8.0	8.2	8.4	8.6	8.7
TEB - 251	Credit for purchases of products manufactured in Puerto Rico	11.6	11.8	11.9	12.2	12.5	12.8	12.9
TEB - 252	Credit for investment in research and development, including purchases.	0.2	0.3	0.3	0.3	0.3	0.3	0.3
TEB - 253	Credit for investment in machinery and equipment	0.3	0.3	0.3	0.3	0.3	0.3	0.3
TEB - 254	Credit to reduce the cost of electric power	1.1	1.1	1.1	1.1	1.2	1.2	1.2
TEB - 255	Credit for investment in strategic projects, including purchases.	0.2	0.2	0.2	0.2	0.2	0.2	0.2
TEB - 256	Credit for industrial investment, including purchases.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 257	Other credits not included on the preceding lines	2.1	2.1	2.1	2.2	2.2	2.3	2.3
TEB - 258	Credits carried from previous years	2.3	2.3	2.4	2.4	2.5	2.5	2.5
TEB - 259	Purchase: Tourism Development (Act 78-1993)	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 260	Purchase: Film Industry Development (Act 27-2011)	1.5	1.6	1.6	1.6	1.7	1.7	1.7
TEB - 261	Purchase: Acquisition of an Exempt Business that is in the Process of Closing its Operations in Puerto Rico (Act 109-2001)	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 262	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 263	Purchase: Economic Incentives (Industrial Development) Act 73-2008	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
Credits								
Not subject to Moratorium								
TEB - 264	Purchase: Green Energy Incentives (Research and Development) (Act 83-2010)	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 265	Purchase: Other	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 266	Credit for Investment in Opportunity Zones	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 267	Purchase: Credit for Investment in Opportunity Zones	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 268	Credit for products manufactured in Puerto Rico	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Credits - Other Incentives Acts								
TEB - 270	Credit for taxes withheld on royalty payments	3.7	3.8	3.8	3.9	4.0	4.1	4.1
TEB - 271	Special credits granted	0.2	0.2	0.2	0.2	0.2	0.2	0.2
TEB - 272	Credit for losses of United States parent company	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 273	Credit for intellectual property transfer	37.3	37.9	38.4	39.3	40.3	41.1	41.4
TEB - 274	Credit for job creation	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.	n.c.
TEB - 275	Other applicable credits	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Deductions								
TEB – 276 – TEB - 280	Exemption for Non-Corporate Business. Refer table 5 for details.	(TEB 276-TEB 280) 8.9	(TEB 276-TEB 280) 9.0	(TEB 276-TEB 280) 9.1	(TEB 276-TEB 280) 9.3	(TEB 276-TEB 280) 9.6	(TEB 276-TEB 280) 9.8	(TEB 276-TEB 280) 9.8
Deferrals								
TEB - 281	Deferral Caused by Tax Depreciation	2.4	7.4	12.5	11.9	10.7	10.3	10.0
TEB - 466	Exemptions of tax base for electing incentive corporations (2022)	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a

**BUSINESS TAX [Millions of dollars]***Tax regime***Business Tax Expenditure**

Millions of dollars, Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added to a Meaningful Total

TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
NON-CORPORATE BUSINESS								
Deductions								
TEB - 282	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	0.3	0.3	0.3	0.3	0.4	0.4	0.4
TEB - 283	Deduction under Act 185-2014 ("Private Equity Funds Act")	6.2	6.3	6.5	6.6	6.7	6.8	6.9
TEB - 284	Charitable contributions	2.3	2.3	2.4	2.4	2.5	2.5	2.5
TEB - 285	Special deductions, Payroll deduction	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 286	Special deductions, Human resources training and improvement expense deduction	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 287	Special deductions, Research and development expense deduction	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 288	Special deductions, Investment on buildings, structures, machinery and equipment deduction	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 289	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 290	Special deductions, Investment on buildings, structures, machinery and equipment deduction	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
Deferrals								
TEB-291 – TEB-300	Deferral Caused by Tax Depreciation	143.9	145.9	148.1	151.4	155.4	158.3	160.3



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
NON-CORPORATE BUSINESS								
Preferential Tax Rate								
TEB - 301	Net short-term capital gain (or loss)	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 302	Net long-term capital gain	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 303	Long-Term Capital Assets Gains and Losses Realized under Special Legislation	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 304	Gain (or Loss) from Property Used in the Business Other than Capital Asset	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 305	Gains (or Losses) from Property Used in the Business and Taxable as Long-term Capital Gain	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 306	Net Gain (or Loss) on Sale or Exchange of Substantially All Assets Dedicated to an Activity under Act 78-1993, Including purchases.	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 307	Act 135 - 1997, Tax Incentives Law of 1998	0.3	0.3	0.3	0.3	0.3	0.3	0.3
TEB - 308	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 309	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	1.6	1.6	1.7	1.7	1.7	1.7	1.8
TEB - 310	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 312	Act 120 -2014, “SMBs Job Creation and Retention Incentives Act”	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 313	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	83.2	84.4	86.4	88.6	90.3	91.0	92.2
TEB - 314	Act 20 - 2012, Export Services	49.4	50.2	51.3	52.7	53.6	54.1	54.8
TEB - 315	Act 185 - 2014, Private Equity Fund	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 316	Act 14 - 2017 /Act 60 - 2019, Professional Physicians	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 317	Applicable Credits	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 318	Tourism Industry - Act 60 - 2019 Subtitle B Chapter 5	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 319	Infrastructure - Act 60-2019 Subtitle B Chapter 7	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
NON CORPORATE BUSINESS								
Exclusions								
TEB - 320	Life insurance	(TEB 320 - TEB 3245) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.1
TEB - 321	Donations, bequest and inheritances	(TEB 320 - TEB 3245) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.1
TEB - 322	Plantation insurance	(TEB 320 - TEB 3245) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.1
TEB - 323	Other exclusions	(TEB 320 - TEB 3245) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.1
TEB - 324	Income derived from discharge of debts	(TEB 320 - TEB 3245) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.0	(TEB 321 - TEB 324) 1.1
TEB - 325	Act 74 - 2010 / Act 78 - 1993 / Act 52 - 1983, Tourism Development	74.5	75.6	77.4	79.4	80.8	81.5	82.5
TEB - 326	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico & Act 60 - 2019 Subtitle B Chapter 8	7.2	7.3	7.5	7.7	7.8	7.9	8.0



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
NON CORPORATE BUSINESS								
Exclusions								
TEB - 327	Act 132-2010- "Law of Stimulus to the Real Estate Market" Exemption	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 328	Act 47-1987 - "Law of Co-participation of the Public and Private Sector for the New Housing Operation"	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Exemptions								
TEB – 329 - 365	Miscellaneous exemption for Non-Corporate Business. Refer table 5 for details.	(TEB 329 - TEB 365) 106.3	(TEB 329 - TEB 365) 107.9	(TEB 329 - TEB 365) 110.3	(TEB 329 - TEB 365) 113.2	(TEB 329 - TEB 365) 115.3	(TEB 329 - TEB 365) 116.3	(TEB 329 - TEB 365) 117.7

NON CORPORATE BUSINESS								
Credits								
Subject to Moratorium								
TEB - 366	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46, including purchases.	20.6	21.0	21.4	22.0	22.4	22.6	22.9
TEB - 367	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	1.7	1.7	1.8	1.8	1.9	1.9	1.9
TEB - 373	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 374	Credit for investment in housing infrastructure (Act 98-2001, as amended), including purchases.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 375	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001), including purchases.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 376	Purchase: Solid Waste Disposal (Act 159-2011)	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 377	Santurce Theatrical District	rpl	rpl	rpl	rpl	rpl	rpl	rpl



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
NON CORPORATE BUSINESS								
Credits								
Not Subject to Moratorium								
TEB - 378	Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TEB - 380	Credit for investment in film industry development Act 27-2011/ Act60 - 2019, including purchases.	2.2	2.2	2.3	2.3	2.4	2.4	2.4
TEB - 381	Credit for the purchase or transmission of television programming made in P.R. (Section 1051.14)	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 382	Credit for contributions to former governors' foundations	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 383	Credit for contributions to Santa Catalina’s Palace Patronage and/or Patronage of the State Capitol of the Legislative Assembly	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 384	Industrial investment Credit (Act 73-2008), including purchases	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 385	Research and Development Credit Green Energy, including purchases	0.2	0.2	0.2	0.2	0.2	0.2	0.2
TEB - 386	Credit for Investment in Opportunity Zones, including purchases	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 387	Tourism Investment Credit	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TEB - 388	Research and Development Tax Credit (Act 73-2008)	1.1	1.1	1.1	1.2	1.2	1.2	1.2
TEB - 389	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 390	Purchase: Other Credits	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 391	Other Credits, including Purchases	6.8	6.9	7.0	7.2	7.4	7.4	7.5
TEB - 392	Credits used against Optional Tax to Partnerships and Corporation of Individuals Section 1071.10 and 1115.11	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.

TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030

**NON-CORPORATE BUSINESS****Credits - Other Incentives Acts**

TEB - 393	Special credits granted	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 394	Credit for losses of United States parent company	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 395	Credit for taxes withheld on royalty payments	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 396	Credit for purchases of products manufactured in Puerto Rico	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 397	Credit to reduce the cost of electric power	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 398	Credit for job creation	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 399	Research and Development Tax Credit (Act 73-2008)	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 400	Credit for investment in Machinery and Equipment for the generation and efficient use of energy	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 401	Credit for intellectual property transfer	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 402	Credit for investment in strategic projects	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 403	Industrial investment Credit (Act 73-2008), including purchases	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.



Tax

Regime

SALE AND USE TAX [Millions of dollars]

Millions of dollars, Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added to a Meaningful Total

TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
SUT								
Exemptions								
TEB - 404	Exemption for Promotional Material	0.4	0.4	0.4	0.4	0.4	0.4	0.5
TEB - 405	Exemption on Taxable Items from a Transfer of Residence	-	-	-	-	-	-	-
TEB - 406	Exemption on Rights of Admission	-	-	-	-	-	-	-
TEB - 407	Exemption on Food Items	364.9	370.1	376.0	387.3	395.8	401.7	406.9
TEB - 408	Exemption for Prescription Drugs	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TEB - 409	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	6.6	6.7	6.8	7.0	7.1	7.2	7.3
TEB - 410	Exemption on Lease of Real Property	91.8	93.1	94.6	97.4	99.6	101.1	102.4
TEB - 411	Exemption for Care Services Rendered by Child Care Centers	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 412	Exemption for Funeral Services	6.0	6.1	6.2	6.4	6.5	6.6	6.7
TEB - 413	Exemption for Solar- Electric Equipment	76.2	77.3	78.5	80.9	82.7	83.9	85.0
TEB - 414	Exemption for Care Services Rendered by Elderly Care Centers	30.4	30.8	31.3	32.2	32.9	33.4	33.9
TEB - 415	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used in the Performance of Health Services	48.5	49.2	50.0	51.5	52.6	53.4	54.1
TEB - 416	Exemption for Textbooks	10.8	10.9	11.1	11.4	11.7	11.9	12.0
TEB - 417	Exemption for Uniforms and Materials					-	-	-
TEB - 418	Exemption for Sales Made by Churches.	1.0	1.0	1.0	1.0	1.1	1.1	1.1
TEB - 419	Exemption for Bona Fide Farmers.	4.5	4.5	4.6	4.7	4.8	4.9	5.0
TEB - 420	Exemption from Payment of the Sales and Use Tax for Concession Holders under the Puerto Rico Tourism Development Laws	12.9	13.1	13.3	13.7	14.0	14.2	14.4
TEB - 421	Exemption on taxable items sold in military stores operated by the Puerto Rico National Guard Institutional Trust	5.7	5.8	5.8	6.0	6.2	6.2	6.3

TEB ID

Revenue Forgone



Tax expenditures		2024	2025	2026	2027	2028	2029	2030
SUT								
<i>Exemptions</i>								
TEB - 422	Exemption for feminine personal hygiene products to absorb menstrual discharge	15.2	15.4	15.6	16.1	16.4	16.7	16.9
TEB - 423	Exemption for artisans.	47.5	48.1	48.9	50.4	51.5	52.3	52.9
TEB - 424	Designated professional services	140.7	142.6	144.9	149.3	152.5	154.8	156.8
TEB - 425	Educational services, including tuition costs	169.3	171.7	174.4	179.7	183.6	186.4	188.8
TEB - 426	Interest and other charges for the use of money and charges for services provided by financial institutions.	188.8	191.4	194.5	200.3	204.7	207.8	210.5
TEB - 427	Insurance services and commissions	149.3	151.4	153.8	158.4	161.9	164.3	166.5
TEB - 428	Health or medical hospital services	935.0	948.1	963.3	992.2	1,014.0	1,029.2	1,042.6
TEB - 429	Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars	456.6	463.0	470.4	484.5	495.2	502.6	509.1
TEB - 430	Exemption on Certain Items Sold by Restaurants	388.7	394.1	400.5	412.5	421.5	427.9	433.4
TEB - 469	Hurricane season exemption for items and equipment.							
<i>Exclusions</i>								
TEB - 431	Vehicles	238.0	241.3	245.2	252.5	258.1	262.0	265.4
TEB - 432	Gasoline	176.7	179.2	182.1	187.5	191.6	194.5	197.0
TEB - 433	Electricity	134.3	136.2	138.4	142.6	145.7	147.9	149.8
TEB - 434	Water	80.6	81.7	83.0	85.5	87.4	88.7	89.9
<i>Preferential Tax Rate</i>								
TEB - 468	Special tax rate on certain prepared foods	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

**Tax****Regime****EXCISE TAX**

Millions of dollars, Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added to a Meaningful Total

TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
VEHICLES								
Credits								
TEB - 435	Refund of Excise Taxes on Vehicles Powered by Alternative or Combined Energy	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Exemptions								
TEB - 436	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	5.1	5.2	5.3	5.4	5.5	5.5	5.6
TEB - 437	Consular Officers and Employees Exemptions	0.9	0.9	0.9	0.9	0.9	0.9	0.9
TEB - 438	Exemptions for Handicapped Persons	0.6	0.6	0.6	0.6	0.6	0.6	0.7
TEB - 439	Church Exemptions Vehicles which hold twelve (12) or more passengers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEB - 440	Exemptions for Donations to the Puerto Rico Police and the Police of the Municipal Governments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEB - 441	Exemptions on Articles for Manufacturing	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TEB - 442	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	0.4	0.4	0.4	0.4	0.4	0.5	0.5
TEB - 443	Exemption over Articles Acquired by Government Agencies	25.0	25.4	25.8	26.1	26.5	26.9	27.3
TEB - 444	Exemption on Articles Belonging to Persons in Government Service	5.4	5.5	5.6	5.7	5.8	5.8	5.9
TEB - 445	Category III ambulances	3.1	3.2	3.2	3.3	3.3	3.4	3.4



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
Cigarettes								
Exemptions								
TEB - 446	Tourists and Residents of Puerto Rico Traveling Abroad	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
TEB - 447	Exemption on Tobacco Products sold or transferred to military stores, canteens or other facilities operated by the trust-building of the Puerto Rico National Guard or your dealer.	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a	n.d.a
Fuel								
Exclusions								
TEB - 448	Excludes natural gas of "Other Fuel"	26.6	24.7	30.5	20.3	20.4	20.4	20.7
TEB - 449	Residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority	29.1	28.1	21.9	36.9	37.1	37.0	37.6
TEB - 450	Residual Fuel number 6, when it is acquired by industries and businesses when it is used for their management of production	0.9	0.9	0.9	0.9	0.9	0.1	0.1
TEB - 451	Aviation gasoline and any combustible product in the case it was for use and consumption in propelling air transportation vehicles, destined to be consumed in air trips between Puerto Rico and other places or in air trips within the territorial. (2 cent)	0.3	0.5	0.5	0.3	0.3	0.3	0.3



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
Crude oil and petroleum products								
Exclusions								
TEB - 452	Generation of the Electric Power Authority or Other entity	378.9	411.4	454.7	468.3	478.6	485.8	492.1
TEB - 453	Natural gas used to generate electricity sold to the Electric Power Authority or any successor entity	32.6	35.3	39.1	40.2	41.1	41.7	42.3
TEB - 454	The Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	0.4	0.4	0.5	0.5	0.5	0.6	0.6
TEB - 455	Businesses holding a decree granted under Act 73-2008, with respect to the provisions of subparagraphs (6) and (8) of Section 9 of said Act, or equivalent sections of previous or superseding industrial incentive laws.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 456	Crude oil, partly unfinished products, the end products derived from oil, or any other hydrocarbon mixture used as lubricants or fuel for generating steam for cooking, canning and sterilization of raw material obtained from industrial fishing.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 457	Crude oil, partly unfinished products, end products derived from oil, or any other hydrocarbon mixture used for vessels which render wharf services or using fuel for cargo ships, cruise ships or any other vessel requiring these services, whether in territorial waters or beyond them.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.	n.d.a.
TEB - 458	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on “diesel oil” established in subsection (a)(3) of Section 3020.06	56.6	61.5	67.9	70.0	71.5	72.6	73.5
TEB - 459	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on “diesel oil” established in subsection (a)(3) of Section 3020.06	0.6	0.6	0.7	0.7	0.7	0.8	0.8
TEB - 460	Crude oil, partly unfinished products, end products derived from oil or any other hydrocarbon mixture locally imported or sold to agencies and instrumentalities of the Federal Government.	2.2	2.4	2.7	2.8	2.8	2.9	2.9



TEB ID	Tax expenditures	Revenue Forgone						
		2024	2025	2026	2027	2028	2029	2030
Distilled Spirits and Alcoholic Beverages								
Exclusions								
TEB - 461	Distilled spirits and alcoholic beverages when they are sold or transferred to the armed forces of the United States, including the National Guard of Puerto Rico	41.6	42.9	43.7	43.0	43.1	43.1	43.7
TEB - 462	Distilled Spirits and Alcoholic Beverages Used in the Process of Manufacture, Research, Development or Experimentation in Laboratories or for Medicinal Purposes	n.a	n.a	n.a	n.a.	n.a.	n.a.	n.a.
TEB - 463	Special Exemption to Beer, Malt Extract and others. Progressive Tax in substitution of refer by 5021.01	10.7	10.9	11.0	10.9	10.9	10.9	11.0

Table VII-5 Tax Expenditures by Tax Regime, Description, and Legal Citation

Table VII-5 provides a more complete description of each tax expenditure. For each TEB, it lists the tax regime, short and full descriptions, as well as the legal citation and data sources for the estimates.

Table 5
INDIVIDUAL INCOME TAX | PR TER 2021
Individual Tax Expenditure

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Deduction					
TEB - 1	Individual Tax	Home mortgage interest	(A) In general.- In the case of an individual there shall be allowed as a deduction the interest, including interest paid by a participant partner in a cooperative housing association, allowable as a deduction under paragraph (2), paid or accrued in the tax year on debts incurred by reason of loans for the acquisition or refinancing of property, when said loans are guaranteed with a mortgage on the property that, at the time said interest is paid or accrued, constitutes a qualified residence of the taxpayer. Section 1021.03 of the PR Internal Revenue Code provides the optional computation of the tax in the of spouses living together, both of whom work, and who file joint returns, the tax under Sections 1021.01 and 1021.2 shall be, at the spouses' election, the sum of the taxes determined individually, on the form provided for these purposes by the Secretary,(4) the deductions allowed in paragraphs (1) to (4) and (10) of subsection (a) of Section 1033.15 shall be attributed to each spouse on the basis of fifty (50) percent of the total. (Optional Computation of Tax, Schedule CO Individual)	PR Internal Revenue Code, as amended (hereinafter referred to as "PR Internal Revenue Code") Section 1033.15(a)(1) (A)	Individual Income Tax Return 2022 (Form 482.0), Schedule A Individual Deductions Applicable to Individual Taxpayers, Part I Line 1 (i)
TEB - 2	Individual Tax	Casualty loss on your principal residence	(A) Loss of home due to fire, hurricane and other casualties. -(i) In the case of an individual, a deduction shall be allowed for losses not compensated, by insurance or otherwise, sustained during the tax year due to fire, hurricane and other casualties at the property that, at the time of the casualty, was the taxpayer's principal residence. (ii) In the case of spouses living together at the end of the tax year and electing the optional tax computation under Section 1021.03 or filing separate returns, each spouse shall be entitled to claim only fifty (50) percent of this deduction. (Optional Computation of Tax, Schedule CO Individual)	PR Internal Revenue Code Section 1033.15(a)(1) (A)	Individual Income Tax Return 2022 (Form 482.0)- Schedule A Individual Deductions Applicable to Individual Taxpayers, Part I Line 2

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Deduction					
TEB - 3	<i>Individual Tax</i>	Medical Expenses	(4) Deduction of healthcare expenses - In the case of individuals, the amount by which the amount of healthcare expenses is not compensated, by insurance or otherwise, paid during the tax year, exceeds six (6) percent of adjusted gross income. For purposes of this subparagraph, the term "healthcare expenses" includes the following: (A) professional services rendered by physicians, dentists, radiologists, clinical pathologists, minor surgeons or nurses, or by hospitals within or without Puerto Rico; (B) health or accident insurance; (C) drugs for human consumption intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease, acquired solely and exclusively with a medical prescription, if prescribed by a physician authorized to practice medicine in Puerto Rico and dispensed by a licensed pharmacist in Puerto Rico; and (D) expenses incurred in the purchase of any technological assistance equipment for disabled persons, specialized treatment or chronic illness. In the case of spouses living together at the end of the tax year and electing the optional tax computation under Section 1021.03 or filing separate returns, each spouse shall be entitled to claim only fifty (50) percent of this deduction. (Optional Computation of Tax, Schedule CO Individual)	PR Internal Revenue Code Section 1033.15(a)(4)	Individual Income Tax Return 2022 (Form 482.0) - Schedule A Individual Deductions Applicable to Individual Taxpayers, Part I Line 3
TEB - 4	<i>Individual Tax</i>	Charitable contributions	(A) General Rule. - In the case of an individual, there shall be allowed as a deduction the amount of contributions or gifts made during the tax year to, or for use by, the non-profit organizations or entities described in this paragraph, subject to the limitations provided in subparagraph (B) of Section 1033.15(a)(3) of the PR Internal Revenue Code. In the case of spouses living together at the end of the tax year and electing the optional tax computation under Section 1021.03 of the PR Internal Revenue Code or filing separate returns, each spouse shall be entitled to claim only fifty (50) percent of this deduction. (Optional Computation of Tax, Schedule CO Individual)	PR Internal Revenue Code Section 1033.15(a)(3)(A)	Individual Income Tax Return 2022 (Form 482.0) Schedule A Individual Deductions Applicable to Individual Taxpayers, Part I Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Deduction					
TEB - 5	Individual Tax	Loss of personal property as a result of certain casualties	(B) Losses of personal property due to certain casualties.- (i) Allowance.- In the case of an individual, a deduction shall be allowed for losses, with respect to automobiles, furniture, appliances and other household personal property, not including the value of clothing or cash, not compensated by insurance or otherwise, sustained during the tax year due to earthquake, hurricane, storm, tropical depressions and floods caused by such casualties, occurring in an area subsequently designated by the Governor of Puerto Rico as areas whose residents are eligible to receive assistance under the assistance under the disaster assistance programs of the Government of Puerto Rico. This deduction shall be limited to five thousand (5,000) dollars; except that in the case of spouses who live together at the end of the taxable year and elect the separate tax computation of Section 1021.03 of the PR Internal Revenue Code or file separate returns, the deduction shall not exceed two thousand five hundred (2,500) dollars per spouse. (Optional Computation of Tax, Schedule CO Individual).	PR Internal Revenue Code Section 1033.15(a)(10)(B)	Individual Income Tax Return 2022 (Form 482.0) Schedule A Individual Deductions Applicable to Individual Taxpayers, Part I Line 5
TEB - 7	Individual Tax	Contributions to individual retirement accounts	(A) Allowed deduction. - In the case of an individual, the contribution in cash of said individual to an Individual Retirement Account under Section 1081.02. (B) Maximum amount allowed as deduction. - Except as provided in subparagraph (C), the maximum amount allowed as a deduction under subparagraph (A) for the tax year shall not exceed five thousand (5,000) dollars or the adjusted gross income from salaries or earnings attributed to professions or occupations, whichever is less. (C) Maximum amount permitted as deduction in the case of married individuals.- In the case of married individuals filing a joint return under Section 1061.01(b)(1) of the PR Internal Revenue Code, the maximum deduction allowed under subparagraph (A) for the tax year shall not exceed ten thousand (10,000) dollars or the aggregate adjusted gross income from salaries and earnings attributable to professions or occupations, whichever is less. The deduction for the tax year for contributions to any individual retirement account established in the name and for the benefit of each spouse shall not exceed the amounts provided in subparagraph (B).	PR Internal Revenue Code Section 1033.15(a)(7)(A), (B) and (C)	Individual Income Tax Return 2022 (Form 482.0) Schedule A Individual Deductions Applicable to Individual Taxpayers, Part I Line 7(b)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Deduction					
TEB - 9	Individual Tax	Educational Contribution and My Future Accounts	(A) Allowable deduction. - In the case of an individual, there shall be allowed as a deduction his cash contributions to a My Future Account, pursuant to the provisions of Section 2026.01 of the Incentives Code, and/or an education contribution account, provided the beneficiary of such accounts a child or relative up to the third degree of consanguinity or second degree of affinity pursuant the provisions of Section 1081.05 of the PR Internal Revenue Code. (B) Maximum amount allowed as a deduction. - The maximum amount allowed as a deduction under subparagraph (A) for any tax year shall not exceed five hundred (500) dollars for each beneficiary. In the cases in which more than one relative contributes to the account created for a beneficiary, the deduction amount shall be in accordance with the amount contributed by the relative who deposits it. The institution receiving the contributions shall issue the certifications corresponding to the contributions made in the order in which such contributions are registered in the account, until said account receives the allowed five hundred (500) dollars maximum for that tax year. There is no limitation regarding the number of educational contributions accounts to which each individual may contribute, provided that, each beneficiary of such accounts is described in subparagraph (A) of this paragraph.	PR Internal Revenue Code Section 1033.15(a)(8)(A) or (B)	Individual Income Tax Return 2022 (Form 482.0) Schedule A Individual, Deductions Applicable to Individual Taxpayers, Part I Line 8(b)
TEB - 10	Individual Tax	Interest paid on student loans at university level	In the case of an individual, there shall be allowed as a deduction the interest paid or accrued during the tax year on debts incurred for student loans that cover the cost of said individual, his spouse or dependent, for registration and tuition fees and textbooks at the university level, as well as the costs relating to transportation, food, and housing in those cases in which the student has to live away from home in order to pursue such studies. In the case of an individual, they shall be allowed as a special twenty-five percent (25 %) tax deduction for payments to the principal of the loans taken for University baccalaureate studies, fifty per cent (50 %) for payments made to the principal of the loans taken for postgraduate studies, eligible under article 5 of the "Talent Retention Incentive Law in Puerto Rico" up to a maximum of five thousand (\$5,000) per tax year, but such deduction may not be claimed by an individual for more than ten (10) taxable years.	PR Internal Revenue Code Section 1033.15(a)(5)	Individual Income Tax Return 2022 (Form 482.0) Schedule A Individual, Deductions Applicable to Individual Taxpayers, Part I Line 9(b)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exclusions					
TEB - 11	Individual Tax	Life insurance	(b) Exclusions from Gross Income.- The following items shall be excluded from the definition of gross income: (1) Life insurance.- Gross income shall not include: (A) Amounts under a life insurance contract, paid by reason of the death of the insured, whether in a lump sum or in installments, but if said amounts are withheld by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income(B) Upon prior authorization by the Secretary, the amounts received in life under a life insurance contract, paid by reason of a terminal illness of the insured that, as certified by a competent medical authority, leaves him less than one year of life. (B) Life Insurance from International Insurers. - Amounts received by a nonresident individual or foreign corporation or partnership not engaged in trade or business in Puerto Rico as benefits or interest of any kind under a life insurance contract issued by an International Insurer.	PR Internal Revenue Code Section 1031.01(b)(1)	Individual Income Tax Return 2022 (Form 482.0) - Schedule IE Individual, Pass-Through Entity, Excluded and Exempt Income, Part I Line 1
TEB - 12	Individual Tax	Donations, legacies and inheritances	(2) Donations, gifts, legacies and inheritances. - Gross income shall not include the value of property acquired by donation, gift, devise or inheritance. Income derived from said property, or in the case that the donation, gift, devise or inheritance consists of income derived from property the amount of said income, shall not be excluded from gross income under this paragraph. For the purposes of this paragraph, if under the terms of the donation, gift, devise or inheritance, the payment, credit or distribution thereof is to be made in installments, they shall be deemed a donation, gift, devise or inheritance of income from property up to the amount paid, credited or distributed as income derived from property.	PR Internal Revenue Code Section 1031.01(b)(2)	Individual Income Tax Return 2022 (Form 482.0) - Schedule IE Individual, Excluded and Exempt Income, Part I Line 2
TEB - 13	Individual Tax	Compensation for injuries or sickness	(3) Compensation for injury or illness.- Except in the case of amounts attributable to, but not in excess of, the deductions allowed under Section 1033.15(a)(2)(F) of the PR Internal Revenue Code in any preceding tax year, the amounts received by reason of illness or accident insurance or under the worker compensation laws, as compensation for personal physical injury or physical illness (except for amounts received by an employee up to the amount of said amounts paid directly by the employer), plus the amount of any indemnity received, in a judicial proceeding or extrajudicial settlement by reason of said personal physical injury or physical illness, and amounts received as a pension, annuity or similar allowance for personal physical injury or physical illness, and by reason of occupational and nonoccupational disability, including those resulting from active duty in the armed forces of any country.	PR Internal Revenue Code Section 1031.01(b)(3)	Individual Income Tax Return 2022 (Form 482.0) - Schedule IE Individual, Excluded and Exempt Income, Part I Line 3

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exclusions					
TEB - 14	Individual Tax	Benefits from federal social security for old-age and survivors	(7) Federal social security for old-age and survivors. -Payments for benefits received under the provisions of Section 202 of Title II of the Social Security Act as heretofore or hereafter amended.	PR Internal Revenue Code Section 1031.01(b)(7)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 4
TEB - 15	Individual Tax	Income derived from discharge of debts	(10) Income derived from the forgiveness of debts (A) Exclusion Income derived from the forgiveness of debts, in whole or part, shall not be subject to the income tax under this Subtitle if said forgiveness is by reason of any of the following cases: (i) The forgiveness is the filing of a bankruptcy petition in an action under the provisions of Title 11 of the United States Code and said forgiveness is approved by a court with jurisdiction to hear such petition. (ii) Forgiveness occurs when the taxpayer is insolvent, in which case the amount excluded under this subparagraph shall not exceed the amount by which the taxpayer is insolvent. For purposes of this subparagraph: (I) the term "insolvent" means the excess of debts over the fair market value of assets, and (II) debtor insolvency shall be determined based on the assets and debts of the taxpayer immediately before the forgiveness. (iii) The forgiven debt is a student loan and the forgiveness is in accordance with a provision of said loan allowing the forgiveness, in whole or part, if the taxpayer works for a determined period of time in certain professions or for determined employers (other than the lender). (iv) Forgiven debt is the product of a reorganization of a mortgage loan secured by the taxpayer's qualified residence. The term "qualified residence" shall have the meaning provided in Section 1033.15(a)(1)(D) of the PR Internal Revenue Code, except that, for purposes of this clause, the residence must be located in Puerto Rico. For purposes of this subsection: (I) The original mortgage loan debt cannot exceed one million (1,000,000) dollars. (v) The debt forgiven by the Federal Government of the United States of America that has been generated to cover medical expenses paid or incurred by the taxpayer, or for the benefit of a taxpayer dependent, provided that the taxpayer includes the certification of such forgiveness by the Federal Government or any of its instrumentalities.	PR Internal Revenue Code Section 1031.01(b)(10)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 5
TEB - 16	Individual Tax	Child support payments	(3) Payments for the support of minor children. - (A) In general. - Paragraph (1) shall not apply to that part of any payment set by the judicial decree, ruling or order or public deed (in terms of a sum of money or a proportional part of the payment) as an amount payable for the support of minor children of the spouse making the payment.	PR Internal Revenue Code Section 1032.02(a)(3)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 6

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exclusions					
TEB - 17	Individual Tax	Compensation, payments or distributions due to a disaster declared by the Governor of Puerto Rico - Reported in a withholding statement or informative return	Gross income shall not include any amount received by an individual as a Qualified Disaster Relief Payment, whether or not such individual is a Resident of Puerto Rico and with whom there is an employer-employee relationship or who has rendered services as independent contractor, for the purpose of providing assistance and support in the repair, mitigation, or compensating any damages or losses sustained by such individual as a result of a Disaster Declared by the Governor of Puerto Rico.. In this case, the taxpayer must include with the return the information provided in the Withholding Statement or Informative return.	PR Internal Revenue Code Section 1031.01(b)(16)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 8
TEB - 18	Individual Tax	Compensation, payments or distributions due to a disaster declared by the Governor of Puerto Rico - Not reported in a withholding statement or informative return	The amount received as compensation, payments or distributions received due to a disaster declared by the Governor of Puerto Rico that has not been reported in a withholding statement or informative return. The amount received must be made to provide assistance and support in the process of repairing, mitigate or compensate any damage or loss suffered as a consequence of a disaster. In this case, the taxpayer must include with the return a detail in which the origin of the compensation, payment or distribution received is broken down.	Instructions Booklet- Individual Income Tax Return 2022 Schedule IE Individual Part I Line 9	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 9
TEB - 19	Individual Tax	Amount received from any subsidy or stimulus paid by the Government of Puerto Rico as a result of COVID-19 (Submit detail)	The amount received for any subsidy or stimulus paid by the Government of Puerto Rico because of COVID-19. Include a breakdown with a description of the aid program from the Government of Puerto Rico, either at the central or municipal level, the amount of the payment and any other required information.	Instructions Booklet- Individual Income Tax Return 2022, Schedule IE Individual Part I Line 11	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 11

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exclusions					
TEB - 20	Individual Tax	Interests upon mortgages over residential property located in Puerto Rico granted after January 1, 2014	Interest upon mortgages on residential property located in Puerto Rico issued after January 1, 2014 (including mortgages on newly constructed property that have been issued in conjunction with the first transmission of the mortgaged property to a new owner), and secured or guaranteed under the provisions of the National Housing Act, approved June 27, 1934, as amended, or under the provisions of the Servicemen's Readjustment Act of 1944, as amended.	PR Internal Revenue Code, Section 1031.01(b)(14)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 12
TEB - 21	Individual Tax	Amounts paid by an employer as reimbursement of expenses related to trips, meals, lodging, entertainment and others	(33) Amounts paid by an employer to an employee as reimbursement of travel expenses, meals, lodging, entertainment and other employment-related expenses.- Amounts paid by an employer as reimbursement of expenses paid or incurred by the taxpayer with respect to his performance of services as an employee, consisting of travel expenses, meals, lodging while away from home, entertainment (except for those deemed excessive or extravagant given the circumstances) and other employment-related expenses, provided that said reimbursement is made under an expense reimbursement plan established by the employer, meeting the requirements established by the Secretary by regulation for such purpose.	PR Internal Revenue Code, Section 1031.02(a)(33)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 10
TEB - 22	Individual Tax	Other exclusions	The total amount of other exclusions from gross income for which a specific line is not provided on this Schedule, such as study scholarships, literary, scientific, artistic or other awards. Also, enter amounts excluded from gross income under special laws.	Instructions Booklet- Individual Income Tax Return 2022 Schedule IE Individual Part I Line 13	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 13

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 23	Individual Tax	Additional Personal Exemption for Veterans	(2) Additional Personal Exemption for Veterans. - An additional personal exemption of one thousand five hundred (1,500) dollars shall be allowed to any veteran, as defined in Act No. 13 of October 2, 1980, as amended, known as the "Puerto Rico Veterans Bill of Rights. (Act No. 13 of October 2, 1980, as amended, was repealed and substituted by Act No.203 of December 17, 2007, as amended). In the case of a married person living with his spouse and filing a joint return, if both are veterans the additional personal exemption shall be three thousand (3,000) dollars.	PR Internal Revenue Code Section 1033.18(a)(2)	Individual Income Tax Return 2022 (Form 482.0) - Part II Line 9
TEB - 24	Individual Tax	Fringe benefits paid by the employer in relation to a cafeteria plan	(2) Certain marginal benefits paid by an employer for its employees. - The following amounts paid or accrued by an employer for the benefit of an employee: (B) Cafeteria plan. - Amounts paid or accrued by an employer for the benefit of an employee under a cafeteria plan shall be exempt from tax under Section 1032.06 of the PR Internal Revenue Code.	PR Internal Revenue Code Section 1031.02(a)(2)(B)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 1
TEB - 25	Individual Tax	Interest upon-- Obligations from the United States Government, any of its states, territories or political subdivisions	(3) Tax-exempt interest - Interest on: (A) the obligations of the United States, any U.S. state or territory, or any political subdivision thereof and the District of Columbia	PR Internal Revenue Code Section 1031.02(a)(3)(A)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2 (A)
TEB - 26	Individual Tax	Interest upon-- Obligations from the Government of Puerto Rico	(3) Tax-exempt interest - Interest on: (B) the obligations of the Government of Puerto Rico or any of its instrumentalities or political subdivisions;	PR Internal Revenue Code Section 1031.02(a)(3)(B)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2 (B)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 27	Individual Tax	Interest upon-- Certain Mortgages	<p>(D) mortgages secured under the provisions of the National Housing Act, approved June 27, 1934, or under the provisions of said Act as thereafter amended that are:</p> <p>(i) executed on or before February 15, 1973, and held on May 5, 1973, by persons residing in Puerto Rico; and</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(E) mortgages on residential property located in Puerto Rico, granted after June 30, 1983, and before August 1, 1997, and insured or guaranteed pursuant to the provisions of the National Housing Act, approved on June 27, 1934, as amended, or pursuant to the provisions of the Servicemen's Readjustment Act of 1944, as amended;</p> <p>(F) mortgages on residential property located in Puerto Rico granted after July 31, 1997, and before January 1, 2014, that were for new construction and that were granted contemporaneously with the first transfer of the mortgaged property to a new owner. For purposes of this section, the term "new construction" means newly built residential property that is insured or guaranteed under the provisions of the National Housing Act, approved on June 27, 1934, as amended, or under the provisions of the Servicemen's Readjustment Act of 1944, as amended.</p> <p>(G) mortgages originated to provide permanent financing for the construction or acquisition of public housing, in accordance with Act No. 124 of December 10, 1993, administered by the Department of Housing and the public housing programs sponsored by the Federal Government;</p> <p>(H) mortgages secured by the Secretary of Agriculture of the United States of America pursuant to the provisions of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, or pursuant to the provisions of said Act as hereafter amended;</p>	PR Internal Revenue Code Section 1031.02(a)(3) (D), (E), (F), (G), and (H)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2(C)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 28	Individual Tax	Interest upon- Deposits in Puerto Rico interest bearing accounts up to \$100 (\$200 for married filing jointly)	K) deposits in interest-bearing accounts, cooperatives, savings associations authorized by the Federal Government or by the Government of Puerto Rico, commercial and mutual banks, or in any other organization of a banking nature located in Puerto Rico, up to a total amount of two thousand (2,000) dollars for each individual taxpayer. In the case of a taxpayer who files a joint return with his spouse, the exclusion shall not exceed two thousand (2,000) dollars. If spouses living together elect to file separate returns, the exclusion per spouse shall be limited to two thousand (2,000) dollars. This provision is applicable to that portion of the interest paid or accredited or deposits in interest bearing accounts that are the property of one (1) or more individuals, estates or trusts and which are registered under the name of a brokerage firm as nominee. It shall also apply to that part of any amount paid or distributed from an individual retirement account that consists of the interest described in Section 1023.04. Provided that, for tax years beginning after December 31, 2018, the amount of exemption provided in this subparagraph shall be one- hundred (100) dollars for each individual taxpayer. In the case of a taxpayer that files a joint return with his spouse, the exclusion shall not exceed two hundred (200) dollars. If the spouses that live together elect to file separate tax returns, the exemption for each one shall not exceed one hundred (100) dollars.	PR Internal Revenue Code Section 1031.02 (a)(3)(K)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2 D
TEB - 29	Individual Tax	Bonds, notes or other obligations under section 6070.56(h) of Act 60-2019	(h) Exemption for Individuals, Estates, Corporations, Partnerships, Limited Liability Companies, and Trusts with Respect to Interest Paid or Credited on Bonds, Notes, or Other Obligations of Certain Exempt Businesses.- (1) Exemption.- Any individual, estate, corporation, partnership, limited liability company, or trust shall be exempt from any tax imposed under the Internal Revenue Code and any license tax imposed under the Municipal License Tax Act on interest income earned from bonds, notes, or other obligations of an exempt business for the development, construction, or rehabilitation or improvements of an exempt business under this Chapter; provided, that the funds shall be entirely used in the development, construction, or rehabilitation or improvements of an exempt business and/or for the payment of existing debts of said exempt business, insofar as the funds from these existing debts have been originally used in the development, construction, or rehabilitation or improvements of the exempt business.	Puerto Rico Incentive Code - Section 6070.56(h) of Act 60-2019, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2(E)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data for Expenditure Estimates	Source Tax
INDIVIDUAL						
Exemption						
TEB - 30	Individual Tax	Interest upon-- Other interest subject to alternate basic tax reported in a Form 480.6D	<p>(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;</p> <p>(I) obligations secured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, or under the provisions of said act as hereafter amended, that are:</p> <p>(i) executed on or before February 15, 1973, and held on May 5, 1973, by persons residing in Puerto Rico.</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars;</p> <p>(L) obligations issued by-</p> <p>(i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella;</p> <p>(ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and</p> <p>(iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan.</p> <p>(iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection</p> <p>(L) will not be affected by the fact that the source of funds for the payment of these interests arises directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P) or (Q)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2(F)	

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB – 30 Continue	<i>Individual Tax</i>	Interest upon-- Other interest subject to alternate basic tax reported in a Form 480.6D	(P) Loans to small and medium-Size companies.- The interest on loans of up to two hundred fifty thousand (250,000) dollars in the aggregate for exempt business to small or medium-size enterprises, as defined in the Puerto Rico Economic Development Incentives Act for its establishment or expansion, provided that the loan complies with the requirements established in the laws known as Community Reinvestment Act of 1977, as amended, Public Law 95-128, 91 Stat. 1147, and those requirements provided by the Commissioner of Financial Institutions by regulation. (Q) Loans for capitalization of small and medium-sized companies.- The interest on loans up to two hundred fifty thousand (250,000) dollars in the aggregate per exempt business granted to shareholders of exempt businesses for being used in the initial capitalization or the subsequent capital requirements of exempt small or medium-sized businesses, as defined in Section 2(i) of Act No. 73 of May 28, 2008, known as the "Puerto Rico Economic Development Incentives Act."	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P) or (Q)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2(F)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 31	Individual Tax	Interest upon-- Other interest not subject to alternate basic tax reported in a Form 480.6D	<p>(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;</p> <p>(I) obligations secured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, or under the provisions of said act as hereafter amended, that are:</p> <p>i) executed on or before February 15, 1973, and held on May 5, 1973, by persons residing in Puerto Rico.</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them.</p> <p>(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars.</p> <p>(P) Loans to small and medium-Size companies.- The interest on loans of up to two hundred fifty thousand (250,000) dollars in the aggregate for exempt business to small or medium-size enterprises, as defined in the Puerto Rico Economic Development Incentives Act for its establishment or expansion, provided that the loan complies with the requirements established in the laws known as Community Reinvestment Act of 1977, as amended, Public Law 95-128, 91 Stat. 1147, and those requirements provided by the Commissioner of Financial Institutions by regulation.</p> <p>(Q) Loans for capitalization of small and medium-sized companies.- The interest on loans up to two hundred fifty thousand (250,000) dollars in the aggregate per exempt business granted to shareholders of exempt businesses for being used in the initial capitalization or the subsequent capital requirements of exempt small or medium-sized businesses, as defined in Section 2(i) of Act No. 73 of May 28, 2008, known as the "Puerto Rico Economic Development Incentives Act."</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (P) or (Q)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2 G

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 32	Individual Tax	Interest upon-- Other interest subject to alternate basic tax not reported in a Form 480.6D	<p>(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;</p> <p>(I) obligations secured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, or under the provisions of said act as hereafter amended, that are</p> <p>(i) executed on or before February 15, 1973, and held on May 5, 1973, by persons residing in Puerto Rico.</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars;</p> <p>(P) Loans to small and medium-Size companies.- The interest on loans of up to two hundred fifty thousand (250,000) dollars in the aggregate for exempt business to small or medium-size enterprises, as defined in the Puerto Rico Economic Development Incentives Act for its establishment or expansion, provided that the loan complies with the requirements established in the laws known as Community Reinvestment Act of 1977, as amended, Public Law 95-128, 91 Stat. 1147, and those requirements provided by the Commissioner of Financial Institutions by regulation.</p> <p>(Q) Loans for capitalization of small and medium-sized companies.- The interest on loans up to two hundred fifty thousand (250,000) dollars in the aggregate per exempt business granted to shareholders of exempt businesses for being used in the initial capitalization or the subsequent capital requirements of exempt small or medium-sized businesses, as defined in Section 2(i) of Act No. 73 of May 28, 2008, known as the "Puerto Rico Economic Development Incentives Act."</p>	PR Internal Revenue Code Section 1031.02 (a)(3)(C), (P) or (Q)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2 H

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 33	Individual Tax	Interest upon-- Other interest not subject to alternate basic tax not reported in a Form 480.6D	(L) obligations issued by- (i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before the Notary Public Luis F. Sanchez Vilella (ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and (iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan. (iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arises directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).	PR Internal Revenue Code Section 1031.02 (a)(3)(L)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 2 I
TEB - 34	Individual Tax	Dividends of-- Subject to alternate basic tax reported in a Form 480.6D	(4) Dividends (A) Dividends received by corporations on industrial development income which are derived from interest on: (i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions; (ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or (iii) loans or other mortgage-backed securities granted under any pension or retirement system of a general character established by the Legislature of Puerto Rico, the municipalities and the agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977. (B) Distributions from limited dividends corporations. -In the case of an individual, the dividends he receives from a limited dividends corporation that qualifies under Section 1101.01(a)(6)(A) of the PR Internal Revenue Code. The taxpayer shall submit, along with the return, a statement showing the number of shares of the limited dividends corporation which he owns, and the dividends received on said shares during the tax year. (C) Cooperative associations dividend. -The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.	PR Internal Revenue Code Section 1031.02(a)(4)(A), (B) or (C)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 3 (A)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 35	Individual Tax	Dividends of--Not subject to alternate basic tax reported in a Form 480.6D	(4) Dividends. -(D) Dividends of an International Insurance Company or International Insurance Holding Company. - Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code.	PR Internal Revenue Code Section 1031.02 (a)(4)(D)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 3 (B)
TEB - 36	Individual Tax	Dividends of--Subject to alternate basic tax not reported in a Form 480.6D	(4) Dividends. - (A) Dividends received by corporations on industrial development income which are derived from interest on: (i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions; (ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or (iii) loans or other mortgage-backed securities granted under any pension or retirement system of a general character established by the Legislature of Puerto Rico, the municipalities and the agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977. (B) Distributions from limited dividends corporations. -In the case of an individual, the dividends he receives from a limited dividends corporation that qualifies under Section 1101.01(a)(6)(A). The taxpayer shall submit, along with the return, a statement showing the number of shares of the limited dividends corporation which he owns, and the dividends received on said shares during the tax year. (C) Cooperative associations dividend. -The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B) or (C)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 3 (C)
TEB - 37	Individual Tax	Dividends of--Not subject to alternate basic tax not reported in a Form 480.6D	(4) Dividends. -(D) Dividends of an International Insurance Company or International Insurance Holding Company. - Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code.	PR Internal Revenue Code Section 1031.02(a)(4)(D)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 3 (D)



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 38	<i>Individual Tax</i>	Expenses of priests or ministers	(5) Priests or ministers. - The reasonable rental value of a home and belongings and the payment of water, electricity, gas and telephone granted to a duly ordained priest or minister of any religion, as part of his compensation. To be eligible for the exemption provided in this paragraph, the respective expenses cannot be excessive or extravagant as determined by the Secretary.	PR Internal Revenue Code Section 1031.02(a)(5)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 4
TEB - 39	<i>Individual Tax</i>	Recapture of bad debts, pror taxes, surcharges and other items	(8) Recovery of bad debts, prior taxes, surcharges -Income attributable to the recovery during the tax year of a bad debt, prior tax, surcharge, or other item, to the extent of the amount of the recovery exclusion with respect to such debt, surcharge or amount.	PR Internal Revenue Code Section 1031.02(a)(8)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 13
TEB - 40	<i>Individual Tax</i>	Stipends received by certain physicians during the intership period	(9) Stipends received by certain physicians during their internship - The stipend received by a physician during his internship under a contract signed with the Puerto Rico Department of Health or with any municipality or political subdivision thereof, to receive medical training while practicing in a hospital. This exclusion shall apply to the stipend for the monthly subsidy as well as to the additional subsidy for payment of lodging and meals and shall be granted for a maximum period of seventy-two (72) months.	PR Internal Revenue Code Section 1031.02(a)(9)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 6
TEB - 41	<i>Individual Tax</i>	Prize from the Lottery of Puerto Rico and the Additonal Lottery	(12) Prizes from the Puerto Rico Lottery and from the Additional Lottery- The amounts received as prizes won in the Lottery of Puerto Rico and as prizes from the Additional Lottery.	PR Internal Revenue Code Section 1031.02(a)(12)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 14

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 42	Individual Tax	Income from pensions or annuities, up to the applicable limitation	(13) The amounts received as pensions granted or to be granted by the retirement systems or funds subsidized by the Government of Puerto Rico, as well as annuities or pensions granted by the Government of the United States of America and by the instrumentalities or political subdivisions of both governments, and by pension, retirement, or annuities plans qualified under the provisions of Section 1081.01, granted by private-sector employers, up to the limit provided below: (A) In the case of pensioners who as of the last day of the tax year are sixty (60) years of age or older, the exemption shall be fifteen thousand (15,000) dollars per year. (B) In all other cases, the exemption shall be eleven thousand (11,000) dollars per year.	PR Internal Revenue Code Section 1031.02(a)(13)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 15
TEB - 43	Individual Tax	Christmas Bonus, Summer Bonus and Medicine Bonus	(14) The amounts received by pensioners from the retirement system for employees of the Government of Puerto Rico or its instrumentalities, those of the retirement system of the Judiciary, those of the retirement system of the University of Puerto Rico, and the pensioners of the Principal System of Pensions and Annuities for Teachers by way of Christmas Bonus, Summer Bonus granted by Act No. 37 and Act No. 38 of June 13, 2001, and Medicine Bonds granted by Act No. 155 of June 27, 2003 and Act No. 162 of July 15, 2003.	PR Internal Revenue Code Section 1031.02(a)(14)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 16
TEB - 44	Individual Tax	Gain from the sale or exchange of principal residence by certain individuals and qualified property	(16) Gain on the sale or exchange of principal residence by certain individuals - (A) General rule - In the case of an individual, the gain realized on the sale or exchange of his principal residence, up to the amount of one hundred fifty thousand (150,000) dollars per taxpayer. This exclusion shall apply if- (i) the individual elects this exclusion; (ii) the individual is sixty (60) years of age or older on the date of the sale or exchange; and (iii) during the five (5) year period which ends on the date of the said sale or exchange, said property has been owned and used by the individual as his principal residence for total periods of three (3) years or more.	PR Internal Revenue Code Section 1031.02(a)(16)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 17
TEB - 45	Individual Tax	Certain income related to the operation of an employees-owned special corporation	(17) Certain income related to the operation of special employee-owned corporations - The following income is exempt from tax: (A) The income of special employee-owned corporations that is credited to the collective reserve account and to the social fund. For contributions to the social fund to qualify for the exclusion herein granted, it shall be necessary that the benefits of the social fund are accessible to all residents of the municipality where the special employee-owned corporation has established its principal office, except for regular and corporate members of the corporation. In addition, it should be demonstrated to the Secretary of the Treasury that the social fund is used for the purposes provided in Article 1507 of Act No. 144 of August 10, 1995, as amended. Repealed and substituted by Act No. 164-2009, as amended.	PR Internal Revenue Code Section 1031.02(a)(17)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 27

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 46	Individual Tax	Cost of living allowance (COLA)	(18) Cost of living adjustment - The cost-of-living adjustment received by U.S. Government employees working in Puerto Rico, up to the amount exempt from tax for income tax purposes under the Federal Internal Revenue Code. The taxpayer must include with the return evidence demonstrating the amount of the cost-of-living adjustments received during the year. The Department shall be responsible for verifying that taxpayers have complied with their tax obligation in the four (4) years preceding the filing date. If the tax obligation has not been fulfilled, the Department may revoke the privilege granted in this paragraph and the taxpayer shall have to pay the amount owed, with penalties and surcharges.	PR Internal Revenue Code Section 1031.02(a)(18)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 11
TEB - 47	Individual Tax	Unemployment compensation	(19) Unemployment compensation - Amounts received as compensation for unemployment under a law of the United States, a U.S. state, or the Government of Puerto Rico.	PR Internal Revenue Code Section 1031.02(a)(19)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 18
TEB - 48	Individual Tax	Compensation received from active military service in a combat zone	(20) Compensation received for active military service performed by military personnel in a "combat zone." This exemption does not apply to military personnel mobilized outside Puerto Rico to relieve military personnel sent to the combat zone.	PR Internal Revenue Code Section 1031.02(a)(20)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 12
TEB - 49	Individual Tax	Compensation received by an eligible researcher or scientist	(26) Compensation received by an eligible researcher or scientist for services rendered to the University of Puerto Rico and any other institution of higher education accredited in Puerto Rico, for scientific research up to an amount equal to the maximum grant established by the National Institutes of Health for salaries to researchers receiving grants from any organization under the National Institutes of Health for the applicable period, according to the notices published by the Institutes; provided that, for the calendar year beginning January 1, 2008, the amount to be excluded shall be one hundred ninety-five thousand (195,000) dollars. Any income earned by a researcher or scientist from services rendered to other persons, whether individuals or entities, other than the University of Puerto Rico or other institutions of higher education, are excluded from this benefit.	PR Internal Revenue Code Section 1031.02(a)(26) or (27)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 9

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 51	Individual Tax	Compensation to citizens and alien's nonresidents of Puerto Rico for the production of film projects	(32) Compensation to citizens and nonresident aliens in Puerto Rico for motion picture production. - The wages, fees or compensation paid by foreign individuals or corporate entities to citizens and nonresident aliens in Puerto Rico, for technical services provided thereby during motion picture productions for distribution to movie or television networks.	PR Internal Revenue Code Section 1031.02(a)(32)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 19
TEB - 52	Individual Tax	Income from overtime worked by a Puerto Rico Police member	(34) Income from overtime earned by members of the Puerto Rico Police Bureau, as such public servants, is defined in Article 1.02 of Act 20-2017, as amended, known as the "Puerto Rico Department of Public Safety Act". Likewise, starting on January 1, 2019, the salaries which are retroactively paid to the members of the referenced Bureau, due to the increases in the base rates of the scales and for the salary increases granted by Act 227-2004, as amended, and any other income that these generate for past promotions pursuant to the salary scales, and that are still owed, will be exempt from all taxation. For the salaries paid for the items previously mentioned during tax year 2018, that have not be included in the Withholding Statement for such year, a credit shall be granted, equivalent to one-hundred percent (100%) of such income, in tax year 2019. These exclusions do not apply to civil employees of the above referenced Bureau.	PR Internal Revenue Code Section 1031.02(a)(34) & Section 1031.02(a)(34)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 7
TEB - 53	Individual Tax	Income from sources outside of Puerto Rico	(A) Income from sources outside Puerto Rico.- (i) Nonresident of Puerto Rico throughout the tax year.- In the case of an individual who is a U.S. citizen and who establishes, to the Secretary's satisfaction, that he has not been a resident of Puerto Rico throughout the tax year, the amounts received from sources outside Puerto Rico, but said individual shall not be allowed as a deduction from gross income any deduction properly attributable or imputable to amounts excluded from gross income under this paragraph.	PR Internal Revenue Code Section 1031.02(a)(35)(A)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 20
TEB - 54	Individual Tax	Remuneration received by employees of foreign governments or international organizations	(E) compensation of employees of foreign governments or international organizations. - (i) Rule for exclusion.- The salaries, fees or wages of any employee of a foreign government or international organization, including a consular officer or other officer or nondiplomatic representative, received as compensation for official services to said government or international organization- (I) If said employee is not a U.S. citizen; (II) If, in the case of an employee of a foreign government, the services are similar to those performed by Employees of the Government of the United States in foreign countries; and (III) If, in the case of an employee of a foreign government, the foreign government grants an equivalent exemption to employees of the Government of the United States who perform similar services in said foreign country.	PR Internal Revenue Code Section 1031.02(a)(35)(E)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 21

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 55	Individual Tax	Income from buildings rented to the Government of Puerto Rico for public hospitals, health or convalescent homes, public schools (Contracts in force at November 22, 2010)	(F) Income from buildings leased or rented to the Government of Puerto Rico for public hospitals, health or convalescence clinics and complementary facilities to said hospitals, health and convalescent clinics, such as nurse housing, cafeteria, laundry services, physical and vocational rehabilitation centers; public schools and physical facilities complementary to education, such as libraries, book stores, student and teacher housing and multipurpose centers such as cafeterias, meeting and recreational facilities; or the construction of buildings to be leased to non-profit entities for use as hospitals, health or convalescent clinics and complementary physical facilities. This exemption shall be available solely and exclusively for those buildings that have a lease contract in effect as of November 22, 2010.	PR Internal Revenue Code Section 1031.02(a)(35)(F)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 22
TEB - 56	Individual Tax	Income from residential rent under Act 132-2012	Income from residential property rented under the Real Property Market Stimulus Act (Act 132-2010, as amended) reported in Schedule N Individual, Part II, line 2. The income derived by any Eligible Lessor from the leasing of residential property will be fully exempt from income tax, including the alternative basic tax and the alternative minimum tax. The exemption shall apply during a period of up to fifteen (15) years commencing on January 1, 2011, and ending December 31, 2025.	Act 132-2010, as amended and Instructions Booklet-Individual Income Tax Return 2022 Schedule IE Individual Part II Line 37	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 37

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 57	Individual Tax	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	(G) Income derived by the taxpayer from the resale of personal property or services whose acquisition by said taxpayer was subject to tax under Section 3070.01 of this Code or Section 2101 of Act No. 120 of October 31, 1994, as amended, known as the Internal Revenue Code of 1994.	PR Internal Revenue Code Section 1031.02(a)(35)(G)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 23
TEB - 58	Individual Tax	Accumulated Gain in Nonqualified Options	Section 1040.08 (e) Transitional Provisions (1) Election to prepay special tax on accrued gains in options to acquire transferred stock or partnership shares.- The following shall be subject to the provisions of paragraphs (2) and (3) of this subsection, (A) Any individual who, being the owner of an option (qualified or unqualified under Section 1046 of the Puerto Rico Internal Revenue Code of 1994, as amended) to acquire corporate stock or partnership shares, prepaid during the period from July 1, 2006 to December 31, 2006, a special tax of five (5) percent on all or part of any gain accrued on the option granted. Section 1023.21 (c) Included assets. The selection provided in this section may be made with respect to the following assets: (1) Shares in corporations, limited liability companies or partnerships, whether domestic or foreign, including the option to acquire shares or stock;	PR Internal Revenue Code Section 1040.08(e)(1)(A) and Section 1023.21(c)(1)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 24

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 59	Individual Tax	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	Section 1023.06(j) Transitional Provisions.- The amount of any eligible distribution made by a corporation or partnership during the period between July 1, 2006 and December 31, 2006, subject to a special tax rate of five (5) percent of the total amount received by any eligible person, in lieu of the special tax established under subsection (b), and not currently distributed to the shareholders or partners of said entities, may be maintained in the books of the corporation or partnership in question, in order to comply with any contractual, commercial or statutory commitment of said entities, to be taken into account when making any kind of distribution by the Board of Directors of managing partner or directors of said corporations or partnerships, and subject as such to the discretion thereof, in terms of the source or origin of the monies to be distributed in the future by any such entities. Section 1023.25(b) Tax applicable to constructive distributions. Any corporation has, within the periods provided in subsection (a) of this section, the authority to designate, as a constructive distribution, an amount up to the retained earnings and profits subject to the special tax provided in subsection (a) of this section, without having to distribute them during the temporary period.	PR Internal Revenue Code Sections 1023.06(j) and Section 1023.25(b)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 25
TEB - 60	Individual Tax	Distributions from Non-Deductible Individual Retirement Accounts	(3) Nonqualified distributions Any distribution from a nondeductible individual retirement account other than a qualified distribution shall be taxable under the provisions of Section 1081.02(d) and shall be subject to the penalties provided in Section 1081.02(g) in the same manner as distributions from the individual retirement accounts described in Section 1081.02. For purposes of Section 1081.02(d)(1)(A), the basis of any person in the nondeductible individual retirement account shall be equal to the sum of: (A) nondeductible contributions made to the account. (B) qualified rollover contributions made to the account; and (C) the income earned by the income tax-exempt account.	PR Internal Revenue Code Section 1081.03(d)(3)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 26
TEB - 61	Individual Tax	Compensation or indemnification Paid to an Employee Due to Dismissal	(15) The compensation or indemnities received by an employee by reason of severance, without it being necessary to determine just cause, up to a maximum amount equal to the indemnity that the employee could receive under Act No. 80 of May 30, 1976, as amended.	PR Internal Revenue Code Section 1031.01(b)(15)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part I Line 7

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 62	Individual Tax	Salaries from Overtime during Emergency Situations	Section 1.- The salary earned for overtime worked by employees required to do so as a result of the Island or one of its municipalities having been declared a disaster zone is hereby exempted from the payment of income tax up to a maximum of ninety (90) days after such declaration. Section 2.- The Heads of Agencies of the Commonwealth of Puerto Rico and those employers that activate employees who may avail themselves of the benefits of this Act shall submit the lists of employees who were required to work during the emergency to the Secretary of the Treasury.	Act 324-2004	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 8
TEB - 63	Individual Tax	Income from copyrights up to \$10,000 under Act 516-2004	Article 4.- Contributory Incentives to the Authors: The income received by Puerto Rican authors for their works, up to the amount of ten thousand dollars (\$ 10,000.00), will be exempt from the payment of contributions.	Act 516-2004	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 29
TEB - 64	Individual Tax	Income received by designers and translators up to \$6,000 under Act 516-2004	Article 8.- Tax Incentives for Designers and Translators: The income received, the designers and translators for their work in the preparation of books, will be exempt from the payment of contributions, up to the amount of six thousand dollars (\$ 6,000.00). Designers and translators must submit to the Secretary of the Department of the Treasury all the documentation required by this regulation to verify and / or certify that they have complied with the provisions of this Law.	Act 516-2004	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 30
TEB - 65	Individual Tax	Distributable share on exempt income from pass-through entities	The amount received for the distributable share on exempt income from pass-through entities, and revocable trusts or grantor trusts. Transfer to this line, in the column of items considered for the mortgage interest limitation, the amount indicated on Form 480.60 EC, Part III, line 17 and on Form 480.60 F, Part III, line 1U, as applicable. Transfer to the column of items subject to alternate basic tax, the amount indicated on Form 480.60 EC, Part III, line 18 and on Form 480.60 F, Part III, line 1V, as applicable.	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 28	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual Part II Line 28

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 66	Individual Tax	Income derived by young people from wages, services rendered, self-employment or new business with special agreement (Act 135-2014)	(36) Income derived by young persons for salaries, services and/ or self-employment. - The first forty thousand dollars (\$40,000) of gross income generated by a young man from salaries, services and / or self-employment, shall be exempt from taxation under this Subtitle. An excess of over forty thousand dollars (\$40,000) will be taxed at ordinary rates. In this case the taxpayer is not entitled to claim the Special Deduction for Certain Individuals provided in Section 1033.16. For purposes of this subsection, the term young person means one individual resident of Puerto Rico, whose age ranges from sixteen (16) and twenty (26) years at the end of the taxable year. For more details, refer to the provisions of Act 135-2014, If you are a if you are a young entrepreneur whose age fluctuates between 16 and 35 years and you are in the first three years of operation of a new business under a special agreement for the creation of young businesses, enter in the corresponding line the amount of gross income generated by the new business, up to \$500,000. In order to claim the \$500,000 deduction, you must include with the return the Certification or copy of the Special Agreement for the Creation of Young Businesses (Agreement) issued by the Puerto Rico Trade and Export Company. The exemption will be applicable during the first 3 years from the signing of the Agreement. ----Section 6070.20 of Act 60-2019.- Section 17 of Act 35-2014, as amended by Act 60-2019, "Effectiveness- This Act shall take effect immediately after its approval and shall be effective for taxable years beginning after December 31, 2013, and before January 1, 2020." "	PR Internal Revenue Code Section 1031.02(a)(36) or Act 135-2014	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 31 (G)
TEB - 67	Individual Tax	Exempt salaries of a professional in a hard-to-fill position (Form 499R-2/W-2PR)	(a) Wage income, as such term is defined in Section 1062.01 of the Puerto Rico Internal Revenue Code, earned by a Hard to Recruit Professional, up to the amount of one hundred thousand dollars (\$100,000) shall be subject to income taxes provided by the Puerto Rico Internal Revenue Code. The salaries and wages and benefits in excess of one hundred thousand dollars (\$100,000) shall be fully exempt from income taxes in Puerto Rico, including the alternate basic tax provided in the Puerto Rico Internal Revenue Code. (b) To receive this tax benefit on account of earned wage income, the Hard to Recruit Professional shall have to hold a Full-Time position at an Exempt Business with a valid Decree, as established in this Code. Moreover, to avail himself of the benefits provided in this Section, the Hard to Recruit Professional may not benefit from the provisions of Sections 2022.01 and 2022.02, nor hold a decree under Act No. 22-2012, as amended, known as the "Act to Promote the Relocation of Individual Investors to Puerto Rico."	Puerto Rico Incentive Code Section 2022.03(a) and (b) of Act 60-2019, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 32

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 68	<i>Individual Tax</i>	Other payments subject to alternate basic tax reported in a Form 480.6D	The amount included in Box 22 (Other Payments Subject to Alternate Basic Tax) of Form 480.6D, for which there is not a specific line provided on this Schedule.	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 33	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 33
TEB - 69	<i>Individual Tax</i>	Other payments not subject to alternate basic tax reported in a Form 480.6D	The amount included in Box 23 (Other Payments Not Subject to Alternate Basic Tax) of Form 480.6D, for which there is not a specific line provided on this Schedule	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 34	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 34
TEB - 70	<i>Individual Tax</i>	Other exemptions subject to alternate basic tax not reported in a Form 480.6D	(21) Income received or earned with respect to games organized by international associations or federations. - Income of any kind received or earned by teams of members of international associations or federations or associations or entities affiliated with said teams, and income of any kind earned by entities contracted by said teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico.	PR Internal Revenue Code Section 1031.02(a)(21)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 35

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 71	Individual Tax	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	<p>(1) Annuities.-</p> <p>(A) Employee annuities</p> <p>(B) Educational policies</p> <p>(C) International Insurer Annuities</p> <p>(2) Certain marginal benefits paid by an employer for its employees.- The following amounts paid or accrued by an employer for the benefit of an employee:</p> <p>(A) Life insurance premiums.-</p> <p>(C) Payments for dependent care</p> <p>(D) Contributions to health or accident plans</p> <p>(6) Incentives received by farmers.-</p> <p>(A) In the case of any farmer, the incentives received from the Government of Puerto Rico for:</p> <p>(i) the purchase of farm machinery used for the production of sugar cane, coffee, vegetables, rice and food crops;</p> <p>(ii) the purchase of fertilizer, herbicide, fungicide and materials for land improvement, beekeeping, mariculture, aquaculture and otherwise as determined or added by the Secretary of Agriculture;</p> <p>(iii) the purchase of wire, posts, cattle fencing materials and otherwise as determined or added by the Secretary of Agriculture; and</p> <p>(iv) the construction of cattle, hog and poultry facilities and fishing vessels.</p> <p>(B) These incentives shall be deemed a reduction of costs or expenses, as the case may be, incurred by the farmer. The Secretary of Agriculture must submit to the Secretary each year, on or before January 31 of the year following the calendar year in which said incentives were granted, a list containing the following information:</p> <p>(i) name, account number and address of each farmer to whom the incentives have been granted, and</p> <p>(ii) item and amount of the incentives.</p>	PR Internal Revenue Code Section 1031.02 (a), 1031.02(a) (1)(A), (B),(C), (2)(A),(C),(D), (6)(A),(B), (7),(10), (11), (15), (22), (23), (24),(25), (29), (30), (31), (33), (35)(B),(C) or (D)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 36

TEB.65 ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 71	Individual Tax	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	<p>(7) Improvements by lessee on lessor's property.-Income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.</p> <p>(10) Leave pay for military and naval personnel.- Amounts received during the tax year as leave pay with respect to service in the military or naval forces of the United States.</p> <p>(11) Income of news agencies or syndicates.- The income of news agencies or syndicates or other press services, received from newspaper or radio broadcasting enterprises as royalties for the use or publication of, or for the right to use or publish in Puerto Rico, literary or artistic property of said agencies or syndicates.</p> <p>(15) Racetrack prizes.-The amounts from winnings obtained in pools, pari-mutuels, daily doubles, "quinielas", exacta, subscription funds and any other bet at racetracks in Puerto Rico.</p> <p>Out subject to ABT(21) Income received or earned with respect to games organized by international associations or federations.- Income of any kind received or earned by teams of members of international associations or federations or associations or entities affiliated with said teams, and income of any kind earned by entities contracted by said teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico.</p> <p>(22) Income earned by Caribbean Series participants.- Income earned by the nonresident players, managers, technical personnel and foreign teams participating in Caribbean Series Professional Baseball games held in Puerto Rico.</p> <p>(23) Income by an international insurance company or international insurance holding company, subject to the provisions of Article 61.240 of the Puerto Rico Insurance Code, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>subdivisions</p> <p>(D) receipts of vessel owner and mutual protection and indemnity associations</p>	PR Internal Revenue Code Section 1031.02 (a), 1031.02(a) (1)(A), (B),(C), (2)(A),(C),(D), (6)(A),(B), (7),(10), (11), (15), (22), (23), (24),(25), (29), (30), (31), (33), (35)(B),(C) or (D)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 36

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 71, Continues	<i>Individual Tax</i>	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	<p>(24) Federal prescription drug plan subsidy.- Payments of the subsidy received under the provisions of Section 1860D-22 of the Social Security Act, as amended or as subsequently amended. This exemption from gross income shall not affect the determination of any deduction allowed under Section 1033.01 of this Subtitle. Therefore, a taxpayer may claim a deduction under Section 1033.01 of this Subtitle, even when said taxpayer also receives an excludable subsidy with respect to the deduction allowed under Section 1033.01 of this Subtitle.</p> <p>(25) Amounts received by an employee under Act No. 84 of March 1, 1999, known as the "Government Daycare Center Creation Act," provided that the expenses are related to a dependent for whom the employee is entitled to claim an exemption under Section 1033.18(b). No deduction shall be allowed any provision of this Subtitle for any amount exempt from tax under this paragraph.</p> <p>(29) Stipends and travel expenses of legislators.- Amounts received by members of the Legislative Assembly of the Government of Puerto Rico as stipends and travel expenses, representing a reimbursement of expenses actually incurred.</p> <p>(30) Stipends and travel expenses of municipal legislators.- Amounts received by members of the municipal legislatures as stipends and travel expenses, representing a reimbursement of expenses actually incurred.</p> <p>(31) Income of international banking entities.- Income from any of the activities described in subsection (a) of Section 12 of Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act," carried on by any International Banking Entity authorized to carry on such activities under the provisions of said act, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>(33) Amounts paid by an employer to an employee as reimbursement of travel expenses, meals, lodging, entertainment and other employment-related expenses.- Amounts paid by an employer as reimbursement of expenses paid or incurred by the taxpayer with respect to his performance of services as an employee, consisting of travel expenses, meals, lodging while away from home, entertainment (except for those deemed excessive or extravagant given the circumstances) and other employment-related expenses, provided that said reimbursement is made under an expense reimbursement plan established by the employer, meeting the requirements established by the Secretary by regulation for such purpose.</p> <p>(35) Miscellaneous items.-</p> <p>(B) income of the U.S. government, foreign governments and international organizations</p> <p>(C) income of states, municipalities and other political</p>	PR Internal Revenue Code Section 1031.02 (a), 1031.02(a) (1)(A), (B),(C), (2)(A),(C),(D), (6)(A),(B), (7),(10), (11), (15), (22), (23), (24),(25), (29), (30), (31), (33), (35)(B),(C) or (D)	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 36

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 72	Individual Tax	Exempt amount from manufacturing income (Schedule J Individual)	The exempt amount of manufacturing income covered under incentive acts, as determined in Part IV, line 2 of Schedule J Individual.	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 38	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 38
TEB - 73	Individual Tax	Exempt amount on income from the sale of goods (Schedule K Individual)	The exempt amount on income from the sale of goods covered under incentive acts, as determined in Part IV, line 2 of Schedule K Individual.	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 39	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 39
TEB - 74	Individual Tax	Exempt amount from farming income (Schedule L Individual)	The exempt amount from farming income covered under incentive acts, as determined in Part IV, line 2 of Schedule L Individual.	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 40	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 40
TEB - 75	Individual Tax	Exempt amount on income from services rendered (Schedule M Individual)	The exempt amount on income from services rendered covered under incentive acts, as determined in Part IV, line 2 of Schedule M Individual.	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 41	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 41



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Exemption					
TEB - 76	<i>Individual Tax</i>	Exempt amount from rental income (Schedule N Individual)	The exempt amount on income from the rent of property covered under incentive acts, as determined in Part IV, line 2 of Schedule N Individual.	Instructions Booklet - Individual Income Tax Return 2022 Schedule IE Individual Part II Line 42	Individual Income Tax Return 2022 (Form 482.0) Schedule IE Individual, Excluded and Exempt Income, Part II Line 42

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Preferential Tax Rate					
TEB - 77	Individual Tax	Net long-term capital gain (or loss) under Act	(a) Tax Rate. Any individual, estate or trust shall pay, in lieu of any other taxes levied by this Subtitle, a tax of: (1) ten (10) percent tax on the excess of any net long-term capital gain over any net short-term capital loss, as defined in Section 1034.01, derived from any sale or exchange made before July 1, 2014; (2) fifteen (15) percent on the excess of any net long-term capital gain over any net short-term capital loss derived from any sale or exchange made after June 30, 2014 or, the taxpayer may elect to pay a tax at the normal tax rates, whichever is most beneficial for the taxpayer.	PR Internal Revenue Code Section 1023.02	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (a)
TEB - 78	Individual Tax	Interest from IRA on deposits in accounts from certain financial institutions	(a) Tax Rate (1) Special tax rate. For tax years beginning before January 1, 2017, any individual, estate or trust may apply the option to pay, in lieu of any other taxes levied by this Subtitle, a tax equal to ten (10) percent, or seventeen (17) percent in the case of an individual retirement account over the total amount of non-exempt interest paid or credited on deposits in interest-bearing accounts, savings cooperatives or associations authorized by the Federal Government or the Government of Puerto Rico, commercial and mutual banks or any other banking organization located in Puerto Rico, provided that said taxpayer complies with certain requirements. (Schedule FF Individual, Part I, line 4, Column B) (10%)	PR Internal Revenue Code Section 1023.04	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (b)
TEB - 79	Individual Tax	Interest on deposits in accounts from certain financial institutions	(a) Tax Rate (1) Special tax rate. For tax years beginning before January 1, 2017, any individual, estate or trust may apply the option to pay, in lieu of any other taxes levied by this Subtitle, a tax equal to ten (10) percent, or seventeen (17) percent in the case of an individual retirement account over the total amount of non-exempt interest paid or credited on deposits in interest-bearing accounts, savings cooperatives or associations authorized by the Federal Government or the Government of Puerto Rico, commercial and mutual banks or any other banking organization located in Puerto Rico, provided that said taxpayer complies with certain requirements. (Schedule FF Individual, Part I, line 4, Column C) (10%)	PR Internal Revenue Code Section 1023.04	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (c)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Preferential Tax Rate					
TEB - 80	Individual Tax	Interest from distributions of IRA to Governmental Pensioners	(d) Distribution of Individual Retirement Account Assets.- (1) Taxation of payments or distributions from an individual retirement fund.- (D) Notwithstanding the provisions of subparagraphs (B) and (C) of this paragraph, the owner or beneficiary of an individual retirement account who receives a total or partial distribution from an individual retirement account that does not constitute a distribution of his contribution to the individual retirement account, may have the option to pay a tax equal to ten (10) percent on such amount instead of any other tax levied by this subsection, for the tax year in which the owner or beneficiary effectively receives such total or partial distribution, provided that he is actually receiving the retirement benefits offered by the Retirement System of the Government of Puerto Rico and its instrumentalities, Judiciary Retirement System or Teacher Retirement System. If the owner or beneficiary of the individual retirement account exercises the option to pay the tax of ten (10) percent provided in this subparagraph, the trustee of the individual retirement account shall be under the obligation to deduct and withhold the tax of ten (10) percent on the amount distributed. (Schedule FF Individual, Part I, line 4, Column E) (10%)	PR Internal Revenue Code Section 1081.02(d)(1)(D)	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (d)
TEB - 81	Individual Tax	Non-exempt eligible interest paid or credited on bonds, notes, other obligations or mortgage loans	(a) Tax Rate (1) Special tax rate. For tax years beginning before January 1, 2017, any individual, estate, corporation, partnership or trust may elect to pay, in lieu of any other tax levied by this Subtitle, a tax equal to ten (10) percent of the total amount of non-exempt eligible interest that is paid or credited on bonds, promissory notes, or other obligations issued by a corporation or partnership described in paragraph (1) of subsection (b), or on mortgages on residential property located in Puerto Rico described in paragraph (2) of said subsection. (Schedule FF Individual, Part I, line 4, Column A) (10%)	PR Internal Revenue Code Section 1023.05	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (e)
TEB - 82	Individual Tax	Eligible distribution of dividends	(a) Levying of Tax.- There shall be levied, collected and paid, in lieu of any other taxes levied by this Subtitle on the total amount received by any eligible person (as defined in subsection (d)), attributable to any eligible distribution (as defined in subsection (c)) of dividends: (1) of a domestic corporation; or (2) of a foreign corporation, when no less than eighty (80) percent of its gross income derived during the period of three (3) tax years ending on the close of the tax year preceding the date of the declaration of the dividend constitutes income effectively connected with a trade or business in Puerto Rico, the special tax provided in subsection (b), without taking into consideration any deduction or credit provided by this Subtitle. This section shall not apply to amounts distributed in a total or partial liquidation of a corporation. (Schedule FF Individual, Part II, line 3, Column A)	PR Internal Revenue Code Section 1023.06	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (f)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Preferential Tax Rate					
TEB - 83	Individual Tax	Income paid by sport teams of international associations or federations	(a) Levying of Tax.- There shall be levied, collected and paid, in lieu of any other taxes levied by this Subtitle, a special tax of twenty (20) percent on the total amount received by any resident or nonresident individual (including but not limited to players, managers and technical personnel) as compensation received for personal services rendered in Puerto Rico as an employee or independent contractor of a team of members of international associations or federations or associations or entities affiliated with said teams, as described in subsection (c). (Schedule F Individual, Part V, line 3, Column D)	PR Internal Revenue Code Section 1023.07	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (g)
TEB - 84	Individual Tax	Total distributions from qualified retirement plans	(a) Exemption.- A trust organized under the laws of Puerto Rico that forms part of an employer's retirement, profit sharing, stock bonus or pension plan, for the exclusive benefit of its employees who are Puerto Rico residents or who render services primarily in Puerto Rico, and the beneficiaries thereof; or a trust organized under the laws of Puerto Rico or that is deemed a domestic trust under the U.S. Internal Revenue Code of 1986, as amended, or any successor legal provisions, which forms part of an employer's retirement, profit sharing, stock bonus or pension plan, for the exclusive benefit of its employees who are Puerto Rico residents or Puerto Rico and U.S. residents, with respect to its U.S. participants and beneficiaries, which complies with the qualification requirements of Section 401(a) of the U.S. Internal Revenue Code, as amended (hereinafter referred to as the "Federal Code," for the purposes of this section), shall not be taxable under this Subchapter, and no other provisions of this Subchapter shall be applicable with respect to said trust or its beneficiaries, provided that its terms and operations meet certain requirements. (Schedule D-Individual)	PR Internal Revenue Code Section 1081.01(a)	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (h)
TEB - 85	Individual Tax	Gain taxable at rate under an Incentives Act 14-2017 (K, L, M, or N) and/or wages (Qualified Physicians)	The gain determined on Schedules K, L, M or N Individual, as applicable, taxable at a reduced rate under an Incentives Act or wages received by a qualified physician who has a decree under Act 14-2017 or Act 60-2019, as amended and that have reported separately in the spaces provided on lines 1B and 1C of Part I of the return or lines 1 and 2, Part I of Schedule CO Individual, as applicable. Include this amount in Columns B through H, as it corresponds, according to the applicable preferential tax rate.	Act 14-2017, as amended, Act 60-2019, as amended or Instructions Booklet - Individual Income Tax Return 2022 Schedule A2 Individual - Line 4 (i)	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (i)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Preferential Tax Rate					
TEB - 86	Individual Tax	Distributable share on net income subject to preferential rates from pass-through entities	Distributable Share on Net Income Subject to Preferential Rates from Pass-Through Entities (Schedule F Part IV, Line 3 Column F)	PR Internal Revenue Code Section 1071.02	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (j)
TEB - 87	Individual Tax	Any other income subject to a preferential rates	Any other income subject to a preferential rate not specified in lines 4(a) through 4(j) and 4(l), and distribute it in the corresponding Column, under the applicable preferential rate. Section 1023.01 -Special Surtax on Separate Accounts Section 1023.02 - Special Tax on Individuals, Estates and Trusts on Net Long-Term Capital Gain Section 1023.08 - Special Tax on Variable Annuities in Separate Accounts Section 1023.09 - Special Tax on Total Distributions of Certain Employee Trusts Section 1023.20 - Election to Prepay the Tax on Accrued Undistributed Amounts in a Variable Annuity Contract Section 1023.21 - Special Tax on Individuals, Estates and Trusts on the Sale or Excess Prepayment over the Increase in Accrued Value of Certain Assets Section 1023.22 - Special Tax on Corporations on the Sale or Excess Prepayment over the Increase in Accrued Value of Capital Assets Section 1023.23 - Prepayment of Individual Retirement Accounts Section 1023.24 - Prepayment [to] Educational Contribution Accounts Section 1023.25 - Special Tax on Distributions of Dividends and Prepayment of the Special Tax on Constructive Distributions	Instructions Booklet - Individual Income Tax Return 2022 Schedule A2 Individual Line 4 (k)	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (k)
TEB - 88	Individual Tax	Distributions for reasons of a disaster declared by the Governor of Puerto Rico	Eligible Distributions from Retirement Plans or IRAs that were received for reason of extreme economic emergency due to a disaster declared by the Governor of Puerto Rico. (10% tax rate)	PR Internal Revenue Code Sections Retirement Plans- 1081.01(b)(1)(D) or IRAs- 1082.02(d)(1)(I)	Individual Income Tax Return 2022 (Form 482.0) Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (l)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Preferential Tax Rate					
TEB - 89	<i>Individual Tax</i>	Act 185 - 2014, Private Equity Fund	Individuals that are considered as accredited investors, pursuant to Act 185-2014, as amended ("Act 185-2014"), or Act 60-2019, may claim a deduction for their initial investment in a private equity fund or in a Puerto Rico private equity fund. (Evidence is required with the return). The Private Equity Fund and the Puerto Rico Private Equity Fund distributive share from interest and dividends shall pay, in lieu of any other tax imposed by the PR Internal Revenue Code, including the alternate basic tax and the alternative minimum tax, generally a 10% tax rate. However, distributive share of the General or Managing Partners of the Fund pay a 5% tax rate. For additional information refer to Act 185-2014 or Act 60-2019.	Act 185-2014, as amended or Act 60-2019, as amended	Individual Income Tax Return 2022 (Form 482.0) (Deduction for Private Equity Investment) Part II Line 12 Schedule A2 Individual, Tax on Income Subject to Preferential Rates, Line 4 (f) (Interest and Dividends)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Preferential Tax Rate					
TEB - 90	Individual Tax	Act 22-2012, Transfer of Investors to Puerto Rico	<p>For purposes of Act 22-2012, as amended, or Act 60-2019, as amended, "resident individual investor " means a resident individual, as defined in Section 1010.01(a)(30) of the Code, who was not a resident of Puerto Rico between January 17, 2006 and January 17, 2012 and who becomes resident of Puerto Rico no later than the taxable year ending on December 31, 2035. Totally exempt from the payment of income tax in Puerto Rico, including the alternate basic tax, the income from all sources earned by a resident individual investor, after becoming resident of Puerto Rico but before January 1, 2036, consisting of: interests and dividends, including but not limited to, interests and dividends from a registered investment company described in Section 1112.01 of the Code, and interests, financing charges, dividends or share in partnerships benefits received from international banking entities duly authorized according to the Banking Center Regulatory Act.---Accretion after becoming resident of Puerto Rico--The total net capital gain derived by a resident individual investor related to any accretion of the securities owned after he/she became resident of Puerto Rico, that is recognized before January 1, 2036, will be totally exempt from the payment of income tax in Puerto Rico, including the alternate basic tax provided by the Code. If such accretion is recognized after December 31, 2035, the net long-term capital gain related to such securities will be subject to the payment of income tax according to the tax treatment provided by the Code. (Schedule F1 Individual, Detail of Income of Resident Individual Investor (Act 22-2012, as amended or Act 60-2019, as amended)</p>	Act 22 -2012, as amended or Act 60-2019, as amended	Individual Income Tax Return 2022 (Form 482.0)Schedule IE-Individual, Part II, Line 36 Net Capital Gain and Losses (Transfer the total of Column (E) Amount Attributed to the Period Prior to Establishing Residence in P.R. (Col. B - Col. C) to Schedule D-Individual, Part II, Line 15. Enter the net long term capital gain (or loss) generated by a resident individual investor under Act 22-2012, as determined in Schedule F1 Individual, Part III, line 1, Column (E). Transfer amount to Schedule IE Individual, Tax on Income Subject to Preferential Rates, Part II Line 36

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Subject to Moratorium					
TEB - 91	<i>Individual Tax</i>	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 - 2000, including purchases.	<p>PR Internal Revenue Code Section 1051.12 (a) Credits subject to moratorium: (2) Subparagraph (a) of Article 14 of Act No. 46 of January 28, 2000, as amended, known as the Puerto Rico Investment Capital Investment Fund Act of 1999</p> <p>Act 46-2000: Section 14(a) Tax Credit.- The Administrator of the Fund shall be entitled to a tax credit equivalent to 25% of the sum of money received by the Fund as private proprietary interests in the Fund, which can be used solely as provided in subsection (b) and (d) of this Section. The tax credit shall be available at the time the Fund receives cash which qualifies it as an investment of private proprietary funds.</p>	PR Internal Revenue Code Section 1051.12 (a)(2) or Act 46-2000	Individual Income Tax Return 2022 (Form 482.0) Schedule B- Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 1 A-Pre Tax Credits Manager, 1 B-Post Tax Credits Manager and Schedule B- Individual Part IV Line 2A-Pre Tax Credits Manager, 2 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Subject to Moratorium					
TEB - 92	Individual Tax	Credit for construction investment in urban centers (Act 212-2002, as amended)	<p>PR Internal Revenue Code Section 1051.11(b)(5)(F) Credits subject to moratorium: Paragraphs (E) and (F) of Article 4.03 and Article 4.04 of Act No. 212 of August 29, 2002, as amended, known as the Urban Center Revitalization Act; the moratorium shall apply as follows: Credits granted during Fiscal Years 2018-19 to 2023-24; only up to fifty (50) percent of the credit granted in tax years beginning after the end of the first semester of the fiscal year during which the tax credit is granted may be claimed; and any remanent in subsequent tax years.</p> <p>Act 212-2002: Section 4.03(F). - A tax credit shall be granted equal to 75% of the investment in the construction of a rehabilitation project of an urban center. In case that the project is located in an historical zone or around a public Plaza of the urban center, the credit shall be of 100%. This credit is subject to the 25% limitation imposed by Section 1051.13.</p>	PR Internal Revenue Code Section 1051.11 (b)(5) (F)	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 4 A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager, Part IV Line-6 A-Pre Tax Credits Manager, 6 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Subject to Moratorium					
TEB - 93	Individual Tax	Credit for construction investment in urban centers (Act 212-2002, as amended) including purchases.	The amount of Tax Credit for Merchants Affected by the Urban Center Revitalization. Every commercial entity established in the area affected by the construction of the revitalization projects in urban centers, will be entitled to claim an 8% tax credit of the 50% gross sales generated during the construction period.	Art. 4.04 (A) Act 212 - 2002	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 4 A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager, Part IV Line-6 A-Pre Tax Credits Manager, 6 B-Post Tax Credits Manager
TEB - 95	Individual Tax	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Act 183-2001, as amended, Section 17- In general, any person, natural or legal, that constitutes an eligible conservation easement or donates an eligible land in accordance with the provisions of this Law, may opt for a tax credit equal to fifty percent (50%) of the value of the eligible conservation easement or of the eligible land at the date of the donation, to be taken in two (2) terms: 1. The first half of said credit in the year in which the establishment of the conservation easement or the donation of the eligible land occurs. 2. The balance of said credit, in the following year.	PR Internal Revenue Code Section 1051.12 (a)(4) or Act 183-2001, as amended	Individual Income Tax Return 2022 - (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits Manager and Part IV Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Subject to Moratorium					
TEB - 96	Individual Tax	Other credits subject to moratorium not included on the preceding lines	The amount of other tax credits subject to moratorium that were not included on the preceding lines.	PR Internal Revenue Code Section 1051.12(b)	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 8 A-Pre Tax Credits Manager, 8 B-Post Tax Credits
TEB - 97	Individual Tax	Credits carried from previous years	The total of credits claimed but not used in previous years which are subject to moratorium under Sections 1051.11 and 1051.12 of the Code can be carryforward.	Instructions Booklet - Individual Income Tax 2021 Schedule B Individual Part II Line 7	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 7 A-Pre Tax Credits Manager, 7 B-Post Tax Credits Manager



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Subject to Moratorium					
TEB - 98	Individual Tax	Purchases: Solid Waste Disposal (Act 159-2011)	Tax Credit for Investment in facilities for reducing, disposition and/or treatment of solid waste Facilities. Any investor shall be entitled to a credit for investment in exempt facilities equal to 50% of the eligible investment. Eligible investment is the amount of cash that has been contributed to an exempt facility for use in an facility free of solid waste in exchange for: (i) shares in the corporation, if the exempted facility is a corporation, or (ii) participation, or increase in participation, in a joint venture or company. Article 4 (f) of Act 159-2011 provides for the transfer of the credit.	Act 159-2011, Section 4or PR Internal Revenue Code Section 1051.12 (a)(1)	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 1 A-Pre Tax Credits Manager, 1 B-Post Tax Credits Manager
TEB - 99	Individual Tax	Purchases: Capital Investment Fund (Act 46-2000)	Article 14 (b) of Act 46-2000 provides for the transfer of the credit.	PR Internal Revenue Code Section 1051.12 (a)(2) or Act 46-2000	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings,Part IV Line 2 A-Pre Tax Credits Manager, 2 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Subject to Moratorium					
TEB - 101	Individual Tax	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Subject to the provisions of this Act, every petitioner may qualify for a Special Credit for Investment in Housing Infrastructure by the investment made in the construction of infrastructure. For the effect of the computation of credit provided under this Act, only that Special Investment in Housing Infrastructure recommended by the designated officials of the Department of Housing and the Treasury Department shall be taken into consideration, once the merits of the application for Investment Credits in Housing Infrastructure are analyzed. The Secretary of Housing, upon consultation with the Secretary of the Treasury, shall have the discretion, when merited by the best interest of the Commonwealth of Puerto Rico, to grant the credits provided in this Act with regard to extraordinary investments in infrastructure in projects begun between the first of January of 2001, and the date that the regulations referred to in Section 7 of this Act become effective. Tax credit consists of the equivalent of 100% of the total cost of the housing project, if not owned by the petitioner or 75% of the cost of social interest housing or 50% of middle-class housing, that are owned by the petitioner. This credit is subject to the 25% limitation imposed by Section 1051.13. Article 4(f) of Act 98-2001 provides for the transfer of the credit.	PR Internal Revenue Code Section 1051.12 (b) (7) or Act 98-2001	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 2 A-Pre Tax Credits Manager, 2 B-Post Tax Credits Manager and Part IV, Line 3 A-Pre Tax Credits Manager, 3 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Subject to Moratorium					
TEB - 102	<i>Individual Tax</i>	Purchases: Credit for investment in the construction or rehabilitation of rental housing projects for low- or moderate-income families (Act 140-2001)	Subject to the provisions of this Act, every owner of a rental housing project for low-income families may qualify for a tax credit of \$.50 for each \$1.00 of Eligible Investment used in the new construction or substantial restoring of housing units to be rented to low- or moderate-income families. Act 140-2001 also provides a credit Affordable Housing projects for rent to the elderly. The credit in this case is 75% of every dollar used in an eligible investment. Article 1.6 (a) of Act 140-2001 provides for the transfer of the credit.	PR Internal Revenue Code Section 1051.12 (a)(6) or Act 140-2001	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 3A-Pre Tax Credits Manager, 3 B-Post Tax Credits Manager and Part IV, Line 4A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 104	Individual Tax	Credit for Investment in Tourism Development (Act 78-1993 and Act 74-2010), including purchases.	<p>"Any person who acquires an equity interest in an entity that develops an exempt tourism business, or who invests in a condo hotel, will be entitled to a Tourism Investment Tax Credit equal to 50% of the cash paid for such equity investment. nonetheless, the total amount of the credit which may be taken by all investors cannot exceed 10% of the total cost of the tourist project. Alternate Tourism Investment Tax Credit (ATITC)</p> <ul style="list-style-type: none"> • Section 5(b)(1)-credit equal to 40% of the Eligible Investment This credit can be taken in three (3) equal installments, commencing on the Exempt Business' second year of operations. <p>Or</p> <ul style="list-style-type: none"> • Section 5(b)(2) - credit equal to 30% of the Eligible Investment. In this case, the exempt business can take 10% of said Eligible Investment as a credit on the year that it secured the financing for the construction of the tourism project, with remaining balance being taken in three (3) equal installments as follows: 1/3 when the exempt business receives its first paying guest; and the remaining 2/3 on subsequent years, in equal 1/3 portions. <p>The total amount of ATITC's available to the exempt business under Sections 5(b)(1) and (2) will be limited to the 40% and 30%, respectively, of the Total Project Cost. Act 78-1993 - "The amount of credit for tourism investment. Every investor may claim a credit for tourism investment equal to 50% of its eligible investment. The credit may be claimed in two installments: the first half in the year in which the financing for the total construction of the tourism project was obtained and the balance of the credit, in the following years. To claim this credit you must include with your return Schedules Q and Q1 duly completed. You must submit with the return copy of the notification by sworn statement issued by said agency, where the distribution of the credit is informed. You must also include copy of the Certification issued by the pertinent agencies. The Credit under Act 225-1995 was eliminated with Act 118-2004.</p>	Act 78-1993, Act 74-2010 or Act 60-2019, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 12 A -Pre Tax Credits Manager, 12 B-Post Tax Credits Manager and Part IV, Line 9 A -Pre Tax Credits Manager, 9 B-Post Tax Credits Manager



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 105	Individual Tax	Credit for: (23) Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997	The tax withheld on dividends from Industrial Development income under Act No. 8 of January 24, 1987 (Act 8 of 1987) and/or 30% of your proportional share in the fixed tax rate on Industrial Development income paid by the exempt business under Act 135-1997.	Section 4(a) of Act 8 of 1987 or Section 3(b) of Act 135-1997	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 13 A -Pre Tax Credits Manager, 13 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 106	Individual Tax	Credit for investment in film industry development Act 27-2011 & Act 60-2019, including purchases.	<p>Act 27 - 2011 - (1) In the case of Film Projects, the credit granted in Article 7.3 (a) will be equal to:</p> <p>(A) Forty percent (40%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico, not including payments made to Non-Resident Talent; and</p> <p>(B) twenty percent (20%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico that consist of payments to Non-Resident Talent. The credits generated by Production Expenses of Puerto Rico consisting of payments to Non-Resident Talent will not be subject to the limitations imposed in Article 7.3 (b) (3).</p> <p>(2) In the case of Infrastructure Projects, the credit granted in Article 7.3 (a) shall be equivalent to twenty-five percent (25%) of the amounts certified by the Auditor as disbursed in relation to the development and / or expansion of the Infrastructure Project in question. Act 60 -2019 - The Tax Credit available is: (i) Up to forty percent (40%) of the amounts certified by an Auditor as disbursed in connection with Puerto Rico Production Expenditures, without including payments made to Foreign Persons; and (ii) Up to twenty percent (20%) of the amounts certified by an Auditor as disbursed in connection with Puerto Rico Production Expenditures, consisting of payments made to Foreign Persons; and (iii) Up to fifteen percent (15%) of the amounts certified by an Auditor as disbursed in connection with Puerto Rico Production Expenditures, without including payments made to Foreign Persons, in feature films, television series, or documentaries in which a Domestic Producer is in charge of the Film Project and the director, cinematographer, editor, production designer, post- production supervisor, or line producer are Domestic Persons, up to a maximum of four million dollars (\$4,000,000) of Tax Credit per Film Project under this item. Tax Credits granted for payments made to Domestic Persons shall never exceed fifty-five percent (55%) of the total Puerto Rico Production Expenditures, without including payments made to a Foreign Person.</p> <p>In the case of Film Projects, the Tax Credit approved may be used in two (2) or more installments. Fifty percent (50%) of the Tax Credit may be used in the Taxable Year during which the activities covered by the Decree begin, subject to the posting of a Bond acceptable to the Secretary of the DEDC or Auditor's Certification as provided in subsection (d) of this Section, and the balance of said Tax Credit in subsequent years. Act60-2019 provides that the tax credits generated thereunder may be assigned, sold or otherwise transferred."</p>	Section 7.3 Act 27-2011 or Section 3050.01 Act 60 - 2019, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 14 A -Pre Tax Credits Manager, 14 B-Post Tax Credits Manager , Part IV, Line 11 A -Pre Tax Credits Manager, 11 B-Post Tax Credits Manager and Line 12 A -Pre Tax Credits Manager, 12 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 107	<i>Individual Tax</i>	Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)	The amount of credit to claim for the purchase or transmission of television programming made in Puerto Rico. Every investor may claim up to 15% of the expenses paid by the television channel in the taxable year in which the credit is claimed.	PR Internal Revenue Code Section 1051.14 (b)	Individual Income Tax Return 2022 (Form 482.0) Schedule B Part II Line 15 A -Pre Tax Credits Manager, 15 B-Post Tax Credits Manager
TEB - 108	<i>Individual Tax</i>	Credit for contribution to former governors' foundations	The amount of credit to be claimed for contributions to former governors foundations equivalent to 100% of the amount contributed during the taxable year to former governors foundations for operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and Former First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay the construction, operation and all necessary expenses for the true fulfillment of the purposes of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$500,000 in aggregate, for any tax year.	Art. 2(a) Act 302-2012 or PR Internal Revenue Code Section 1051.10	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 16 A -Pre Tax Credits Manager, 16 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 109	Individual Tax	Credit for payment of Membership Certificates by Ordinary and Extraordinary Member of Employees-Owned Special Corporations	Any person to whom a certificate of membership is issued as ordinary or extraordinary member of an Employees Owned Special Corporation, is entitled to a credit of 25% of the total amount paid for said certificate up to a maximum of \$1,000. The credit should be claimed against the income tax determined for the year in which the payments to acquire the certificate are made, whether totally paid or paid in installments in one or more taxable years, as applicable. The credit granted shall not be applicable against the alternate basic tax for individuals. If the amount of credit allowed exceeds the determined income tax for the taxable year, the excess may be carried forward during the next two taxable years. Refer to Section 1113.14 of the Code for qualifications and requirements to benefit from this credit.	PR Internal Revenue Code Section 1113.14(a)	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 17 A -Pre Tax Credits Manager, 17 B-Post Tax Credits Manager
TEB - 112	Individual Tax	Other credits not included on the preceding lines	Enter the amount of other tax credits not subject to moratorium that were not included on the preceding lines. Submit with your return a schedule detailing the credits included on this line. Also, you must submit evidence of the credits that you are claiming, for example, the Administrative Determination issued by the Department granting the credit and the schedule detailing the year in which the credit is available to be used, the taxable years in which the tax credit has been claimed, its expiration date, the total amount of the credit, and the amounts claimed in previous years.	Instructions Booklet - Individual Income Tax Return 2022 Schedule B- Individual- Part II Line 23	Individual Income Tax Return 2022 (Form 482.0) Schedule B- Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 23 A -Pre Tax Credits Manager, 23 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 113	Individual Tax	Credits carried from previous years	The total amount of credits claimed but not used in the previous year that are not subject to moratorium under Sections 1051.11 and 1051.12 of the Code. The taxpayer must include with the return a breakdown including the taxable year in which the credit is available to be used, the amount of credit generated per taxable year, the amount of carry forward credit per taxable year used in previous taxable years, the taxable year in which any balance of such credit was claimed, and the balance of credit available for the current taxable year.	Instructions Booklet - Individual Income Tax Return 2022 Schedule B Individual- Part II Line 22	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 22 A -Pre Tax Credits Manager, 22 B-Post Tax Credits Manager
TEB - 114	Individual Tax	Credit for investment Act 73-2008, including purchases.	(1) Subject to the provisions of paragraph (2) of this section, any investor may claim a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act, to be taken in two (2) or more installments: the first half of said credit in the year in which the eligible investment is completed and the balance of said credit, in the following years. The amount of credit to be claimed for industrial investment under Section 6 of Act 73-2008. This amount must be equal to 50% of the eligible investment to be claimed in two or more installments: the first half in the year in which the eligible investment is completed and the balance in the subsequent years.	Section 6(b) of Act 73-2008, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 19 A -Pre Tax Credits Manager, 19 B-Post Tax Credits Manager and Part IV Line 14 A -Pre Tax Credits Manager, 14 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 115	Individual Tax	Credit for investment Act 83-2010 (Green Energy), including purchases.	<p>(1) Any exempt business that holds a decree granted under this Act may claim a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico, after the effectiveness of this Act by said exempt business or by any affiliated entity thereof. This credit may be applied against the tax on your IEV provided in section (a) of Article 2.9 of this Law.</p> <p>(3) Credit Utilization - The tax credit granted by this section may be taken in two (2) or more installments: up to fifty percent (50%) of said credit may be taken in the year in which the eligible investment is made and the balance of said credit in subsequent years until exhausted. This credit will not generate a refund. The amount of credit to be claimed for investment in research and development of green energy sources under Act 83-2010, better known as the Puerto Rico Green Energy Incentives Act. This amount must equal 50% of the special eligible investment and will be claimed in two or more installments: the first half in the year in which the eligible investment is made and the balance in the subsequent years.</p>	Art. 2.11(c) of Act 83-2010, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 15 A -Pre Tax Credits Manager, 15 B-Post Tax Credits Manager
TEB - 116	Individual Tax	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	<p>(1) Any exempt business that holds a decree granted under this Act or under prior incentive laws may claim an investment credit equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Law for said exempt business or for any affiliated entity thereof. Any special eligible investment made prior to the filing date of the income tax return, as provided by the Internal Revenue Code of Puerto Rico, including any extension granted by the Secretary of the Treasury for the filing thereof, shall qualify for the tax credit of this paragraph in the taxable year for which the aforementioned tax return is being filed. Said credit may be applied, at the option of the exempted business, against the industrial development income tax provided in subsection (a) of Section 3 of this Act or the income tax applicable under the previous incentive law under which it was granted, the decree to the exempt business and / or against the operational costs of the exempt business related to electricity, water and sewage.</p>	Section 5(c) Act 73-2008, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual- Part IV Line 13 A -Pre Tax Credits Manager, 13 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 118	Individual Tax	Purchase: Other	The amount of the tax credit available for the taxable year. The limitation related to the credits subject to moratorium will be applicable to the total credits subject to moratorium and not to each credit included in this part.	Instructions Booklet - Individual Income Tax Return 2022 Schedule B Individual	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 18 A -Pre Tax Credits Manager, 18 B-Post Tax Credits Manager
TEB - 119	Individual Tax	Purchases: Credit for investment in research and development	Act 60 - 2019 provides for a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Section 3030.01 of Act 60-2019, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 16 A -Pre Tax Credits Manager, 16 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
Credits					
Not subject to Moratorium					
TEB - 120	Individual Tax	Credit for Investment in Opportunity Zones, including Purchases	Every investor should be entitled to an investment credit equal to the eligible percentage of such investor's eligible investment made taken in four (4) installments: twenty-five percent (25%) of said credit in the year in which the exempt business finished the total construction of the Priority Project or, if the Priority Project does not require construction, upon the eligible business commencement of operations, whichever is later, and twenty-five percent (25%) of the credit balance in the next three (3) years.	Act 21-2019 or Act 60 - 2019, as amended	Individual Income Tax Return 2022 (Form 482.0) Schedule B Individual, Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 20 and Part IV, Line 17 A -Pre Tax Credits Manager, 17 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditures Estimates
Individual					
Credit					
Not subject to Moratorium					
TEB - 464	Individual Tax	Earned Income Credit	There shall be allowed a credit against the income tax for the entire year to any individual resident of Puerto Rico who earns gross income, as such term is defined in subsection (b) of this Section, and is not claimed as a dependent, as such term is defined in Section 1033.18 of the PR Internal Revenue Code , of another taxpayer for the taxable year. (f) Credit Refund. — Any individual eligible for this credit may claim it in the income tax return. Such credit shall be claimed against the tax determined after all other credits provided in this Subtitle. The amount of this credit that exceeds the determined tax shall be refunded to the taxpayer or may be credited against the estimated tax for the following taxable year. Qualified dependents will only include the taxpayer's or spouse's children who on the last day of the taxable year are eighteen (18) years of age or younger. In the case of full-time student dependents, the age as of the last day of the taxable year shall not exceed twenty-five (25) years. The credit amount varies with income and number of dependents. 1031.01(b)(19)- Exclusions from gross income.- Amounts received by an individual as earned income credit as provided in Section 1052.01 of this Code. For additional information see: Internal Revenue Circular Letter No. 22- 02 of January 27, 2022 and the Internal Revenue Informative Bulletin No. 23-01 of February 11, 2023.	PR Internal Revenue Code Section 1052.01 and Section 1031.01(b)(19)	Individual Income Tax Return 2022 (Form 482.0) Schedule CT Individual, Earned Income Credit, Total available earned income credit (Line 27C of Part 3 of the return. If the result is zero ("0") or less than zero, enter zero on line 27C of Part 3 of the return)
TEB - 465	Individual Tax	Credit for Persons 65 and Older and Compensatory Credit for Low-Income Pensioners ("Senior Credit")	(a) Any Puerto Rico Resident who has reached, on the last day of the taxable year, the age of sixty five (65) or more and who has not been claimed as a dependent by another taxpayer, shall be entitled to a refundable personal compensatory credit, but only if the gross income of such individual for the taxable year added to the items excluded from the gross income under Section 1031.01(b) for such year does not exceed fifteen thousand dollars (\$15,000). In the case of married taxpayers, each spouse shall be entitled to claim the credit provided in this subsection; provided, that the aggregate income of both taxpayers does not exceed thirty thousand dollars (\$30,000). (c) Compensatory Credit for Low-income Pensioners. — In addition to the provisions of subsection (a), any individual who is pensioned by the Retirement System Administration of the Employees of the Government and the Judiciary, the Teacher's Retirement System, the Retirement System of the University of Puerto Rico, the Electric Power Authority Retirement System, or private-sector retirement system, whose only source of income is the pension for services rendered, if the amount received from such pension does not exceed four thousand eight hundred dollars (\$4,800) during the taxable year, shall be entitled to claim a three hundred dollar (\$300) annual credit. In the case of married individuals, each spouse shall be entitled to claim the credit provided in this subsection if both qualify therefor.	PR Internal Revenue Code Section 1052.02 (a) and (c).	Credit for Persons 65 or older and Compensatory Credit for Low Income Pensioners Return (Form 481.10)

Table 5
BUSINESS TAX
Business Tax Expenditure

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Deduction					
TEB - 121	Business Tax	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	The first \$500,000 of gross income generated by a new business created by a young entrepreneur whose age ranges between 16 and 35 years. Such new business should have granted a Special Agreement for the Creation of Young Businesses (Agreement) with the Puerto Rico Trade and Export Company, in order to enjoy the exemption during the first 3 years beginning on the date on which the Agreement is signed. In order to claim this exemption, copy of the Agreement must be included with the income tax return. This benefit is limited to one new business for every young entrepreneur and cannot benefit from any other economic or fiscal incentive provided by any act to promote a commercial, industrial or touristic operation in Puerto Rico. Any amount in excess of \$500,000 will pay taxes at the ordinary rates. For purposes of determining the first \$500,000 of gross income generated by the new business, add the gross income of a controlled group of corporations and a group of related entities according to Sections 1010.04 and 1010.05 of the Code, respectively.----Section 6070.20 of Act 60-2019--Section 17 of Act 35-2014, as amended by Act 60-2019, "Effectiveness- This Act shall take effect immediately after its approval, and shall be effective for taxable years beginning after December 31, 2013, and before January 1, 2020."	Act 135-2014	Corporation Income Tax Return 2022(Form 480.20) Part I Line 23

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Deduction					
TEB - 123	Business Tax	Charitable contributions	(a) In the case of a corporation (1) contributions or gifts payment of which is made within the tax year to or for use by: (A) the Government of Puerto Rico, the United States, any state, territory, or any political subdivision thereof, the District of Columbia, or any U.S. possession, for exclusively public purposes; or (B) an entity described in Section 1101.01(a)(1) and (2) created or organized in Puerto Rico, the United States or any of its possessions or any state or territory, organized and operating exclusively for the purposes described therein, but in the case of contributions or donations to a trust, common fund, fund or foundation, only if such contributions or donations are for use in Puerto Rico, the United States or any of its possessions exclusively for such purposes, provided that no part of its net earnings inures to the benefit of any shareholder or individual in particular. For the disallowance of certain charitable or other deductions otherwise allowable under this paragraph, see Sections 1083.02(e) and 1102.06; or (C) veteran posts or organizations, or supporting units of or trusts or foundations for any such post or organization, if such posts, organizations, units, trusts or foundations are organized in Puerto Rico, the United States or any possession thereof, provided that no part of its net earnings inures to the benefit any shareholder or individual in particular, or (D) other entities enumerated in subparagraph (C) of paragraph (3) of subsection (a) of Section 1033.15, up to an amount not exceeding ten (10) percent of the net income of the taxpayer, computed without the benefit of this subsection.	PR Internal Revenue Code Section 1033.10	Corporation Income Tax Return 2022 (Form 480.20) Part II Line 55
TEB - 124	Business Tax	Deduction under Act 185-2014 ("Private Equity Funds Act")	In case of taxpayers that, pursuant to Act 185-2014, as amended, are considered as accredited investors, will be able to claim a deduction for their initial investment in a private equity fund (PEF) or in a private equity fund Puerto Rico (PEF-PR). For these purposes, a corporation will be considered an accredited investor if at the moment of the initial investment in a PEF or a PEF-PR is: 1) a bank, insurance company, registered investment company, business development company, investment company in small enterprises, International Banking Entity ("IBE") or International Financial Entity ("IFE"). It will be understood that the IBE and the IFE may be Accredited Investors irrespectively of what is established by the International Banking Center Regulatory Act and the International Financial Center Regulatory Act, respectively; 2) a nonprofit organization, corporation or association with assets in excess of five million dollars (\$5,000,000); and 3) a business in which all capital owners are accredited investors.	Sec. 5 (d) of Act 185-2014 or Act 60-2019, as amended	Corporation Income Tax Return 2022 (Form 480.2) Part II Line 56

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Deferrals					
TEB - 125	Business Tax	Corporation Deferrals	PR-TER 2018 estimates the deduction for the tax regime.		Depreciation Model
TEB - 128	Business Tax	Accelerated Depreciation	(a) Election to use Accelerated Depreciation Cost Recovery Method.-(1) The election to use the accelerated depreciation method shall be made with the return corresponding to the first tax year in which the deduction is claimed, in the form and manner established by regulation. The election to use the accelerated depreciation method may be exercised only with respect to property to has been acquired by "purchase" (as defined in Section 1033.07) during tax years beginning after June 30, 1995. The aforesaid election, once made, is irrevocable.	PR Internal Revenue Code Section 1040.12(a)	Corporation Income Tax Return 2022 (Form 480.20) Schedule E, Depreciation, Line 1 (c)
TEB - 130	Business Tax	Computer Systems	(G) A business which generates gross income of under three-million (3,000,000) dollars during the taxable year, may elect to deduct the total cost of computer systems equipment and their installation in the year of their acquisition and installation. An equipment previously depreciated or acquired from a related person shall not qualify for the acceleration of the depreciation allowance.	PR Internal Revenue Code Section 1033.07(a)(1)(G)	Corporation Income Tax Return 2022 (Form 480.20) Schedule E1, Depreciation for Businesses with a Volume of \$3,000,000 or Less, Line 1 (a)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Deferrals					
TEB - 131	<i>Business Tax</i>	Ground transportation equipment, except automobiles	(H) A business which generates gross income of under three-million (3,000,000) dollars during the taxable year, may determine the deduction established in subparagraph (A) of this paragraph using a useful life of two (2) years for ground transportation equipment, except automobiles (as defined in paragraph (3) of this section), and environmental conservation equipment.	PR Internal Revenue Code Section 1033.07(a)(1)(H)	Corporation Income Tax Return 2022 (Form 480.20) Schedule E1, Depreciation for Businesses with a Volume of \$3,000,000 or Less, Line 1 (b)
TEB - 132	<i>Business Tax</i>	Machinery and equipment, furniture and fixtures, and any other fixed asset to be used in the industry or business	(K) For taxable years beginning after December 31, 2018, a business which during the taxable year generated a volume of business of less or equal to three million (3,000,000) dollars may determine the deduction established in subparagraph (A) of this paragraph using a useful life of two (2) years for machinery and equipment, furniture and fixtures and any other fixed asset to be used in the trade or business, except real property, automobiles and property subject to subparagraphs (G) and (H) of the paragraph. For purposes of this subparagraph, the term "volume of business" will have the same meaning as such term has under Section 1061.15(c) of the PR Internal Revenue Code.	PR Internal Revenue Code Section 1033.07(a)(1)(K)	Corporation Income Tax Return 2022 (Form 480.20) Schedule E1, Depreciation for Businesses with a Volume of \$3,000,000 or Less, Line 1(c)
TEB - 133	<i>Business Tax</i>	Automobiles	(a) The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07 of the PR Internal Revenue Code. Section 1033.07(a)(3)(A) General rule.- In the case of property that is an automobile, as defined in subparagraph (B), the amount of the deduction allowance under this subsection shall not exceed six thousand (6,000) dollars per year per automobile, up to a maximum of thirty thousand (30,000) dollars for the useful life of the automobile.	PR Internal Revenue Code Section 1031.04(a)(8) and Section 1033.07(a)(3)(A)	Corporation Income Tax Return 2022 (Form 480.20) Schedule E, Depreciation, Line 1 (e)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Deferrals					
TEB - 134	<i>Business Tax</i>	Vehicles under financial lease	(a) The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07 of the PR Internal Revenue Code. (In the case of leased automobiles that are essentially equivalent to a purchase, instead of current depreciation, it is allowed a deduction for the use of the vehicle for the amount paid during the taxable year up to \$6,000 annually per car, up to a maximum of \$30,000 for the lifetime of the automobile.)	PR Internal Revenue Code Section 1031.04(a)(7)	Corporation Income Tax Return 2022 (Form 480.20) Schedule E, Depreciation, Line 1 (f)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Preferential Tax Rate					
TEB - 135	<i>Business Tax</i>	Net long-term capital gain	<p>(a) If for any tax year the net long-term capital gain of any corporation exceeds the net short-term capital loss, there shall be levied, collected and paid, in lieu of the tax levied by Sections 1022.01, 1022.02 and 1022.03, a tax determined as follows, but only if said tax is less than the tax levied by said sections:</p> <p>(1) a partial tax shall first be computed on net income not including the amount of the excess net capital gain, at the rates and in the manner as if this section did not exist.</p> <p>(2) an amount equal to fifteen (15) percent of said excess for transactions carried out before July 1, 2014, or an amount equal to twenty (20) percent of said excess for transactions carried out after June 30, 2014, shall then be determined.</p> <p>(3) the total tax shall be the partial tax computed under paragraph (1), plus the amount computed under paragraph (2).</p>	PR Internal Revenue Code Section 1023.03	Corporation Income Tax Return 2022 (Form 480.20) Schedule D1 Corporation, Tax on Income Subject to Preferential Rates, Line 2 (a)
TEB - 136	<i>Business Tax</i>	Interest subject to preferential rates	<p>(a) TaxRate</p> <p>(1) Special tax rate. Any individual, estate, corporation, partnership or trust may elect to pay, in lieu of any other tax levied by this Subtitle, a tax equal to ten (10) percent of the total amount of non-exempt eligible interest that is paid or credited on bonds, promissory notes, or other obligations issued by a corporation or partnership described in paragraph (1) of subsection (b), or on mortgages on residential property located in Puerto Rico described in paragraph (2) of said subsection.</p>	PR Internal Revenue Code Section 1023.05(a)	Corporation Income Tax Return 2022 (Form 480.2) Schedule D1 Corporation, Tax on Income Subject to Preferential Rates, Line 2 (b)
TEB - 137	<i>Business Tax</i>	Distributable share on net income subject to preferential rates from partnerships and special partnerships	<p>(6) Eligible distribution of dividends and shares of partnership profits.- In the case of a person eligible under Section 1023.06, the eligible distribution of dividends or shares in partnership profits received, subject to the payment of the tax levied by said section. Nothing in the provisions of this paragraph affects the tax levied by said Section 1023.06 on such distributions, in any way.</p> <p>(b) Special Tax. - The special contribution provided in subsection (a) of this section shall be ten (10) percent of the total amount received by any eligible person from any eligible distribution made by a corporation prior to July 1, 2014, and shall be fifteen (15) percent of the total amount received by any eligible person from any eligible distribution made by a corporation after June 30, 2014.</p>	PR Internal Revenue Code Section 1032.01 (a)(6) or Section 1023.06 (b)	Corporation Income Tax Return 2022 (Form 480.2) Schedule D1 Corporation, Tax on Income Subject to Preferential Rates, Line 2 (c)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Preferential Tax Rate					
TEB - 138	<i>Business Tax</i>	Net income subject to the 4% tax rate from the operations of an international financial entity that operates as a banking unit	The net income is subject to the 4% tax rate, generated by an international financial entity that operates as a banking unit, as reported on line 15, Part I of the Corporate Income Tax Return 2021.	Act 273-2012, known as the International Financial Center Regulatory Act	Corporation Income Tax Return 2022 (Form 480.20) Schedule D1 Corporation, Tax on Income Subject to Preferential Rates, Line 2 (d)
TEB - 139	<i>Business Tax</i>	Other income subject to preferential rates	(7) Compensation paid by sports team international associations or federations.- The compensation received or earned by any resident or nonresident individual from a member team of an association or international federation, associations or affiliate entities thereof, attributable to personal services rendered in Puerto Rico in connection with the holding of games of said association or federation in Puerto Rico, subject to the twenty (20) percent tax levied by Section 1023.07. Nothing in the provisions of this paragraph affects the tax levied by said Section 1023.07 on such income, in any way. This paragraph applies to member teams of the following international associations or federations: (A) Major League Baseball teams, including but not limited to the Office of the Commissioner of Major League Baseball, Major League Baseball Properties, Inc., Major League Baseball Enterprises, Inc., Baseball Television, Inc., Major League Baseball Advanced Media, L.P. and their successor entities, with respect to Major League Baseball games held in Puerto Rico. (B) National Basketball Association (NBA), including but not limited to the Office of the Commissioner of the National Basketball Association, NBA TV, NBA Latin America, Inc., Women's National Basketball Association (WNBA) or the National Basketball Development League (NBDL) and their successor entities, with respect to NBA basketball games held in Puerto Rico. (8) Special tax on variable annuities in separate accounts. - Income subject to the special tax on variable annuities under Section 1023.08. (Enter on this line any other income subject to a preferential rate not specified on lines 2(a) through 2(d) of Schedule D1 Corporation.)	PR Internal Revenue Code Section 1032.01 (a) (7) and Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule D1 Corporation Line 2 (e)	Corporation Income Tax Return 2022 (Form 480.20) Schedule D1 Corporation, Tax on Income Subject to Preferential Rates, Line 2 (e)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exclusions					
TEB - 140	<i>Business Tax</i>	Plantation insurance	The amounts received under any plantation insurance, excluding fire insurance as a result of losses incurred by the insured.	PR Internal Revenue Code Section 1031.01(b)(8)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part I Line 1
TEB - 141	<i>Business Tax</i>	Amount received through any grant or stimulus paid by the Federal Government as a result of COVID-19 (Submit detail)	The amount received through any grant or stimulus paid by the Federal Government to help mitigate the emergency as a result of COVID-19. Include a breakdown with the description of the Federal Government assistance program that allowed you access to this benefit, the amount of the payment and any other required information.	Instructions Booklet Income Tax Return 2021 of Taxable Corporations Schedule IE Corporation Part I Line 4	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part I Line 4
TEB - 142	<i>Business Tax</i>	Amount received through any grant or stimulus paid by the Government of Puerto Rico as a result of COVID-19 (Submit detail)	The amount received through any grant or stimulus paid by the Puerto Rico Government to help mitigate the emergency as a result of COVID-19. Include a breakdown with the description of the Puerto Rico Government assistance program, either at the central level or at the municipal level that allowed you access to this benefit, the amount of the payment and any other required information.	Instructions Booklet Income Tax Return of Taxable Corporations 2021 Schedule IE Corporation Part I Line 5	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part I Line 5

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exclusions					
TEB - 143	Business Tax	Income derived from discharge of debts	<p>(10) Income derived from the forgiveness of debts</p> <p>(A) Exclusion Income derived from the forgiveness of debts, in whole or part, shall not be subject to the income tax under this Subtitle if said forgiveness is by reason of any of the following cases:</p> <p>(i) The forgiveness is the filing of a bankruptcy petition in an action under the provisions of Title 11 of the United States Code and said forgiveness is approved by a court with jurisdiction to hear such petition.</p> <p>(ii) The forgiveness occurs when the taxpayer is insolvent, in which case the amount excluded under this subparagraph shall not exceed the amount by which the taxpayer is insolvent. For purposes of this subparagraph: (I) the term "insolvent" means the excess of debts over the fair market value of assets, and (II) debtor insolvency shall be determined based on the assets and debts of the taxpayer immediately before the forgiveness.</p> <p>(iii) The forgiven debt is a student loan and the forgiveness is in accordance with a provision of said loan allowing the forgiveness, in whole or part, if the taxpayer works for a determined period of time in certain professions or for determined employers (other than the lender).</p> <p>(iv) Forgiven debt is the product of a reorganization of a mortgage loan secured by the taxpayer's qualified residence. The term "qualified residence" shall have the meaning provided in Section 1033.15(a)(1)(D), except that, for purposes of this clause, the residence must be located in Puerto Rico. For purposes of this subsection: (I) The original mortgage loan debt cannot exceed one million (1,000,000) dollars.</p>	PR Internal Revenue Code Section 1031.01(b)(10)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part I Line 2
TEB - 144	Business Tax	Net income (or loss) from sources outside Puerto Rico not related to the operation carried out in Puerto Rico by a foreign corporation	The amounts of net income (or loss) from sources outside Puerto Rico not related to the operation carried out in Puerto Rico by a foreign corporation.	Instructions Booklet Income Tax Return of Taxable Corporations 2021 Schedule IE Corporation Part I Line 3	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part I Line 3

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exclusions					
TEB - 145	<i>Business Tax</i>	Interest on mortgages on residential property located in Puerto Rico granted after January 1, 2014	Interest upon mortgages on residential property located in Puerto Rico issued after January 1, 2014 (including mortgages on newly constructed property that have been issued in conjunction with the first transmission of the mortgaged property to a new owner), and secured or guaranteed under the provisions of the National Housing Act, approved June 27, 1934, as amended, or under the provisions of the Servicemen's Readjustment Act of 1944, as amended.	PR Internal Revenue Code Section 1031.01(b)(14)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part I Line 6
TEB - 146	<i>Business Tax</i>	Other exclusions	(b) Exclusions from Gross Income.- The following items shall be excluded from the definition of gross income: (1) Life insurance. (2) Donations, gifts, legacies and inheritances. (3) Compensation for injury or illness. (4) Death benefits received by heirs or beneficiaries of members of certain retirement systems. (5) Scholarships. (6) Literary, journalistic, scientific and artistic prizes, and prizes for industrial, agricultural, or professional development. (7) Federal social security for old-age and survivors. (9) Basic subsidies to foster homes. (12) Sales and Use Tax Inspection Plan prizes. (15) The compensation or indemnities received by an employee due to dismissal, without the need to determine just cause, up to a maximum amount equal to the indemnification that the employee could receive under Act No. 80 of May 30, 1976, as amended. (The total amount of other exclusions from gross income for which a specific line is not provided on Schedule IE Corporation.)	PR Internal Revenue Code Section 1031.01(b)(1), (2), (3), (4), (5), (6), (7), (9), (11), (12), (13), (14) and Instructions Booklet Income Tax Return of Taxable Corporations 2022	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part I Line 7

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 147	Business Tax	Obligations from the United States Government, any of its states, territories or political subdivisions	(a) The following items of income shall be exempt from tax under this Subtitle: (3) Tax-exempt interest.- Interest on: (A) the obligations of the United States, any U.S. state or territory, or any political subdivision thereof and the District of Columbia;	PR Internal Revenue Code Section 1031.02 (a)(3)(A)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (A)
TEB - 148	Business Tax	Obligations from the Commonwealth of Puerto Rico	(a) The following items of income shall be exempt from tax under this Subtitle: (3) Tax-exempt interest.- Interest on: (B) the obligations of the Government of Puerto Rico or any of its instrumentalities or political subdivisions;	PR Internal Revenue Code Section 1031.02 (a)(3)(B)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (B)
TEB - 149	Business Tax	Securities under Agricultural Loans Act	(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;	PR Internal Revenue Code Section 1031.02 (a)(3)(C)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (C)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 150	<i>Business Tax</i>	Certain Mortgages	The interest income received from any of the following mortgages: secured by the National Housing Act of 1934, as amended, that has been issued no later than February 15, 1973 and possessed by residents of Puerto Rico on May 5, 1973 and issued within the 180 days following February 15, 1973 to be acquired by a resident of Puerto Rico; on residential property located in Puerto Rico issued after June 30, 1983 and before August 1, 1997 secured by the National Housing Act of 1934 or the Servicemen's Readjustment Act of 1944, as amended; on new residential property located in Puerto Rico issued after July 31, 1997 and before January 1, 2014 and secured by the National Housing Act of 1934 or the Servicemen's Readjustment Act of 1944; originated to provide permanent financing for the construction or acquisition of social interest housing; and secured under the Bankhead-Jones Farm Tenant Act of 1937, as amended.	PR Internal Revenue Code Section 1031.02(a)(3) (D), (E), (F), (G) or (H)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (D)
TEB - 151	<i>Business Tax</i>	Obligations secured or guaranteed under the Servicemen's Readjustment Act of 1944	The interest income received from obligations secured by the Servicemen's Readjustment Act of 1944 that were issued no later than February 15, 1973 and possessed by residents of Puerto Rico on May 5, 1973 and issued within the 180 days following February 15, 1973 to be acquired by a resident of Puerto Rico.	PR Internal Revenue Code Section 1031.02(a)(3)(I)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (E)
TEB - 152	<i>Business Tax</i>	Securities issued by cooperative associations up to \$5,000	(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars	PR Internal Revenue Code Section 1031.02(a)(3)(J)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (F)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 153	Business Tax	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument's Patronage and SER of Puerto Rico	(L) obligations issued by (i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella; (ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and (iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan; (iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arise directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).	PR Internal Revenue Code Section 1031.02(a)(3)(L)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (G)
TEB - 154	Business Tax	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to an employees-owned special corporation, which proceeds are used by such special corporation for one of the following purposes: finance the acquisition, development, construction, expansion, rehabilitation or improvement of real property located in Puerto Rico to be used for commercial purposes by the special corporation, provided that the loan does not exceed the cost of the property or the improvements to be made on it; finance the acquisition of machinery or other tangible personal property to be used for commercial purposes by the special corporation in its business operations in Puerto Rico, provided that the loan does not exceed the purchase price of such property; or finance the acquisition of capital stocks in a corporation that is treated for Puerto Rico income tax purposes as a purchase of the assets of that corporation.	PR Internal Revenue Code Section 1031.02(a)(3)(M)	Corporation Income Tax Return 2022 (Form 480.2) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (H)
TEB - 155	Business Tax	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the acquisition and payment of membership certificates as an ordinary, extraordinary or corporate member, as applicable, in an employees-owned special corporation.	PR Internal Revenue Code Section 1031.02(a)(3)(N)	Corporation Income Tax Return 2022 (Form 480.2) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (I)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 156	Business Tax	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the purchase or investment in itself and for itself of preferred shares of an employees owned special corporation.	PR Internal Revenue Code Section 1031.02(a)(3)(O)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 1 (J)
TEB - 157	Business Tax	Loans for the establishment or expansion of small and medium businesses up to \$250,000	The income received from interests on loans of up to \$250,000 in the aggregate per exempt business granted to small and medium businesses as that term is defined in Act 732008, known as the "Economic Incentives for the Development of Puerto Rico Act" for its establishment or expansion, provided that the loan meets the requirements of the act known as the Community Reinvestment Act of 1977, Pub Law 95-128, 91 Stat. 1147, as amended, and the requirements established by the Commissioner of Financial Institutions by regulations.	PR Internal Revenue Code Section 1031.02(a)(3)(P)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation Part II Line 1 (K)
TEB - 158	Business Tax	Loans for the capitalization of small and medium businesses up to \$250,000	The income received from interests on loans of up to \$250,000 in the aggregate per exempt business granted to shareholders of exempt businesses to be used in the initial capitalization or a subsequent capital requirement of a small or medium business which enjoys tax exemption, as such term is defined in Section 2(i) of Act 73-2008, known as the Economic Incentives for the Development of Puerto Rico Act.	PR Internal Revenue Code Section 1031.02(a)(3)(Q)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation Part II Line 1 (L)
TEB - 159	Business Tax	Bonds, notes, or other obligations under section 6070.56(h) of Act 60-2019	(h) Exemption for Individuals, Estates, Corporations, Partnerships, Limited Liability Companies, and Trusts with Respect to Interest Paid or Credited on Bonds, Notes, or Other Obligations of Certain Exempt Businesses.- (1) Exemption.- Any individual, estate, corporation, partnership, limited liability company, or trust shall be exempt from any tax imposed under the Internal Revenue Code and any license tax imposed under the Municipal License Tax Act on interest income earned from bonds, notes, or other obligations of an exempt business for the development, construction, or rehabilitation or improvements of an exempt business under this Chapter; provided, that the funds shall be entirely used in the development, construction, or rehabilitation or improvements of an exempt business and/or for the payment of existing debts of said exempt business, insofar as the funds from these existing debts have been originally used in the development, construction, or rehabilitation or improvements of the exempt business.	Puerto Rico Incentive Code Section 6070.56(h), Act 60-2019	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation Part II Line 1 (M)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 160	<i>Business Tax</i>	Other interest reported in Form 480.6D	The amount of other interests reported in Box 11 of Form 480.6D. Submit Form 480.6D. Form 480.6D-Box 11 – Other Interest Not Subject to Alternate Basic Tax: Include in this box the amount of interests paid or accrued that were not included in the other boxes of this form and that are not subject to alternate basic tax, as provided by Section 1021.02 of the Code.	Instructions Booklet Income Tax Return of Taxable Corporations 2021 Schedule IE Corporation Part II Line 1 (N)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation Part II Line 1 (N)
TEB - 161	<i>Business Tax</i>	Other interest not reported in Form 480.6D	The amount of other interests not reported in a Form 480.6D. Submit with your return a schedule showing a breakdown of such interests.	PR Internal Revenue Code Section 1031.02(a)(3) and Instructions Booklet Income Tax Return of Taxable Corporations 2021 Schedule IE Corporation Part II Line 1 (O)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE, Excluded and Exempt Income, Corporation Part II Line 1 (O)
TEB - 162	<i>Business Tax</i>	Industrial development income derived from certain interests	The dividends received by corporations distributed from industrial development income generated from interests on: obligations of the Government of Puerto Rico or any of its instrumentalities or political subdivisions; mortgages insured by the Puerto Rico Housing Finance Authority acquired after March 31, 1977; or loans or other securities which are guaranteed by a mortgage, issued by any pension or retirement system of a general nature established by the Legislative Assembly of Puerto Rico, the municipalities and agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977.	Instructions Booklet Income Tax Return 2021 of Taxable Corporations Schedule IE Corporation Part II Line 2 (A)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 2 (A)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 163	Business Tax	Cooperative associations	(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations. [The income received by means of dividend distributions made by an International Insurer or a Holding Company of the International Insurer pursuant to the provisions of Article 61.240 of the Puerto Rico Insurance Code. Include Form 480.6D.	PR Internal Revenue Code Section 1031.02(a)(4)(C)	Corporate Income Tax Return 2022 (Form 480.2) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 2 (B)
TEB - 164	Business Tax	Exempt business under Act 60-2019 (Section 6070.56(e))	(e) Distributions of dividends or profits.- (1) Exemption.- The stockholders or partners of a corporation or partnership that is an exempt business shall not be subject to the payment of income taxes on distributions of dividends or profits from the earnings and profits generated from the opportunity zone net income of said exempt business's made by domestic cooperative associations	Puerto Rico Incentive Code Section 6070.56(e) of Act 60-2019, as amended	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 2 (D)
TEB - 165	Business Tax	International Insurer or Holding Company of the International Insurer	D) Dividends of an International Insurance Company or International Insurance Holding Company.- Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code. The amount of other exempt dividends reported in Box 16 of Form 480.6D. Submit Form 480.6D.	PR Internal Revenue Code Section 1031.02(a)(4)(D)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 2 (C)
TEB - 166	Business Tax	Other dividends reported in a Form 480.6D	The amount of other exempt dividends reported in Box 18 of Form 480.6D. Provide the required information of Form 480.6D. Form 480.6D--Box 18 – Other Dividends Not Subject to Alternate Basic Tax: Include in this box the amount of dividends paid that were not included in the other boxes of this form and that are not subject to alternate basic tax, as provided by Section 1021.02 of the Code.	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule IE Corporation Part II Line 2 (E)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 2 (E)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 167	Business Tax	Other dividends not reported in a Form 480.6D	The amount of other exempt dividends not reported in a Form 480.6D	PR Internal Revenue Code Section 1031.02(a)(4) Instructions Booklet Income Tax Return 2022 of Taxable Corporations Schedule IE Corporation Part II Line 2 (F)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 2 (F)
TEB - 168	Business Tax	Recapture of bad debts, prior taxes, surcharges and other items	(8) Recovery of bad debts, prior taxes, and surcharges.-Income attributable to the recovery during the tax year of a bad debt, prior tax, surcharge, or other item, to the extent of the amount of the recovery exclusion with respect to such debt, surcharge or amount.	PR Internal Revenue Code Section 1031.02(a)(8)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 3
TEB - 169	Business Tax	Income from news agencies or unions	The income from news agencies or unions or other press services, received from journalism or broadcasting companies, for rents or royalties for the use or publication or the right to use or publish in Puerto Rico, literary or artistic property of such agencies or unions.	PR Internal Revenue Code Section 1031.02(a)(11)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 170	Business Tax	Certain income related to the operation of an employees owned special corporation	(17) Certain income related to the operation of special employee-owned corporations.- The following income is exempt from tax: (A) The income of special employee-owned corporations that is credited to the collective reserve account and to the social fund. For contributions to the social fund to qualify for the exclusion herein granted, it shall be necessary that the benefits of the social fund are accessible to all residents of the municipality where the special employee-owned corporation has established its principal office, except for regular and corporate members of the corporation. In addition, it should be demonstrated to the Secretary of the Treasury that the social fund is used for the purposes provided in Article 1507 of Act No. 144 of August 10, 1995, as amended. (B) The portion of notices of credit for productivity and patronage that special employee-owned corporations capitalize in the internal capital accounts of regular and special members and that cannot be distributed or paid until the regular or special member ends all relations with the special employee-owned corporation. Any amount so excluded from gross income and later distributed to the member while he remains in a relationship with the special corporation shall be subject to a penalty of ten (10) percent of the amount distributed and shall be included in gross income for that year. The ten (10) percent penalty shall be withheld by the special employee owned corporation and remitted immediately to the Secretary. (C) Ninety (90) percent of the income received by a person as rent for real and personal property of any kind, used by a special employee-owned corporation in its development, organization, construction, establishment or operation.	PR Internal Revenue Code Section 1031.02(a)(17)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 5
TEB - 171	Business Tax	Income received or earned in relation to the celebration of sports games organized by international associations or federations	(21) Income received or earned with respect to games organized by international associations or federations.- Income of any kind received or earned by teams of members of international associations or federations or associations or entities affiliated with said teams, and income of any kind earned by entities contracted by said teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico.	PR Internal Revenue Code Section 1031.02(a)(21)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 6

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 172	Business Tax	Income derived by the International Insurer or Holding Company of the International Insurer	The income derived by the International Insurer or a Holding Company of the International Insurer, subject to the provisions of Article 61.240 of the Puerto Rico Insurance Code, including the income derived from the liquidation or dissolution of the operations in Puerto Rico.	PR Internal Revenue Code Section 1031.02(a)(23)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 7
TEB - 173	Business Tax	Rents from the Historic Zone	Rent from the Historic Zone. For taxable years beginning before January 1, 2020, subject to the requirements of Act No. 7 of March 4, 1955, as amended, and any other law that substitutes or complements it, up to the limit established in such laws, the rents earned for leasing existing buildings in the Historic Zone of the city of San Juan the Baptist of Puerto Rico or in any historic zone established in Puerto Rico by the Institute of Puerto Rican Culture, or the Planning Board that has been improved, restored, restructured, or substantially reconstructed or of new construction in accord with the norms established by the Institute of Puerto Rican Culture to harmonize with the characteristics of the historic zone where they are located, and having obtained the corresponding permits from the pertinent agencies and a certificate from the Institute of Puerto Rican Culture establishing its conformity with the structure just as it has been finished. Substituted by Act 60-2019 as of January 1, 2020-Section 2072.01(a) Preferential flat tax rate of four percent (4%).- The income of an Eligible Business derived from eligible activities described hereinbelow shall be subject to a preferential flat income tax rate of four percent (4%) in lieu of any other income tax provided by the Puerto Rico Internal Revenue Code or any other law; provided, that the requirements applicable to its eligible activity are met: (1) Rents received for the rental of buildings in the Historic Zones of Puerto Rico; provided, that they meet the requirements of Act No. 7 of March 4, 1955, as amended, known as the "Historic Zones Tax Exemption.	PR Internal Revenue Code Section 1031.02(a)(28)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 18 Income Tax Return for Exempt Businesses Under the Puerto Rico Incentives Code Act 60-2019 Form 480.30 (II) Schedule 5 Incentives, Income Tax for Exempt Businesses Engaged in Infrastructure and Green Energy, Part V line 1

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 174	Business Tax	Income from vessels owner's associations and mutual protection and indemnity	(a) The following items of income shall be exempt from tax under this Subtitle: (35) Miscellaneous items.- (D) receipts of vessel owner and mutual protection and indemnity associations	PR Internal Revenue Code Section 1031.02(a)(35)(D)	Corporate Income Tax Return 2022 (Form 480.2) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 8
TEB - 175	Business Tax	Income from buildings rented to the Commonwealth of Puerto Rico for public hospitals or schools, or health homes (Contracts in force as of November 22, 2010)	The income derived from buildings leased to the Government of Puerto Rico for public hospitals, convalescence or nursing homes and public schools, exclusively for those buildings that had a lease contract in effect as of November 22, 2010.	PR Internal Revenue Code Section 1031.02(a)(35)(F)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 9
TEB - 176	Business Tax	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	The provisions on the excise tax on acquisitions, made after December 31, 2010, of personal property and services between related persons shall be those provided in Sections 2101, 2102, 2103, 2104, 2105 and 2106 of Act 120-1994, as amended, known as the "Puerto Rico Internal Revenue Code of 1994," effective on the date of enactment of this Code, except that any reference in such sections to specific provisions of the Puerto Rico Internal Revenue Code of 1994 (other than subsections (f) and (h) of Section 1123 of said Code) shall be understood, for purposes of this Code, to refer to the analogous provision of this Code.	PR Internal Revenue Code Section 1031.02(a)(35)(G)	Corporate Income Tax Return 2022 (Form 480.2) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 10



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 177	Business Tax	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	<p>1023.06(j) Transitional Provisions - The amount of any eligible distribution made by a corporation or partnership during the period between July 1, 2006 and December 31, 2006, subject to a special tax rate of five (5) percent of the total amount received by any eligible person, in lieu of the special tax established under subsection (b), and not currently distributed to the shareholders or partners of said entities, may be maintained in the books of the corporation or partnership in question, in order to comply with any contractual, commercial or statutory commitment of said entities, to be taken into account when making any kind of distribution by the Board of Directors of managing partner or directors of said corporations or partnerships, and subject as such to the discretion thereof, in terms of the source or origin of the monies to be distributed in the future by any such entities.</p> <p>1023.25(b) Tax applicable to constructive distributions. Any corporation has, within the periods provided in subsection (a) of this section, the authority to designate, as a constructive distribution, an amount up to the retained earnings and profits subject to the special tax provided in subsection (a) of this section, without having to distribute them during the temporary period.</p> <p>(1) Any corporation that designates an amount as a constructive distribution and submits the election and payment no later than April 30, 2015, shall be entitled to the special tax of five (5) percent.</p> <p>(2) Any corporation that designates an amount as a constructive distribution and submits the election and payment after April 30, 2015 and no later than June 30, 2015, shall be entitled to the special tax of eight (8) percent.</p> <p>(3) Any corporation that designates an amount as a constructive distribution and submits the election and payment after September 30, 2015 and no later than December 31, 2015, shall be entitled to the eight (8) percent special tax; provided that, it shall not be necessary for the taxpayer to present the distribution described in this paragraph on its income tax return, provided that the taxpayer pays the tax on the forms provided by the Secretary for these purposes. The special tax provided in this paragraph shall not apply to taxpayers subject to the provisions of Section 1022.03(b)(2)(B) of this Code.</p> <p>(4) Any corporation that designates an amount as a constructive distribution taxed under Section 1062.13 and submits the election and payment during the periods set forth in paragraphs (1), (2) and (3) of this subparagraph may reduce the amount of earnings and profits as established in Section 1062.13 of the Code.</p>	PR Internal Revenue Code Section 1023.06 (j) and 1023.25(b)	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 11

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 178	Business Tax	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	The distributions of dividends or profits of industrial development income of exempt businesses or in liquidation under the Economic Incentives for the Development of Puerto Rico Act (Act 73-2008) and the Tax Incentives Act of 1998 (Act 135-1997). For the treatment of such current or liquidation distributions, see Internal Revenue Circular Letter No. 09-06 of July 22, 2009.	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule IE Corporation Part II Line 12 Act 73-2008 and Act 135-1997	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation Part II Line 12
TEB - 179	Business Tax	Rent of residential property under Act 132-2010	The income from rent of residential property under the Act of Stimulus to the Real Estate Market.(a) Granting of Tax Exemption.—The income earned by any Eligible Lessor from the leasing of a residential property shall be fully exempted from Puerto Rico's income taxes, including the alternate basic tax and the minimum alternative tax provided in the Code. The tax exemption herein provided shall apply to the income earned with respect to leasing contracts entered into after the effective date of this Act, including those entered into after June 30, 2011, as well as those entered into at the time of the approval of this Act.	Section 2 (a) Act 132-2010, as amended	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 13
TEB - 180	Business Tax	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	The gross income, up to \$500,000, generated by a new business created by a young entrepreneur whose age fluctuates between 16 and 35 years. Such new business will have to be in the first three years of operation with a special agreement for the creation of young businesses. For additional details, refer to the Act 135-2014 (Act for the Incentives and Financing of Young Entrepreneurs).	Section 3 of Act 135- 2014	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 14

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Exemptions					
TEB - 181	Business Tax	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	The amount received from the distributable share in the exempt income from pass-through entities as informed on Forms 480.60 EC, Part III, line 17.	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule IE Corporation Part II Line 15	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 15
TEB - 182	Business Tax	Exempt income from rent under Act 165-1996	The total amount of other exemptions from gross income for which a specific line is not provided on this Schedule IE, even if they are granted by special acts. Exempt amount (90%) of the total of rent received from the rental housing program for elderly persons with low income according with the disposition of Act 165-1996, as amended.	Instructions Booklet Income Tax Return 2022 of Taxable Corporations Schedule IE Corporation Part II Line 10	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 18
TEB - 184	Business Tax	Other payments reported in a Form 480.6D	The amount the amount included in Box 23 of Form 480.6D. Provide the required information of Form 480.6D	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule IE- Corporation Part II Line 16	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 16
TEB - 185	Business Tax	Other payments not reported in a Form 480.6 D	The total amount of other payments for which a specific line is not provided on this schedule and were not reported on a Form 480.6D.	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule IE Corporation Part II Line 17	Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 17



DEPARTMENT OF THE

TREASURY

GOVERNMENT OF PUERTO RICO

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Deduction					
TEB - 186	<i>Business Tax</i>	Other exemptions	<p>The total amount of other exemptions from gross income for which a specific line is not provided on this Schedule, even if they are granted by special acts. The taxpayer must include with the return a breakdown of the exemptions from gross income or exempt income and the amount of such income received during the taxable year. Section 1031.02(a) of the PR Internal Revenue Code- The following items of income shall be exempt from tax under this Subtitle:</p> <p>(6) Incentives received by farmers.-</p> <p>(A) In the case of any farmer, the incentives received from the Government of Puerto Rico for:</p> <p>(i) the purchase of farm machinery used for the production of sugar cane, coffee, vegetables, rice and food crops;</p> <p>(ii) the purchase of fertilizer, herbicide, fungicide and materials for land improvement, beekeeping, mariculture, aquaculture and otherwise as determined or added by the Secretary of Agriculture;</p> <p>(iii) the purchase of wire, posts, cattle fencing materials and otherwise as determined or added by the Secretary of Agriculture; and</p> <p>(iv) the construction of cattle, hog and poultry facilities and fishing vessels.</p> <p>(B) These incentives shall be deemed a reduction of costs or expenses, as the case may be, incurred by the farmer. The Secretary of Agriculture must submit to the Secretary each year, on or before January 31 of the year following the calendar year in which said incentives were granted, a list containing the following information:</p>	<p>PR Internal Revenue Code Section 1031.02(a)(6), (7), (22), (31), (35)(B), (C) and Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule IE Corporation Part II Line 18</p>	<p>Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 18</p>

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Deduction					
TEB – 186, Continue	<i>Business Tax</i>	Other exemptions	<p>(i) name, account number and address of each farmer to whom the incentives have been granted, and</p> <p>(ii) item and amount of the incentives.</p> <p>(7) Improvements by lessee on lessor's property.-Income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.</p> <p>(22) Income earned by Caribbean Series participants.- Income earned by the nonresident players, managers, technical personnel and foreign teams participating in Caribbean Series Professional Baseball games held in Puerto Rico.</p> <p>(31) Income of international banking entities.- Income from any of the activities described in subsection (a) of Section 12 of Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act," carried on by any International Banking Entity authorized to carry on such activities under the provisions of said act, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>(35) Miscellaneous items.-</p> <p>(B) income of the U.S. government, foreign governments and international organizations.- Income of the Government of the United States, foreign governments or international organizations, received from investments in Puerto Rico in shares, bonds or other domestic securities held by said governments or international organizations, or interest on deposits in banks in Puerto Rico on monies belonging to said governments or international organizations, or from any other source within Puerto Rico;</p> <p>Deduction</p> <p>(C) income of states, municipalities and other political subdivisions.- Income derived from any public utility company or the performance of any essential government function, accrued by any state, territory or the District of Columbia, or any political subdivision of a state or territory, or income accrued by the government of any U.S. possession or any political subdivision thereof.</p>	<p>PR Internal Revenue Code Section 1031.02(a)(6), (7), (22), (31), (35)(B), (C) and Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule IE Corporation Part II Line 18</p>	<p>Corporation Income Tax Return 2022 (Form 480.20) Schedule IE Corporation, Excluded and Exempt Income, Part II Line 18</p>

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Subject to Moratorium					
TEB - 187	<i>Business Tax</i>	Credit attributable to losses or for investment in the Capital Investment Fund, Act - 46 , including purchases.	<p>PR Internal Revenue Code Section 1051.08 (b) Credits subject to moratorium: (2) Subparagraph (a) of Article 14 of Act No. 46 of January 28, 2000, as amended, known as the Puerto Rico Investment Capital Investment Fund Act of 1999</p> <p>Act 46-2000: (a) Tax Credit.- The Administrator of the Fund shall be entitled to a tax credit equivalent to 25% of the sum of money received by the Fund as private proprietary interests in the Fund, which can be used solely as provided in subsection (b) and (d) of this Section. The tax credit shall be available at the time the Fund receives cash which qualifies it as an investment of private proprietary funds.</p>	PR Internal Revenue Code Section 1051.12 (a)(2) or Act 46-2000	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II, Line 1 A-Pre Tax Credits Manager, 1 B-Post Tax Credits Manager and Part IV Line 2 A-Pre Tax Credits Manager, 2 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Subject to Moratorium					
TEB - 188	<i>Business Tax</i>	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	PR Internal Revenue Code Section 1051.12(a) Credits subject to moratorium: (7) Subparagraphs (a) and (b) of Article 4 of Act No. 98 of August 10, 2001, as amended, known as the Housing Infrastructure Investment Tax Credit Act. Subject to the provisions of this Act, every petitioner may qualify for a Special Credit for Investment in Housing Infrastructure by the investment made in the construction of infrastructure. For the effect of the computation of credit provided under this Act, only that Special Investment in Housing Infrastructure recommended by the designated officials of the Department of Housing and the Treasury Department shall be taken into consideration, once the merits of the application for Investment Credits in Housing Infrastructure are analyzed.	PR Internal Revenue Code Section 1051.12 (a)(7)	Corporate Income Tax Return 2022 (Form 480.2) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 2 A-Pre Tax Credits Manager, 2 B-Post Tax Credits Manager and Part IV Line 3 A-Pre Tax Credits Manager, 3 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Subject to Moratorium					
TEB – 188, Continue	<i>Business Tax</i>	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	<p>The Secretary of Housing, upon consultation with the Secretary of the Treasury, shall have the discretion, when merited by the best interest of the Commonwealth of Puerto Rico, to grant the credits provided in this Act with regard to extraordinary investments in infrastructure in projects begun between the first of January of 2001, and the date that the regulations referred to in Section 7 of this Act become effective.</p> <p>Tax credit consists of the equivalent of 100% of the total cost of the housing project, if not owned by the petitioner or 75% of the cost of social interest housing or 50% of middle class housing, that are owned by the petitioner. This credit is subject to the 25% limitation imposed by Section 1051.13. Article 4 (f) of Act 98-2001 provides for the transfer of the credit.</p>	PR Internal Revenue Code Section 1051.12 (a)(7)	Corporate Income Tax Return 2022 (Form 480.2) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 2 A-Pre Tax Credits Manager, 2 B- Post Tax Credits Manager and Part IV Line 3 A-Pre Tax Credits Manager, 3 B- Post Tax Credits Manager
TEB - 189	<i>Business Tax</i>	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	<p>PR Internal Revenue Code Section 1051.12(a) Credits subject to moratorium: (6) Subparagraph (A) of Article 3 of Act No. 140 of October 4, 2001, as amended, known as the "Social Housing Construction or Rehabilitation Investment Act," except for those credits allowed or pending final approval for social housing projects for sale or rent or elderly facilities meeting the following requirements: (1) to have a certificate of qualification, and (2) to have an amount of reserved credits."</p> <p>"Subject to the provisions of this Act, every owner of a rental housing project for low income families may qualify for a tax credit of \$.50 for each \$1.00 of Eligible Investment used in the new construction or substantial restoring of housing units to be rented to low or moderate income families. Act 140-2001 also provides a credit Affordable Housing projects for rent to the elderly. The credit in this case is 75% of every dollar used in an eligible investment. Article 1.6 (a) of Act 140-2001 provides for the transfer of the credit."</p>	PR Internal Revenue Code Section 1051.12 (a)(6)	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 3 A-Pre Tax Credits Manager, 3 B- Post Tax Credits Manager and Part IV Line 4 A-Pre Tax Credits Manager, 4 B- Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Subject to Moratorium					
TEB - 190	Business Tax	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	<p>PR Internal Revenue Code Section 1051.11(b)(5)(F) Credits subject to moratorium: Paragraphs (E) and (F) of Article 4.03 and Article 4.04 of Act No. 212 of August 29, 2002, as amended, known as the Urban Center Revitalization Act; the moratorium shall apply as follows: Credits granted during Fiscal Years 2018-19 to 2023-24; only up to fifty (50) percent of the credit granted in tax years beginning after the end of the first semester of the fiscal year during which the tax credit is granted may be claimed; and any remanent in subsequent tax years.</p> <p>Act 212-2002: Section 4.03(F).- A tax credit shall be granted equal to 75% of the investment in the construction of a rehabilitation project of an urban center. In case that the project is located in an historical zone or around a public Plaza of the urban center, the credit shall be of 100%.This credit is subject to the 25% limitation imposed by Section 1051.13 of the PR Internal Revenue Code.</p>	PR Internal Revenue Code Section 1051.11 (b)(5) (F) or Act 212-2002, as amended	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 4 A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager and Part IV Line 6 A-Pre Tax Credits Manager, 6 B-Post Tax Credits Manager
TEB - 193	Business Tax	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	<p>PR Internal Revenue Code Section 1051.09: (b) Credits subject to moratorium: (4) Subparagraph (a) of Article 17 of Act No. 183 of December 27, 2001, as amended, known as the Puerto Rico Conservation Easement Act;</p> <p>Act 183-2001-Article 17The amount of credit for the establishment and donation of a conservation easement, equal to 50% of the value of the eligible conservation easement.</p>	PR Internal Revenue Code Section 1051.12 (b)(4)or Act 183-2001	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits Manager and Part IV Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Subject to Moratorium					
TEB - 194	<i>Business Tax</i>	Credits carried from previous years	The total of carryforward credits determined on line 24, Part II of Schedule B Corporation of the income tax return filed in the previous year, which are subject to moratorium under Sections 1051.11 and 1051.12 of the PR Internal Revenue Code. The taxpayer must include with the return a detail that includes the taxable year in which the credit was originated, the amount of credit generated per taxable year, the amount of credit carried over per taxable year used in previous taxable years, the taxable year in which any balance of such credit was claimed and the balance of credit available for the current taxable year.	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule B Corporation Part II Line 7	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 7 A-Pre Tax Credits Manager, 7 B-Post Tax Credits Manager
TEB - 195	<i>Business Tax</i>	Other credits not included on the preceding lines	The total of credits subject to moratorium that has not been included on the previous lines. Include with your return a schedule showing a breakdown of the credits included on this line. In addition, you must submit evidence of the credit that is being claimed: PR Internal Revenue Code Sections 1051.08(b)(1) Subparagraph (b) of Article 21 of Act No. 70 of June 23, 1978, as amended, known as the Puerto Rico Solid Waste Authority Act.	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule B Corporation Part II Line 8	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 8 A-Pre Tax Credits Manager, 8 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Subject to Moratorium					
TEB - 196	<i>Business Tax</i>	Purchase: Solid Waste Disposal (Act 159-2011)	<p>The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.</p> <p>Act 159-2011: Section 4.— Tax Credit for Investment in Exempt Facilities. (a) Subject to the provisions of subsections (b), (c), and (e) of this Section, any investor shall be entitled to a credit for investment in exempt facilities equal to 50% of the eligible investment to be applied in two (2) installments: half of said credit shall be used during the year in which the exempt facility obtained the necessary financing for its total construction, and the balance thereof shall be used in the subsequent year or years, as established by the Secretary in the administrative determination approving the granting of the credit. If an escrow account is opened and then closed because the financing needed for the total construction of the exempt facility was not obtained, the participants shall not be entitled to the credit.</p>		Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 1 A-Pre Tax Credits Manager, 1 B-Post Tax Credits Manager
TEB - 198	<i>Business Tax</i>	Purchase: Other Credits	<p>The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 7, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.</p>	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule B Corporation, Part IV Line 7	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 7 A-Pre Tax Credits Manager, 7 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB - 200	Business Tax	Credit for investment in film industry development (Act 27-2011), including purchases.	<p>Act 27 - 2011 - (1) In the case of Film Projects, the credit granted in Article 7.3 (a) will be equal to:</p> <p>(A) Forty percent (40%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico, not including payments made to Non-Resident Talent; and</p> <p>(B) twenty percent (20%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico that consist of payments to Non-Resident Talent. The credits generated by Production Expenses of Puerto Rico consisting of payments to Non-Resident Talent will not be subject to the limitations imposed in Article 7.3 (b) (3).</p> <p>(2) In the case of Infrastructure Projects, the credit granted in Article 7.3 (a) shall be equivalent to twenty-five percent (25%) of the amounts certified by the Auditor as disbursed in relation to the development and / or expansion of the Infrastructure Project in question. Act 60 -2019 - The Tax Credit available is: (i) Up to forty percent (40%) of the amounts certified by an Auditor as disbursed in connection with Puerto Rico Production Expenditures, without including payments made to Foreign Persons; and (ii) Up to twenty percent (20%) of the amounts certified by an Auditor as disbursed in connection with Puerto Rico</p>	<p>Section 7.3 Act 27-Instructions Booklet Income Tax Return of Taxable Corporations 2022</p> <p>Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 11 and Line 12; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs under the Puerto Rico Industrial Development Form 480.30(II)-2022</p> <p>Schedule 7 Incentives-Income Tax for Exempt Businesses Engaged in Creative Industries</p>	<p>Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 11 and Line 12; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs under the Puerto Rico Industrial Development Form 480.30(II)-2022, Schedule 7 Incentives-Income Tax for Exempt Businesses Engaged in Creative Industries, Part IV Line 4</p>

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB – 200 Continue	Business Tax	Credit for investment in film industry development (Act 27-2011), including purchases.	<p>Production Expenditures, consisting of payments made to Foreign Persons; and (iii) Up to fifteen percent (15%) of the amounts certified by an Auditor as disbursed in connection with Puerto Rico Production Expenditures, without including payments made to Foreign Persons, in feature films, television series, or documentaries in which a Domestic Producer is in charge of the Film Project and the director, cinematographer, editor, production designer, post- production supervisor, or line producer are Domestic Persons, up to a maximum of four million dollars (\$4,000,000) of Tax Credit per Film Project under this item.</p> <p>Tax Credits granted for payments made to Domestic Persons shall never exceed fifty-five percent (55%) of the total Puerto Rico Production Expenditures, without including payments made to a Foreign Person.</p> <p>In the case of Film Projects, the Tax Credit approved may be used in two (2) or more installments. Fifty percent (50%) of the Tax Credit may be used in the Taxable Year during which the activities covered by the Decree begin, subject to the posting of a Bond acceptable to the Secretary of the DEDC or Auditor's Certification as provided in subsection (d) of this Section, and the balance of said Tax Credit in subsequent years. Act 60-2019 provides that the tax credits generated thereunder may be assigned, sold or otherwise transferred."</p>	Section 7.3 Act 27-Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 11 and Line 12; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development Form 480.30(II)-2022 Schedule 7 Incentives- Income Tax for Exempt Businesses Engaged in Creative Industries	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 11 and Line 12; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development Form 480.30(II)-2022, Schedule 7 Incentives- Income Tax for Exempt Businesses Engaged in Creative Industries, Part IV Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB - 203	<i>Business Tax</i>	Credit for investment Act 73-2008, including purchases.	Section 6.—Credit for Industrial Investment.— (b) General Rule.— (1) Subject to the provisions of clause (2) of this subsection, any investor may claim a credit for industrial investment equal to 50% of his/her eligible investment made after the date of approval of this Act, to be taken in 2 or more installments: the first half of said credit, in the year in which the eligible investment is completed, and the balance of said credit, in the following years.	Section 6(b) of Act 73-2008	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 15 A-Pre Tax Credits Manager, 15 B-Post Tax Credits Manager and Part IV Line 14 A-Pre Tax Credits Manager, 14 B-Post Tax Credits Manager
TEB - 204	<i>Business Tax</i>	Credit for investment Act 83-2010 (Green Energy Incentives)	Section 2.11.-Credits.- (c) Green Energy Source Research and Development Investment Credit- (1) Any exempt business that holds a decree granted under this Act may claim a research and development investment credit equal to 50% of the special eligible investment made in Puerto Rico.	Art. 2.11(c) of Act 83 - 2010	Corporation Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 15 A-Pre Tax Credits Manager, 15 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB - 205	<i>Business Tax</i>	Credits carried from previous years	The total of carryforward credits determined on line 24, Part II of Schedule B Corporation of the income tax return filed in the previous year which are not subject to moratorium under Sections 1051.11 and 1051.12 of the Code. The taxpayer must include with the return a breakdown including the taxable year in which the credit was originated, the amount of credit generated per taxable year, the amount of credit carried over per taxable year used in previous taxable years, the taxable year in which any balance of such credit was claimed and the balance of credit available for the current taxable year.	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule B Corporation Part II Line 18	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 18 A-Pre Tax Credits Manager, 18 B- Post Tax Credits Manager



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB - 206	Business Tax	Other credits not included on the preceding lines	<p>The total amount of tax credits not subject to limitation not included on the preceding lines. Act No. 362 of December 24, 1999, as amended, Sections 5 and 6 of Act No. 73 of May 28, 2008 and Section 4050.10 Credit for Purchases of Products Manufactured in Puerto Rico, Section 1051.07 Credit for the Increase in Purchases of Puerto Rico Farm Products, Section 1052.03 Tax Credits Program for the Acquisition of Newly Constructed Dwellings, and Section 1052.04 Tax Credit Program for the Acquisition of Existing Dwellings"</p> <p>The total amount of other tax credits not subject to moratorium not included on the preceding lines, for example, the credit for contributions to former governors foundations, provided as follows. A credit equivalent to 100% of the amount contributed during the taxable year to former governors foundations is granted for its operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and Former First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay for the construction, operation and all necessary expenses for the true fulfillment of the purposes of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in the aggregate, for any taxable year.</p>	Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule B Corporation Part II Line 19	Corporation Income Tax Return 2022 (Form 480.20) B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 19 A-Pre Tax Credits Manager, 19 B- Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB - 207	<i>Business Tax</i>	Purchase: Tourism Development (Act 78-1993)	<p>Act 78 provides 90% exemption on income from eligible tourism activities, including benefits and dividends distributed from the exempt business to his shareholders or partners, as well as distributions in liquidation. The exemption period will be for a period of 10 years.</p> <p>(a) General Rule.</p> <p>(b) Subject to the provisions of subsection (c) of this Article, every investor (including a participant) will be entitled to a credit for tourism investment equal to 50% of their eligible investment or their investment in securities of a fund, to be taken in 2 terms: The first half of said credit in the year in which the exempt business obtained necessary financing for the total construction of the tourism project, and the balance of said credit, in the following year.</p>	Act 74-2010, Act 78-1993 or Section 3010.01 of Act 60 - 2019, as amended	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 9 A-Pre Tax Credits Manager, 9 B-Post Tax Credits Manager and Line 10 A-Pre Tax Credits Manager, 10 B-Post Tax Credits Manager
TEB - 208	<i>Business Tax</i>	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	<p>Credit for Investment in Research and Development, Clinical Tests, Toxicological Tests, Infrastructure, Renewable Energy, or Intangible Property.— (1) Any tax-exempt business that holds a decree granted under this Act or under preceding tax incentives laws may claim a credit for investment equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the date of approval of this Act by said tax-exempt business or by any entity affiliated thereto.</p>	Sec. 5(c) of Act 73, 2008	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 13 A-Pre Tax Credits Manager, 13 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB - 210	<i>Business Tax</i>	Purchase: Other Credits	Other tax credits not subject to moratorium not included on the preceding lines.	PR Internal Revenue Code Section 1051.11(d) and Instructions Booklet Income Tax Return of Taxable Corporations 2022 Schedule B Corporation Part IV Line 18	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 18 A-Pre Tax Credits Manager, 18 B-Post Tax Credits Manager
TEB - 211	<i>Business Tax</i>	Credit for Investment in Opportunity Zones, including Purchases	Every investor should be entitled to an investment credit equal to the eligible percentage of such investor's eligible investment made taken in four (4) installments: twenty-five percent (25%) of said credit in the year in which the exempt business finished the total construction of the Priority Project or, if the Priority Project does not require construction, upon the eligible business commencement of operations, whichever is later, and twenty-five percent (25%) of the credit balance in the next three (3) years.	Act 21-2019 and Act 60-2019, as amended	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 16 A-Pre Tax Credits Manager, 16 B-Post Tax Credits Manager and Part IV Line 17 A-Pre Tax Credits Manager, 17 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
Credits					
Not subject to Moratorium					
TEB - 212	<i>Business Tax</i>	Credit for the purchase or transmission of television programming made in P.R. (Section 1051.14)	Any television channel that purchases or broadcasts programming made in Puerto Rico by independent producers, employing by 90% or more Puerto Rico resident artists, may claim a credit of 15% of the expenses paid by the television channel in the tax year for which the credit is claimed, for the purchase or broadcast of new programming, subject to certain requirements and limitations.	PR Internal Revenue Code Section 1051.14	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part II Line 12 A-Pre Tax Credits Manager, 12 B-Post Tax Credits Manager
TEB - 213	<i>Business Tax</i>	Purchases: Credit for investment in research and development	Act 60 - 2019, as amended provides for a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Section 3030.01 of Act 60-2019, as amended	Corporation Income Tax Return 2022 (Form 480.20) Schedule B Corporation, Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings, Part IV Line 16 A-Pre Tax Credits Manager, 16 B-Post Tax Credits Manager

Table 5
BUSINESS TAX
Business Tax Expenditure

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 214	Business Tax	Act 135 - 1997, Tax Incentives Law of 1998, Act 73 - 2008, Economic Incentives for the Development of Puerto Rico & Act 60 - 2019 Subtitle B Chapter 6	<p>Under Act 135 - 1997, tax-exempt businesses, in general, enjoy a fixed income tax rate not greater than seven percent (7%), but of not less than two percent (2%). Benefits are available for applications filed up to December 31, 2019 - Act No. 73 of 2008, known as the Economic Incentives Act for the Development of Puerto Rico, was established to provide the adequate environment and opportunities to continue developing a local industry, offer an attractive tax proposal, attract direct foreign investment and promote economic development and social betterment in Puerto Rico. Tax-exempt businesses, in general, enjoy a fixed income tax rate not greater than four percent (4%). Benefits under this Act are available for applications filed up to December 31, 2019. Act 60- 2019 substitutes Act 73- 2008. "The PR Incentives Code provides incentives to promote manufacturing activities. The benefits granted are valid for 15 years and can be extended for an additional 15 years. Exempt businesses have the option of a general or an alternate fixed tax regime:</p> <p>General scenario: 4% income tax rate with a withholding tax rate on royalty payments of 12%.</p> <p>Alternate scenario: 8% income tax rate with a withholding tax rate on royalty payments of 2%. Under both scenarios, the withholding tax on royalty payments is creditable against the applicable income tax rate.</p> <p>Novel Pioneer Activities are eligible for a 1% income tax rate.</p> <p>Dividend distributions enjoy a 100% exemption. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Benefits under this Act are available for applications filed after December 31, 2019."</p>	Act 135-1997, Act 73-2008 or Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI-2022, Schedule V Incentives- Income Tax for Exempt Business under Act 135-1997, Schedule X Incentives- Income Tax for Exempt Businesses Under Act 73-2008; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code (Act 60-2019) Form 480.30(II)-2022, Schedule 4 Incentives- Income Tax for Exempt Business Engaged in Manufacture

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 215	Business Tax	Act 20 - 2012, Export Services & - Act 60 - 2019 Subtitle B Chapter 3	The PR Incentives Code provides incentives to promote the exportation of services. The benefits granted are valid for 15 years and can be extended for an additional 15 years. In general, Income derived from the exportation of services is subject to a four percent (4%) tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%),for the remaining period of the decree.	Act 20-2012 orAct 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI -2022, Schedule AA Incentives-Income Tax for Exempt Businesses under Act 20-2012;Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code Form 480.30(II) -2022, Schedule 1 Incentives-Income Tax for Exempt Business Engaged in Export of Goods and Services
TEB - 216	Business Tax	Act 52 - 1983, Tourist Incentives Law of Puerto Rico Act 78 - 1993,Tourism Development Law of Puerto Rico Act 74 - 2010	The Tourism acts provides incentives for the development of world-class tourist industry. 90% exemption on income from eligible tourism activities, including benefits and dividends distributed from the exempt business to his shareholders or partners, as well as distributions in liquidation. The benefits granted under these acts will be valid for 10 years from the time that the eligibility of the tourism project is established and if they are eligible they can be extended to apply to the operational phase for an additional 10 years. Benefits under Act 74 are available for applications filed up to December 31, 2019.	Act-52-2012, Act-78-1993 or Act 74-2010	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT-2022, Schedule L Incentives -Partially Exempt Income under Act 52 of 1983, Act 78-1993 or act 74-2010

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 217	Business Tax	Act 118 - 2010 & Act 107 - 2020, Law of Incentives for Municipal Economic Development and Tourism	<p>Act 118 -2010 was repealed and replaced by Act 107-2020. Act 107, also known as the PR Municipal Code provides incentives to projects developed in municipalities that are economically distressed, including Vieques and Culebra, that show a decrease in municipal business taxes. Act 107 establishes a Selection Committee chaired by the Secretary of Economic Development. This Selection Committee selects the projects eligible for the benefits under Act 107. These projects must have at least three basic components: a) A world-class hotel that holds at least a four (4) star rating; b) Varied commercial and recreational establishments; and c) Other entertainment facilities typical of a 4-star hotel, including a casino, as such facilities are defined in Act No. 221 of 1948, known as the "The Games of Chance Act". The preferred income tax rate available to the tourism business on its tourism gaming net revenue will depend on the concessionaire's total investment of private capital, as provided below:</p> <p>a) Investments of \$500,000,000 or more shall be granted a fixed, 25% tax rate;</p> <p>b) Investments of \$750,000,000 or more shall be granted a fixed, 15% tax rate;</p> <p>c) Investments of \$1,000,000,000 or more shall be granted a fixed, 10% tax rate; and</p> <p>d) Investments of \$1,250,000,000 or more shall be granted a fixed, 8% tax rate.</p>	Act 118-2010 or Act 107-2020	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT-2022, Schedule Z Incentives- Income Tax for Exempt Business under Act 118-2010

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 218	Business Tax	Act 83 - 2010, Puerto Rico Green Energy Incentives Law & Renewal Energy and Infrastructure - Act 60 - 2019 Subtitle B Chapter 7	Act 83-2010 establishes standards to promote renewable energy, in accordance with short, medium and long-term compulsory targets, known as the Renewable Energy Portfolio. In general, eligible businesses that hold a decree under this Act should be subject to a fixed income tax rate of four percent (4%).Benefits under this Act are available for applications filed up to December 31, 2019. Act 60 -2019, also known as the " Puerto Rico Incentive Code", substitutes Act 83 - 2010. The PR Incentives Code provides incentives to promote renewable energy and infrastructure. Exempt Businesses are subject to a four percent (4%) income tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Dividend distributions enjoy a 100% exemption. Benefits under this Act are available for applications filed after December 31, 2019.	Act 83-2010 or Act 60-2019	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Green Energy (Form 480.30(II)EV- 2022, Schedule Y Incentives- Income Tax for Exempt Business under Act 83-2010;Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code (Act 60-2019), Form 480.30(II)-2022, Schedule 5 Incentives- Income Tax for Exempt Business Engaged in Infrastructure and Green energy
TEB - 219	Business Tax	Act 362 - 1999, Law for the Development of the Film Industry	Puerto Rico's Development of the Film Industry Act, Act No. 362 of December 24, 1999, allows producers of motion pictures and other films to substantially reduce their production costs while paying low or no taxes on their profits. The film entity also enjoys a reduced Puerto Rico income tax rate of 7% and its dividends and liquidating distributions are exempt from taxation. The property used in the film project enjoys a 90% exemption from real and personal property taxes, and full exemption from municipal license taxes, excise taxes and hotel taxes. With careful tax planning, it may also be possible to enjoy full exemption on the income from the film project. Effective until December 31, 2019.	Act 362-1999	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Film Industry (Form 480.30(II) C-2022, Schedule W Incentives- Income Tax for film Entity under Act 362-1999 or Act 27-2011

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 220	Business Tax	Act 27 - 2011, Law of Economic Incentives for the Film Industry of Puerto Rico / Act 60 - 2019 Subtitle B Chapter 9	Under Act No. 27 of 2011, as amended, known as the "Puerto Rico Film Industry Economic Incentives Act" ("Act 27"), film producers engaged in eligible activities may benefit from the following exemptions for a film project filmed in Vieques and/or Culebra. Tax exemptions for eligible production businesses, including film producers and studio operators, are the following: a) 4% fixed income tax rate on income derived from the production (6% to 10% fixed income tax rate in the case of studio operators); Benefits under this Act are available for applications filed up to December 31, 2019. Act 60 - 2019 substitutes Act 27 - 2011. The PR Incentives Code provides incentives to promote creative industries. The benefits granted are valid for 15 years and can be extended for an additional 15 years. Exempt Businesses are subject to a four percent (4%) tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Dividend distributions enjoy a 100% exemption. Benefits under Act 60- 2019 are available for applications filed after December 31, 2019.	Act 27-2011 or Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Film Industry (Form 480.30(II)) C-2022, Schedule W Incentives-Income Tax for film Entity under Act 362-1999 or Act 27-2011; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code Form 480.30(II)-2022, Schedule 7 Incentives-Income Tax Return for Exempt Businesses Engaged in Creatives Industries
TEB - 221	Business Tax	Act 168 - 1968, Tax Incentives Law for Hospital Facilities	Law 168 of 1968 grants incentives to persons dedicated to the operation of hospitals and / or health houses in Puerto Rico and adjacent facilities; and to establish the conditions under which they will enjoy said incentives, as well as to exempt from the payment of contributions the bonds, promissory notes or other obligations and fifty (50) percent of the interest on them, that these entities issue to raise the funds or the capital necessary for its purposes.	Act No. 168 of January 30, 1968, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE- 2022, Schedule P Incentives-Income from Fully Taxable Operations or Partially Exempt Income or Subject to Tax Credit

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 222	Business Tax	Act 148 - 1988, Special Law for the Rehabilitation and Development of Santurce	In addition to any other incentives, the Law creates a set of special incentives for developers of rehabilitation projects or new construction of structures for housing or mixed uses in the Santurce neighborhood. To encourage economic activity in the Santurce neighborhood this law allows any business or industry that is established in said neighborhood, or that increases its employment, within a period of five (5) years counted from the effectiveness of this law, take as a deduction from income tax an amount equal to five percent (5%) of the minimum wage paid in each new job created, for a term of five (5) years. It also provides that any business or new industry in the categories mentioned, when calculating the tax, can deduct from its net income up to one hundred and ten percent (110%) of the rent paid for the premises it occupies, for a period of ten (10) years. Incentives, deductions and other benefits granted under this Act may be claimed up to taxable year 2014.	Act No. 148 of August 4, 1988, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE- 2022, Schedule P Incentives-Income from Fully Taxable Operations or Partially Exempt Income or Subject to Tax Credit
TEB - 223	Business Tax	Act 75 - 1995, Special Law for the Rehabilitation and Development of Río Piedras	In addition to any other incentives, the Law creates a set of special incentives for developers of rehabilitation projects or new construction of structures for housing or mixed uses in the Santurce neighborhood. To encourage economic activity in the Santurce neighborhood this law allows any business or industry that is established in said neighborhood, or that increases its employment, within a period of five (5) years counted from the effectiveness of this law, take as a deduction from income tax an amount equal to five percent (5%) of the minimum wage paid in each new job created, for a term of five (5) years. It also provides that any business or new industry in the categories mentioned, when calculating the tax, can deduct from its net income up to one hundred and ten percent (110%) of the rent paid for the premises it occupies, for a period of ten (10) years. In addition, exempt businesses will be subject to a 25% tax rate on income generated from activities in the Río Piedras Urban Center, for a period of 10 years.	Act 75-1995	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE- 2022, Schedule P Incentives-Income from Fully Taxable Operations or Partially Exempt Income or Subject to Tax Credit

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 224	Business Tax	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico & Act 60 - 2019 Subtitle B Chapter 8	The Act establishes the requirements to qualify the "bona fide" farmers and exempt them from the payment of all kinds of taxes on movable and real property, municipal license tax, excise taxes and all municipal and/or state taxes or fees. It also provides for a 90% exemption on income taxes. Benefits under this Act are available for applications filed up to December 31, 2019. Act 60 - 2019 repeals Act 225 - 1995.	Act 225-1995 or Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE- 2022, Schedule P Incentives- Income from Fully Taxable Operations or Partially Exempt Income or Subject to Tax Credit; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code Form 480.30(II) Schedule 6 Incentives- Income Tax for Exempt Businesses Engaged in Agro-Industries Activities
TEB - 225	Business Tax	Act 14 - 1996, Special Law for the Development of Castañer	In addition to any other incentives, any business or industry established or to be established in Castañer will be entitled to an additional deduction for wages paid, for the purpose of computing their income tax, equivalent to five percent (5%) of the applicable minimum wage of each new job, created after the approval of this Act. This deduction shall be in addition to any other granted by any law and shall be for a term of fifteen (15) years. Any business or industry that is established in a Special Planning Zone in Castañer within a period of fifteen (15) years, from the date of designation of said Zone, shall be entitled to a special deduction for purposes of its income contribution. , equivalent to fifteen percent (15%) of the rent paid. This deduction will be in addition to any other granted by any law. Incentives, deductions and other benefits granted under this Act may be claimed up to taxable year 2014.	Act 14-1996	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE- 2022, Schedule P Incentives- Income from Fully Taxable Operations or Partially Exempt Income or Subject to Tax Credit

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 226	Business Tax	Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Act 178 of 2000 creates a Theater District whose parameters shall cover from Calle Bolívar to Calle Ernesto Cerra in Santurce, as part of Development and Rehabilitation of Santurce, in order to establish a cultural activities center in Santurce, grant special incentives to stimulate the rehabilitation of the area and citizen participation; and create a Task Force under the Chairperson of Planning Board. Applications under this Act were accepted up to December 31, 2012.	Act 178-2000	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE- 2022, Schedule P Incentives-Income from Fully Taxable Operations or Partially Exempt Income or Subject to Tax Credit
TEB - 228	Business Tax	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico Dairy Industry - Act 60 - 2019 Subtitle B Chapter 8	Law 72 -1962 exempts from the payment of property taxes and the contribution of income to the Dairy Industry Corporation of Puerto Rico, Inc., as long as the capital stock of said corporation belongs to the Milk Industry Development Fund created by Law no. 34 of June 11, 1957. Benefits under this Act are available for taxable years commenced prior to January 1, 2020. Act 60 - substitutes Act 72- 1962.	Act No. 72 of June 21, 1962, as amended, Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE- 2022, Schedule P Incentives-Income from Fully Taxable Operations or Partially Exempt Income or Subject to Tax Credit; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code Form 480.30(II)- 2022, Schedule 11 Incentives-Income Tax for Fully Taxable Operations or Periods for which is Chosen not to Use the Benefits of the Tax Exemption Grant Under Act 60-2019

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 230	<i>Business Tax</i>	International Financial Center	Act No. 273, also known as the "International Financial Center Regulatory Act" (the "Act"). The Act provides tax exemptions to businesses engaged in eligible activities in Puerto Rico. To avail from such benefits, a business needs to become an International Financial Entity ("IFE") by applying for a permit and license and obtaining a tax exemption decree. The income will be subject to a 4% tax rate.	Act 273-2012 or Act 60-2019, as amended	4% Special Tax Return of an International Insurer or an International Financial Entity Form 480.20(AI)-2022; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development Form 480.30(II)-2022, Schedule 2 Incentives-Income Tax for Exempt Businesses Engaged in Financial Activities, Investments and Insurance

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 231	<i>Business Tax</i>	Opportunity Zones	Eligible businesses, in the opportunity zones under Law 60-2019, will be subject to a fixed rate of eighteen point five (18.5) percent on its net opportunity zone income.	Act 21-2019 or Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)(DI)-2022, Schedule BB Incentives- Income Tax for Eligible Businesses in Opportunity Zones under Act 60-2019; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code Form 480.30(II)-2022, Schedule 9 Incentives- Income Tax for Exempt Businesses in Opportunity Zones

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 232	<i>Business Tax</i>	International Insurer	The income derived by the International Insurer or a Holding Company of the International Insurer, subject to the provisions of Article 61.240 of the Puerto Rico Insurance Code, will be subject to a 4%.	Act No. 77 of June 19, 1957, as amended or Act 60-2019, as amended	4% Special Tax Return of an International Insurer or an International Financial Entity Form 480.20(AI)-2022; Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code (Act 60-2019) Form 480.30(II)- 2022, Schedule 2 Incentives- Income Tax for Exempt Businesses Engaged in financial Activities, Investments and Insurance
TEB - 233	<i>Business Tax</i>	Ocean Freight Carriers - Act 60 - 2019 Subtitle B Chapter 11	Tax exemption is available to entities that engage in the following eligible activities: 1) Transportation of cargo by sea between ports located in Puerto Rico and posts located in foreign countries. (2) The rental or leasing of vessels, used in such transportation, or property of any other kind, movable and immovable, that is used in the operation of such vessels, provided that the Secretary of the DDEC determines that the exemption is necessary and convenient for the promotion of the economy and well-being of the people of Puerto Rico. Act 60-2019 substitutes Act 126-1966.	Act No. 126 of June 28, 1966, as amended or Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code (Act 60-2019) Form 480.30(II)- 2022, Schedule 10 Incentives- Income Tax for Exempt Businesses Engaged in Other Exempt Industries

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 234	Business Tax	Public Carriers Air Transportation- Act 60 - 2019 Subtitle B Chapter 11	Tax exemption is provided to air transportation services as a public carrier. Act 60 - substitutes Act 135- 1945.	Act No. 135 of May 9, 1945, as amended or Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code (Act 60-2019) Form 480.30(II)-2022, Schedule 10 Incentives- Income Tax for Exempt Businesses Engaged in Other Exempt Industries
TEB - 235	Business Tax	Rents from the Historic Zone	The amount of income received from the rental of buildings in historic areas as established by the Institute of Puerto Rican Culture or the Planning Board.	Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code (Act 60-2019) Form 480.30(II)-2022, Schedule 5 Incentives- Income Tax for Exempt Businesses Engaged in Infrastructure and Green Energy
TEB - 236	Business Tax	Tourism Industry - Act 60 - 2019 Subtitle B Chapter 5	The PR Incentives Code provides incentives to promote tourism activities. The benefits granted are valid for 15 years and can be extended for an additional 15 years. The Tourist Development Income derived from Exempt Businesses is subject to a four percent (4%) tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Dividend distributions enjoy a 100% exemption. Benefits under this Act are available for applications filed after December 31, 2019.	Act 60-2019, as amended	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code (Act 60-2019) Form 480.30(II)-2022, Schedule 3 Incentives- Income Tax for Exempt Businesses Engaged in Visitor Economy Activities

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Preferential Tax Rate					
TEB - 467	Business Tax	Preferential tax rate for incentive corporations electing to be taxed on industrial development income.	As part of Act 52-2022's new framework for incentive corporations, companies can elect out of the 4 percent excise tax as well as parts of the existing Incentive Acts into this income tax regime where the taxes are creditable against US income taxes. The industrial development income tax base after exemptions is taxed at 10.5 percent (15 percent if the US increases its income tax rate on controlled foreign corporations) instead of the general corporate tax rate of 37.5 percent. While not a tax expenditure, royalty tax rates are generally 12 percent.	Act 52-2022 Section 3.	Form 480.30

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 237	Business Tax	Credit attributable to losses or for investment in the Capital Investment Fund, including purchases.	<p>This Act has the main purpose of facilitating the co-participation of the private and public sector in the formation of investment capital oriented towards high-risk projects. The Fund Administrator will be entitled to a tax credit equivalent to twenty-five (25) percent of the amount of money received by the Fund as private proprietary interests in the Fund. The investment funds were created with the purpose of providing for a complementary program in order to induce the economical development of Puerto Rico. Such programs allow the co-participation of the public and private sector in the formation of capital investment guided toward projects of:</p> <ol style="list-style-type: none"> 1. high risk, under the Capital Investment Fund Act (Act 3 of October 6, 1987, as amended), and the Puerto Rico Capital Investment Funds Act of 1999 (Act 46 of January 28, 2000); Allowed credit percentage 25% 2. tourism, under the Puerto Rico Tourism Development Act of 1993 (Act 78 of September 10, 1993, as amended); Allowed credit percentage 50% 3. agriculture, under the Puerto Rico Agricultural Tax Incentives Act (Act 225 of December 1, 1995, amended); Allowed credit percentage 50% 4. solid waste disposal and/or handling facilities (Act 70 of June 23, 1978, as amended) , Allowed credit percentage 50%.; and 5. production of feature films, under Special Partnership (Section 1114.28 of the Puerto Rico Internal Revenue Code of 2011, as amended (Code)) , Allowed credit percentage 50%. 	Act 46-2000	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II Credits subject to Moratorium, Line 1 A-Pre Tax Credits Manager, 1 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part II Credits subject to Moratorium, Line 1 A-Pre Tax Credits Manager, 1 B-Post Tax Credits, and Part III Breakdown of the Purchase of Tax Credits subject to Moratorium, Line 2 A-Pre Tax Credits Manager, 2 B-Post Tax Credits Manager, 3 A-Pre Tax Credits Manager, 3 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 239	Business Tax	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	<p>The final purpose of this measure is to achieve collaboration between the private sector, non-profit organizations and the Government to enable the conservation of areas of natural or cultural value through the establishment of conservation easements.</p> <p>In general, any person, natural or legal, that constitutes an eligible conservation easement or donates an eligible land in accordance with the provisions of this Law, may opt for a tax credit equal to fifty percent (50%) of the value of the eligible conservation easement or of the eligible land at the date of the donation, to be taken in two (2) terms:</p> <ol style="list-style-type: none"> 1. The first half of said credit in the year in which the establishment of the conservation easement or the donation of the eligible land occurs; 2. The balance of said credit, in the following year. 	Act 183-2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits Manager and Part III Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits Manager Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits Manager and Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 5 A-Pre Tax Credits Manager, 5 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 240	Business Tax	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	<p>Its purpose is to link the private sector in the rehabilitation process of urban centers, while receiving incentives that allow it to invest in our urban centers. It is necessary to create instruments that make private investment profitable in urban centers with a guarantee from the government that government procedures will be reduced as much as possible.</p> <p>Among the benefits to the private sector are the following: Any commercial entity established in the area affected by the construction of the Revitalization projects in the Urban Zones will be entitled to a tax credit of eight (8) percent of the fifty (50) percent of the gross sales generated during the period of construction.</p>	Act 212-2002	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 4 A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager and Part III Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 6 A-Pre Tax Credits Manager, 6 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 4 A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager and Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 6 A-Pre Tax Credits Manager, 6 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 242	Business Tax	Other credits not included on the preceding lines	Includes credits not included in a separate line in the tax return that are subject to moratorium under Sections 1051.11 and 1051.12 of the Code	PR Internal Revenue Code Sections 1051.11 and 1051.12	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II Credits subject to Moratorium, Line 8 A-Pre Tax Credits Manager, 8 B-Post Tax Credits Manager and Part III Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 7 A-Pre Tax Credits Manager, 7 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 8 A-Pre Tax Credits Manager, 8 B-Post Tax Credits Manager& Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 7 A-Pre Tax Credits Manager, 7 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 243	<i>Business Tax</i>	Credits carried from previous years	Include total of credits claimed but not used in previous years that are subject to moratorium under Sections 1051.11 and 1051.12 of the Code	PR Internal Revenue Code Sections 1051.11 and 1051.12	Schedule B Incentives, Recapture of Credit Claimed In Excess and a Tax Credits, Part II, Credits subject to Moratorium, Line 7 A-Pre Tax Credits Manager, 7 B-Post Tax Credits Manager
TEB - 244	<i>Business Tax</i>	Purchase: Solid Waste Disposal (Act 159-2011)	<p>This Act repeals Article 21 of Act No. 70, supra, which incorporates the credit for investment in facilities for reduction, disposal and / or treatment of solid waste, for the sole purpose of creating an exclusive law that contains the same legislative intention of Act No. 15, supra, as well as tempering its content to the current reality. In general, every investor shall be entitled to a credit for investment in exempt facilities equal to fifty percent (50%) of his eligible investment, to be taken in no less than two (2) installments:</p> <ol style="list-style-type: none"> 1. Up to half of said credit in the year in which the exempt facility obtained the necessary financing for its total construction, and 2. The balance of said credit in the following year(s) 	Act 159 - 2011	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 1; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 1

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 246	Business Tax	Purchase: Credit for investment in housing infrastructure (Act 98-2001, as amended)	<p>(i) A tax credit will be granted to a Combined that is previously approved by the agency and by the Secretary of Housing in an amount equal to one hundred percent (100%) of the investment made, to carry out the design, development and construction of the Infrastructure of Regional or Municipal Impact to be transferred to the Commonwealth of Puerto Rico.</p> <p>(b)Through this Act, a tax credit equivalent to a portion of the investment in infrastructure that serves residential projects is created, in order to lower the construction costs of residential projects in Puerto Rico and in this way make homes more accessible to our residents.</p> <p>The Credit to be granted to the petitioner will be made up of two parts:</p> <p>(i) a credit for the extraordinary investment in infrastructure required by any agency that benefits housing projects and other projects that do not belong to the petitioner or in which the petitioner, its shareholders, partners or persons having an interest in it, do not have a majority ownership interest and</p> <p>(ii) a credit for the extraordinary investment in infrastructure that benefits the Housing Project of the petitioner.</p>	Art. 4(a)(i) and (b) of Act 98 - 2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line2 A - Pre Tax Credits Manager, 2 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 3 A- Pre Tax Credits Manager, 3 B-Post Tax Credits Manager;

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 247	Business Tax	Purchase: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	<p>This Act aims to encourage private companies to build or rehabilitate housing unit projects for rent to low and moderate income persons or families. Through this legislation, the Government of the Commonwealth of Puerto Rico will grant a tax credit for investment in the new construction or substantial rehabilitation of housing units to be rented to low-income families.</p> <p>As general rule, the Act provides that any owner of a rental housing project may qualify for a fifty cent (\$ 0.50) tax credit for every dollar (\$ 1.00) of Eligible Investment used in the new construction or substantial rehabilitation of housing units for rent to low-income families or moderate.</p>	Art. 1.2(a) of Act 140-2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 4 A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 4A-Pre Tax Credits Manager, 4 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Subject to Moratorium					
TEB - 248	<i>Business Tax</i>	Purchase: :Other	The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part IV	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 7 A- Pre Tax Credits Manager, 7 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 7 A- Pre Tax Credits Manager, 7 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 250	<i>Business Tax</i>	Credit for hospital units over payroll expenses	Tax credit of up to fifteen percent (15%) of the total eligible payroll expenses that may be used to cover up to fifty percent (50%) of the income tax	Art. 1(a) Act 168-1968	Schedule B Incentives, Recapture of Credit Claimed In Excess and a Tax Credits, Part II, Credits Not subject to Moratorium, Line 16 A - Pre Tax Credits Manager, 16 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 251	Business Tax	Credit for purchases of products manufactured in Puerto Rico	<p>The Act states that if an exempted business that has a decree granted under this Act or under the previous incentive laws, buys products manufactured in Puerto Rico, including components and accessories, it will be entitled to take a credit against the industrial development income tax provided in section (a) of Section 3 of this Act, or against the income tax under the previous incentive law applicable to you equal to twenty-five percent (25%) of the purchases of such products, during the taxable year in which take the referred credit, up to a maximum of fifty percent (50%) of the aforementioned contribution.</p>	Section 5(a)(1), Act 73 - 2008, Article 2.11(a) Act 83-2010 and Act 60-2019, as amended	<p>Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 17 A - Pre Tax Credits Manager, 17 B-Post Tax Credits Manager; Schedule 4 Incentives- Income Tax for Exempt Businesses Engaged in Manufacture, Computation of Tax Credits for Exempt Businesses Engaged in Manufacture, Part V Line 2(a); Schedule Y Incentives- Income Tax for Exempt Businesses under Act 83-2010, Computation of Tax Credits for Exempt Business under Act 83-2010, Part II, Line 5(a); Schedule 5 Incentives- Income Tax for Exempt Businesses Engaged in Infrastructure and Green energy, Computation of Tax Credits for Exempt Businesses Engaged in infrastructure, Part V Line 2(a)</p>



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 252	Business Tax	Credit for investment in research and development, including purchases.	The Act 73-2008 provides for a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Section 5(c)(1), Act 73 - 2008, Article 2.11(c), Act 83 - 2010 or Act 60-2019, as amended	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 18 A - Pre Tax Credits Manager, 18 B-Post Tax Credits Manager; Industrial Development Form 480.30(II)DI Schedule X , Income Tax for Exempt Business under Act 73-2008, Part IV, Line 5(c); Incentives Code Form 480.30(II), Schedule 4 Incentives, Part V, Line 2(b); Schedule Y Incentives, Income Tax for Exempt Business under Act 83-2010, Part II, Line 5(c); Schedule 5 Incentives, Income Tax for Exempt Businesses Engaged in infrastructure, Part V, Line 2(b)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 253	<i>Business Tax</i>	Credit for investment in machinery and equipment	The Act 73-2008 provides for a credit for investment in machinery and equipment equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Section 5(d)(1) of Act 73-2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 19; Industrial Development Form 480.30(II)DI, Schedule X - Income Tax for Exempt Business under Act 73-2008, Part IV, Line 5(d)
TEB - 254	<i>Business Tax</i>	Credit to reduce the cost of electric power	The Act 73-2008 states that every industrial client of the Electric Power Authority who has a decree granted under this Act or under any previous incentive Act, may take a credit only against the income tax under subsection (a) of Section 3 of this Act or the contribution on income applicable under previous incentive laws equal to three percent (3%) of the payments made to the Electric Power Authority for the net consumption of electric power in relation to the operation of the eligible business during the corresponding taxable year.	Section 5(e)(1), Act 73-2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 20
TEB - 255	<i>Business Tax</i>	Credit for investment in strategic projects, including purchases.	The Act 73-2008 provides for a credit for investment in strategic projects equal to fifty percent (50%) of the eligible investment in strategic projects made in Puerto Rico after the approval of this Act by the exempted business or by any affiliated entity of the exempt business.	Section 5(g)(1), Act 73-2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 21; Industrial Development Form 480.30(II)DI, Schedule X-Income Tax, Income Tax for Exempt Business under Act 73-2008, Part IV, Line 5(g)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 256	Business Tax	Credit for industrial investment, including purchases.	<p>The Act 73-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act, to be taken in two (2) or more installments:</p> <ol style="list-style-type: none"> 1. The first half of said credit in the year in which the eligible investment is completed 2. The balance of said credit, in the following years. 	Section 6(b)(1), Act 73-2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 22 A - Pre Tax Credits Manager, 22 B-Post Tax Credits Manager; Industrial Development (480.30(II)ID) Schedule X- Income Tax for Exempt Business under Act 73-2008, Part IV Line 5(h)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 257	Business Tax	Other credits not included on the preceding lines	Including, but not limited to, the credit for industrial investment in a exempt business that is in process of closing its operations in Puerto Rico, credit for contributions to former governors foundations and special credits granted as a result of an adjustment made by the Federal Internal Revenue Service or by means of a Closing Agreement (subject to the limitations established by the tax exemption grant, Closing Agreement or any pronouncement made by the Secretary of the Treasury). Act 109-2001 provides that every investor may claim a credit for industrial investment in an exempt business that is in process of closing its operations in Puerto Rico, equal to 50% of its eligible investment to be claimed in two installments: the first half in the year that the eligible investment was made and the balance in subsequent years. Also, a credit equivalent to 100% of the amount contributed during the taxable year to former governors foundations is granted for its operating expenses and those expenses related to the purposes for which they were related and/or those charitable contributions to a Depository of Files and Relics of Former Governors and First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay for the construction, operation and all necessary expenses for the true fulfillment of the purpose of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in the aggregate, for any taxable year.	Act 109-2001 or other credits	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 25 A - Pre Tax Credits Manager, 25 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject Not to Moratorium, Line 20 A - Pre Tax Credits Manager, 20 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 258	Business Tax	Credits carried from previous years	Include the total of credits claimed but not used in previous years which are not subject to moratorium under Sections 1051.11 and 1051.12 of the Code.	Sections 1051.11 or 1051.12	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 24 A - Pre Tax Credits Manager, 24 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject Not to Moratorium, Line 19 A - Pre Tax Credits Manager, 19 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 259	Business Tax	Purchase: Tourism Development (Act 78-1993)	<p>The Act 73-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment or investments in fund securities made after the approval of this Act, to be taken in two (2) or more installments:</p> <ol style="list-style-type: none"> 1. Up to half of said credit in the year in which the exempt facility obtained the necessary financing for its total construction, and 2. The balance of said credit in the following year(s) 	Act 78-1993	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 9 A - Pre Tax Credits Manager, 9 B-Post Tax Credits Manager ; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not Subject to Moratorium, Line 14 A - Pre Tax Credits Manager, 14 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 260	Business Tax	Purchase: Film Industry Development (Act 27-2011)	In the case of Film Projects, the credit granted shall be equal to: (A) Forty percent (40%) of those amounts certified by the Auditor as disbursed in connection with all Puerto Rico Production Expenditures, except for payments made to Nonresident Talent; and (B) twenty percent (20%) of those amounts certified by the Auditor as disbursed in connection with Puerto Rico Production Expenditures consisting of payments to Nonresident Talent. Credits generated by Puerto Rico Production Expenditures consisting of payments to Nonresident Talent shall not be subject to the limitations imposed in Section 7.3(b)(3). Subject by limitations imposed in this Act	Act 27-2011	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 11 A - Pre Tax Credits Manager, 11 B-Post Tax Credits Manager; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not Subject to Moratorium, Line 11 A - Pre Tax Credits Manager, 11 B-Post Tax Credits Manager
TEB - 261	Business Tax	Purchase: Acquisition of an Exempt Business that is in the Process of Closing its Operations in Puerto Rico (Act 109-2001)	The Act 109-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act to be taken in two (2) or more installments: 1. Up to half of said credit in the year in which the investment is made, and 2. The balance of said credit in the following year(s)	Act 109-2011	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 14

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 262	Business Tax	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	The Act 73-2008 provides for a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Act 73-2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 13 A - Pre Tax Credits Manager, 13 B-Post Tax Credits Manager ; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not Subject to Moratorium, Line 13 A - Pre Tax Credits Manager, 13 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 263	Business Tax	Purchase: Economic Incentives (Industrial Development) Act 73-2008	The Act 73-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act, to be taken in two (2) or more installments: 1. The first half of said credit in the year in which the eligible investment is completed and 2. The balance of said credit, in the following years.	Act 73-2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 14 A - Pre Tax Credits Manager, 14 B-Post Tax Credits Manager ; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not Subject to Moratorium, Line 14 A - Pre Tax Credits Manager, 14 B-Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 264	Business Tax	Purchase: Green Energy Incentives (Research and Development) (Act 83-2010)	The Act 83 - 2010 provides for businesses that purchase products manufactured in Puerto Rico, including components and accessories, to be entitled to take a credit against the IEV tax provided in this Act equal to twenty-five percent (25%) of the purchases of such products, during the taxable year with respect to which the referred credit is taken, up to a maximum of fifty percent (50%) of the aforementioned contribution. This credit will be granted only for purchases of products that have been manufactured by companies not related to said exempt business.	Act 83-2010	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 15 A - Pre Tax Credits Manager, 15 B-Post Tax Credits Manager ; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not Subject to Moratorium, Line 15 A - Pre Tax Credits Manager, 15 B -Post Tax Credits Manager

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 265	Business Tax	Purchase: Other	The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.	Instructions Booklet Incentive Tax Return	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 18 A - Pre Tax Credits Manager, 18 B-Post Tax Credits Manager ; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Credits subject Not to Moratorium, Line 18 A - Pre Tax Credits Manager, 18 B-Post Tax Credits Manager
TEB - 266	Business Tax	Credit for Investment in Opportunity Zones	Every investor should be entitled to an investment credit equal to the eligible percentage of such investor's eligible investment made taken in four (4) installments: twenty-five percent (25%) of said credit in the year in which the exempt business finished the total construction of the Priority Project or, if the Priority Project does not require construction, upon the eligible business commencement of operations, whichever is later, and twenty-five percent (25%) of the credit balance in the next three (3) years.	Act 21-2019, Act 60-2019, as amended	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 23; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject Not to Moratorium, Line 15

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Not subject to Moratorium					
TEB - 267	Business Tax	Purchase: Credit for Investment in Opportunity Zones	Act 21-2019 and Act 60-2019 provide that the Research & Development tax credit generated thereunder may be assigned, sold or otherwise transferred.	Act 21-2019, Act 60-2019, as amended	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 17 A - Pre Tax Credits Manager, 17 B-Post Tax Credits Manager ; Schedule B Incentives Code, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not Subject to Moratorium, Line 17 A - Pre Tax Credits Manager, 17 B -Post Tax Credits Manager
TEB - 268	Business Tax	Credit for products manufactured in Puerto Rico	The Act 135-1997 provides for exempt business that possesses a decree granted under this Act or under previous incentive laws that purchase products manufactured in Puerto Rico, including components and accessories, may take a credit against the tax on industrial development income, equal to twenty-five percent (25%) of the purchases of such products, during the taxable year in which said credit is taken, reduced by the average of the purchases of said products during the three (3) previous taxable years, or that part of said period that was applicable, up to a maximum of twenty-five percent (25%) of the aforementioned contribution	Act 135-1997	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI) Schedule V Incentives-Income Tax for Exempt Businesses under Act 135-1997, Part III Line 4(b)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
Credits - Other Incentives Acts					
TEB - 270	Business Tax	Credit for taxes withheld on royalty payments	Act 135-1997 creates the Tax Incentives Act of 1998 to, among others, determine which operations shall be eligible for tax incentives under this Act and define the nature, extent and scope thereof. This Act provides a partial credit in the payment of royalties, rents and license fees. Exempted businesses may request the Secretary of State, prior express consent of the Secretary and the Executive Director of the Industrial Development Company, to authorize them to accredit the excess over one hundred million dollars (\$100,000,000) of annual tax withheld on royalties, rents and license fees, with respect to high technology products against the tax imposed under of this law on such high-tech products.	Act 135-1997 (Section 5(c))	Income Tax Return for Exempt Businesses under the Puerto Rico Incentive Programs Industrial Development, Form 480.30(II)DI- 2022, Schedule V Incentives-Income Tax for Exempt Businesses under Act 135-1997, Part III, Line 4 (d)
TEB - 271	Business Tax	Special credits granted	Act 109-2001 provides that every investor may claim a credit for industrial investment in an exempt business that is in process of closing its operations in Puerto Rico, equal to 50% of its eligible investment to be claimed in two installments: the first half in the year that the eligible investment was made and the balance in subsequent years. Also, a credit equivalent to 100% of the amount contributed during the taxable year to former governors foundations is granted for its operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay for the construction, operation and all necessary expenses for the true fulfillment of the purpose of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in aggregate, for any taxable year. In said line, the taxpayer must include the total amount of other tax credits not subject to moratorium not included on preceding lines, including, but not limited to, the credit for industrial investment in a exempt business that is in process of closing its operations in Puerto Rico, credit for contributions to former governors foundations and special credits granted as a result of an adjustment made by the Federal Internal Revenue Service or by means of a Closing Agreement .	Act 109-2001, Act 290-2000, Act 302-2012, Among Others	Form 480.30(II)DI- 2022, Schedule V Incentives-Income Tax for Exempt Businesses under Act 135-1997, Part III, Line 4 (a)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
TEB - 272	Business Tax	Credit for losses of United States parent company	Act 135-1997 creates the Tax Incentives Act of 1998 to, among others, determine which operations shall be eligible for tax incentives under this Act and define the nature, extent and scope thereof. This Act provides a credit for losses of the parent company. An exempted business that holds a decree granted under this Act which is a subsidiary of a United States parent company, which, after consolidating the income of the exempted business shows a loss on their consolidated Federal income tax return (applying the amount of any operating loss carry-over through an accounting method acceptable to the Secretary of the Treasury) for a specific taxable year, or has availed itself of a bankruptcy procedure under applicable Federal statutes, may be granted an incentive in the form of a credit against the payment of the fixed income tax rate applicable to the industrial development income derived during the taxable year of the loss.	Act 8-1987 Section 3(a) or Act 135-1997 Section 5(a)	Form 480.30(II)DI, Schedule V Incentives-Income Tax for Exempt Businesses under Act 135-1997, Part III, Line 4 (c); Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 13 A - Pre Tax Credits Manager, 13 B -Post Tax Credits Manager
TEB - 273	Business Tax	Credit for intellectual property transfer	Act 73-2008 establish the "Economic Incentives Act for the Development of Puerto Rico," to provide the adequate environment and opportunities to continue developing a local industry; offer an attractive tax proposal to attract direct foreign investment and promote economic development and social betterment in Puerto Rico. This Act provides a credit for investment equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the date of approval of this Act by said tax-exempt business or by any entity affiliated thereto. The credit is for investment in research and development, clinical tests, toxicological tests, infrastructure, renewable energy, or intangible property (including intellectual property).	Act 73-2008, Act 83-2010 or Act 60 - 2019, as amended	Form 480.30(II)DI, Schedule X Incentives-Income Tax for Exempt Businesses under Act 73-2008, Part IV, Line 5(f); Form 480.30(II)EV Schedule Y Incentives-Income Tax for Exempt Businesses under Act 83-2010, Part II, Line 5(d); Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code Form 480.30(II) Schedule 4-Income Tax for Exempt Businesses Engaged in Manufacture, Part V, Line 2(c)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Credits					
TEB - 274	<i>Business Tax</i>	Credit for job creation	Act 73-2008 establish the "Economic Incentives Act for the Development of Puerto Rico," to provide the adequate environment and opportunities to continue developing a local industry; offer an attractive tax proposal to attract direct foreign investment and promote economic development and social betterment in Puerto Rico. This Act provides a credit for the creation of jobs. Any tax-exempt business that begins operations after July 1, 2008, shall be granted a credit for each job created during its first year of operations. The amount of this credit shall depend on the industrial development zone where the operations of said tax-exempt business are located.	Section 5 (b), Act 73-2008 or Article 2.11(b) of Act 83-2010	Form 480.30(II)DI, Schedule X Incentives, Part IV, Line 5(b); Form 480.30(II)EV, Schedule Y Incentives-Income Tax for Exempt Businesses under Act 83-2010, Computation of Tax Credits for Exempt Businesses Engaged in infrastructure, Part II, Line 5(b)
TEB - 275	<i>Business Tax</i>	Other applicable credits	Refers to Line 4n, Part III, Schedule V Incentives of Form 480.30(II)DI. Said line must include any other credit that the taxpayer is entitled to claim. An investor who buys an exempt business that is in the process of closing its operations in Puerto Rico may claim, with certain limitations, a credit equal to 50% of the eligible investment, in two installments: half in the year that the eligible investment is realized and the balance in subsequent years. This line must also include the credit claimed for contributions made to the Santa Catalina's Palace Patronage and the credit for contributions to former governors' foundations.	Act 290-2000, Act 109-2001 or Act 302-2012	Form 480.30(II)DI, Schedule V Incentives-Income Tax for Exempt Businesses under Act 135-1997, Part III, Line 4(l)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Deductions					
TEB - 276	Business Tax	Special deductions, Payroll deduction	In general, Act 135-1997 states that in addition to any other deduction provided by law, any exempt business that possesses a decree granted under this law dedicated to manufacturing and that generates a net income from its exempt operations, shall be granted a special deduction for payroll equivalent to fifteen percent (15%) of the production payroll of the exempt business, up to fifty percent (50%) of your income from industrial development.	Section 4(a) of Act 135-1997	Schedule V Incentives-Income Tax Under Act 135-1997, Part II, Special deductions Line 6(a)
TEB - 277	Business Tax	Special deductions, Human resources training and improvement expenses deduction	In general, any exempt business that possesses a decree granted under this law or under previous tax incentive laws, in addition to any other deduction provided by law, will be granted a special deduction equal to the amount of training expenses to improve productivity and quality control, promote total quality management, and improve communication skills of employees, incurred in excess of the annual average of said expenses incurred during the three (3) tax years completed before the effective date of this law .	Act 135-1997	Schedule V Incentives-Schedule V Incentives-Income Tax for Exempt Businesses under Act 135-1997, Part II, Special deductions Line 6(b)
TEB - 278	Business Tax	Special deductions, Research and development expense deduction	As a general rule the Act 135-1997 states that any exempt business that possesses a decree granted under this law shall be granted any other deduction provided by law, or under previous tax incentive laws, in addition to any other deduction provided by law, a special deduction equal to the amount of the expenses incurred in the research and development of new products or industrial processes, or the improvement thereof, that is deductible in the taxable year as established by the Internal Revenue Code of Puerto Rico, excluding any amount received as a donation, subsidy or incentive from the Government of Puerto Rico	Act 135-1997	Schedule V Incentives-Income Tax for Exempt Businesses under Act 135-1997, Part II, Special deductions Line 6(c)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Deductions					
TEB - 279	Business Tax	Special deductions, Investment on buildings, structures, machinery and equipment deduction	<p>In General, Act 135-1997 states that any exempt business that possesses a decree granted under this law or under previous tax incentive laws shall be granted the choice to deduct in the taxable year in which it incurs them, instead of any capitalization of expenses required by the Internal Revenue Code of Puerto Rico, the total expenses incurred in the purchase, acquisition or construction of buildings, structures, machinery and equipment, provided that said buildings, structures, machinery and equipment:</p> <p>(i) have not been previously used or depreciated by any other business or person in Puerto Rico, and</p> <p>(ii) are used to manufacture the products or perform the services for which the benefits provided under this law were granted.</p>	Act 135-1997, Act 73-2008, Act 83-2010 or Act 60-2019, as amended	Schedule V Incentives- Schedule V Incentives- Income Tax for Exempt Businesses under Act 135-1997, Part II, Line 6(d); Schedule X Incentives- Income Tax for Exempt Businesses under Act 73-2008, Part II, Line 6; Schedule Y Incentives- Income Tax for Exempt Businesses under Act 83-2010, Part I, Line 4; Schedule 4 Incentives, Part IV, Line 6; Schedule 5 Incentives- Income Tax for Exempt Businesses Engaged in Infrastructure and Green Energy, Part IV, Line 6
TEB - 280	Business Tax	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Any exempt business under this law, or under previous incentive laws, will be granted a deduction, in alternative, for the purchase of products manufactured in Puerto Rico, equivalent to fifteen percent (15%) of purchases of such products, subject to limitations.	Act 135-1997	Schedule V Incentives, Income Tax for Exempt Business Under Act 135-1997, Part II, Line 8

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
Deferrals					
TEB - 281	<i>Business Tax</i>	Incentives corporations - Deferrals	PR-TER 2018 estimates the deduction for the tax regime.		Depreciation Model
TEB - 466	<i>Business Tax</i>	Exemptions ranging from 20 to 85 percent from the industrial development income tax base for electing incentive corporations. In addition royalty payments may be exempt at various rates.	As part of Act 52-2022's new framework for incentive corporations, companies can elect out of the 4 percent excise tax as well as parts of the existing Incentive Acts into this income tax regime where the taxes are creditable against US income taxes. The tiered exemption amounts range from 20 to 85 percent of industrial development income tax base for electing incentive corporations at a 10.5 percent tax rate. Exemption rates depend upon certain conditions, such as the level of industrial development income and number of employees. While not a tax expenditure but considered in setting exemption levels, 37.5 percent of royalty payments generally taxed at 12 percent may be exempt at various rates.	Act 52-2022 Section 3.	Form 480.30

Table 5
BUSINESS TAX
Business Tax Expenditure

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deduction</i>					
TEB - 282	Business Tax	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	The first \$500,000 of gross income generated by a new business created by a young entrepreneur whose age ranges between 16 and 35 years. Such new business should have granted a Special Agreement for the Creation of Young Businesses (Agreement) with the Puerto Rico Trade and Export Company, in order to enjoy the exemption during the first 3 years beginning on the date on which the Agreement is signed. In order to claim this exemption, copy of the Agreement must be included with the income tax return. This benefit is limited to one new business for every young entrepreneur and cannot benefit from any other economic or fiscal incentive provided by any act to promote a commercial, industrial or touristic operation in Puerto Rico. Any amount in excess of \$500,000 will pay taxes at the ordinary rates. For purposes of determining the first \$500,000 of gross income generated by the new business, add the gross income of a controlled group of corporations and a group of related entities according to Sections 1010.04 and 1010.05 of the Code, respectively. --Section 6070.20.- Section 17 of Act 35-2014, as amended by Act 60-2019, "Effectiveness- This Act shall take effect immediately after its approval, and shall be effective for taxable years beginning after December 31, 2013, and before January 1, 2020."	Sec. 8 of Act 135- 2014 or Act 60-2019, as amended	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part VIII Line 22
TEB - 283	Business Tax	Deduction under Act 185-2014 ("Private Equity Funds Act")	In case of taxpayers that, pursuant to Act 185-2014, as amended, are considered as accredited investors, will be able to claim a deduction for their initial investment in a private equity fund (PEF) or in a private equity fund Puerto Rico (PEF-PR). For these purposes, a corporation will be considered an accredited investor if at the moment of the initial investment in a PEF or a PEF-PR is: 1) a bank, insurance company, registered investment company, business development company, investment company in small enterprises, International Banking Entity ("IBE") or International Financial Entity ("IFE"). It will be understood that the IBE and the IFE may be Accredited Investors irrespectively of what is established by the International Banking Center Regulatory Act and the International Financial Center Regulatory Act, respectively; 2) a nonprofit organization, corporation or association with assets in excess of five million dollars (\$5,000,000); and 3) a business in which all capital owners are accredited investors.	Sec. 5 of Act 185-2014, as amended or Act 60-2019, as amended	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part XII Line 2

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deduction</i>					
TEB - 284	<i>Business Tax</i>	Charitable contributions	The following deductions shall be allowed in the computation of net income:(10) Charitable gifts and other contributions by corporations and partnerships, as provided in Section 1033.10. (a) In the case of a corporation (1) contributions or gifts payment of which is made within the tax year to or for use by: (A) the Government of Puerto Rico, the United States, any state, territory, or any political subdivision thereof, the District of Columbia, or any U.S. possession, for exclusively public purposes; or (B) an entity described in Section 1101.01(a)(1) and (2) created or organized in Puerto Rico, the United States or any of its possessions or any state or territory, organized and operating exclusively for the purposes described therein, but in the case of contributions or donations to a trust, common fund, fund or foundation, only if such contributions or donations are for use in Puerto Rico, the United States or any of its possessions exclusively for such purposes, provided that no part of its net earnings inures to the benefit of any shareholder or individual in particular. For the disallowance of certain charitable or other deductions otherwise allowable under this paragraph, see Sections 1083.02(e) and 1102.06; or (C) veteran posts or organizations, or supporting units of or trusts or foundations for any such post or organization, if such posts, organizations, units, trusts or foundations are organized in Puerto Rico, the United States or any possession thereof, provided that no part of its net earnings inures to the benefit any shareholder or individual in particular, or (D) other entities enumerated in subparagraph (C) of paragraph (3) of subsection (a) of Section 1033.15, up to an amount not exceeding ten (10) percent of the net income of the taxpayer, computed without the benefit of this subsection.	PR Internal Revenue Code Section 1033.10 Section 1031.04(a)(10)	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) (Partnerships)- Part II Line 23, (Special partnerships and Corporations of Individuals) Part IX Line 56, Schedule L Pass -Through Entity, Partially Exempt Income, Part V Line 55, Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Tax for Film Entity Under Act 362-1999 or Act 27-2011, Part IV Line 55,

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deduction</i>					
TEB - 285	Business Tax	Special deductions, Payroll deduction	In addition to any other deduction provided by law, any exempt business that possesses a decree granted under this law, that generates a net income from its exempt operations, shall be granted a special deduction for payroll, equivalent to 15% of the production payroll of the exempt business, up to 50% of the income from industrial development.	Section 4(a) of Act 135-1997	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part II Line 6(a)
TEB - 286	Business Tax	Special deductions, Human resources training and improvement expense deduction	In general, any exempt business that possesses a decree granted under this law, will be granted, in addition to any other deduction provided by law, a special deduction equal to the amount of training expenses to improve productivity and quality control, promote total quality management, and improve communication skills of employees, incurred in excess of the annual average of said expenses incurred during the three (3) tax years completed before the effective date of this law.	Section 4(b) of Act 135-1997	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part II Line 6(b)
TEB - 287	Business Tax	Special deductions, Research and development expense deduction	A special deduction will be allowed equal to the expenses incurred in the research and development of new products or industrial processes, or the improvement of said products and processes, that are deductible in the taxable year under the Code (subject to certain limitations).	Section 4(c) of Act 135-1997	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part II Line 6(c)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deduction</i>					
TEB - 288	Business Tax	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Any exempt business that possesses a decree granted under this law shall be granted the choice to deduct in the taxable year in which it incurs them, instead of any capitalization of expenses required by the Internal Revenue Code of Puerto Rico, the total expenses incurred in the purchase, acquisition or construction of buildings, structures, machinery and equipment, provided that said buildings, structures, machinery and equipment: (i) have not been previously used or depreciated by any other business or person in Puerto Rico, and (ii) are used to manufacture the products or perform the services for which the benefits provided under this law were granted.	Section 4(e) of Act 135-1997	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part II Line 6(d)
TEB - 289	Business Tax	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Enter the amount of the deduction for the purchase of products manufactured in Puerto Rico equal to 15% of the purchases of such products, reduced by the average of the purchases of such products made during the year 2000. This deduction is granted only for the purchases of products that had been manufactured by businesses not related to the exempt business. For purposes of the previous calculation, such purchases to non related businesses will be excluded from the total purchases of products manufactured in Puerto Rico made by the exempt business. This deduction will be used only in the taxable year in which you earn the industrial development income against which the deduction is claimed and it cannot be carried forward to subsequent taxable years.	Section 4(f) of Act 135 - 1997	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part II , Line 8

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deduction</i>					
TEB - 290	Business Tax	Special deductions, investment on buildings, structures, machinery and equipment deduction	Any exempt business shall be granted the choice to deduct in the taxable year in which it incurs them, instead of any capitalization of expenses required by the Internal Revenue Code of Puerto Rico, the total expenses incurred in the purchase, acquisition or construction of buildings, structures, machinery and equipment, provided that said buildings, structures, machinery and equipment: (i) have not been previously used or depreciated by any other business or person in Puerto Rico, and (ii) are used to manufacture the products or perform the services for which the benefits provided under this law were granted.	Section 4(b) of Act 73-2008, Art. 2.10(b) of Act 83-2010 or Puerto Rico Incentives Code Sections 2062.06 or 2072.06, Act 60-2019, as amended	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)) Schedule X Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 73-2008, Part II Line 6 and Schedule Y Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 83-2010, Part I Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deferrals</i>					
TEB - 291	<i>Business Tax</i>	Non Corporate Business - Deferrals	PR-TER 2018 estimates the deduction for the tax regime.		Depreciation Model
TEB - 294	<i>Business Tax</i>	Accelerated Depreciation	(a) Election to use Accelerated Depreciation Cost Recovery Method.-(1) The election to use the accelerated depreciation method shall be made with the return corresponding to the first tax year in which the deduction is claimed, in the form and manner established by regulation. The election to use the accelerated depreciation method may be exercised only with respect to property to has been acquired by "purchase" (as defined in Section 1033.07 of the PR Internal Revenue Code) during tax years beginning after June 30, 1995.	PR Internal Revenue Code Section 1040.12(a)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule E, Depreciation, Line 1 (c)
TEB - 296	<i>Business Tax</i>	Automobiles	Section 1031.04(a)(7) of the PR Internal Revenue Code- The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07. Section 1033.07(a)(3) of the PR Internal Revenue Code-Limitation on the total depreciation deduction on automobile properties.- (A) General rule.- In the case of property that is an automobile, as defined in subparagraph (B), the amount of the deduction allowance under this subsection shall not exceed six thousand (6,000) dollars per year per automobile, up to a maximum of thirty thousand (30,000) dollars for the the useful life of the the automobile. (i) In the case that the taxpayer is a salesman, the amount of the deduction allowance under this subsection shall not exceed ten thousand (10,000) dollars per year per automobile up to a maximum of thirty thousand (30,000) dollars for the useful life of the the automobile. (ii) Limitation for personal use of the automobile.- In the event an automobile is used by the taxpayer in his trade or business or for the production of income and is also used for personal purposes, the amount of the depreciation deduction determined under subparagraph (A) shall be reduced by the amount corresponding to the personal use of the automobile.	PR Internal Revenue Code Section 1031.04(a)(7) and Section 1033.07(a)(3)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Depreciation Schedule E Line 1 (e)



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deferrals</i>					
TEB - 297	<i>Business Tax</i>	Computer Systems	(G) A business which generates gross income of under three-million (3,000,000) dollars during the taxable year, may elect to deduct the total cost of computer systems equipment and their installation in the year of their acquisition and installation. An equipment previously depreciated or acquired from a related person shall not qualify for the acceleration of the depreciation allowance.	PR Internal Revenue Code Section 1033.07(a)(1)(G)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule E1, Depreciation for Business with Volume of \$3,000,000 or Less, Line 1 (a)
TEB - 298	<i>Business Tax</i>	Ground transportation equipment, except automobiles	(H) A business which generates gross income of under three-million (3,000,000) dollars during the taxable year, may determine the deduction established in subparagraph (A) of this paragraph using a useful life of two (2) years for ground transportation equipment, except automobiles (as defined in paragraph (3) of this section), and environmental conservation equipment.	PR Internal Revenue Code Section 1033.07(a)(1)(H)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20) Schedule E1, Depreciation for Business with Volume of \$3,000,000 or Less, Line 1 (b)
TEB - 299	<i>Business Tax</i>	Machinery and equipment, furniture and fixtures, and any other fixed asset to be used in the industry or business	(K) For taxable years beginning after December 31, 2018, a business which during the taxable year generated a volume of business of less or equal to three million (3,000,000) dollars may determine the deduction established in subparagraph (A) of this paragraph using a useful life of two (2) years for machinery and equipment, furniture and fixtures and any other fixed asset to be used in the trade or business, except real property, automobiles and property subject to subparagraphs (G) and (H) of the paragraph. For purposes of this subparagraph, the term "volume of business" will have the same meaning as such term has under Section 1061.15(c) this Code.	PR Internal Revenue Code Section 1033.07(a)(1)(K)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule E1, Depreciation for Business with Volume of \$3,000,000 or Less, Line 1 (c)
TEB - 300	<i>Business Tax</i>	Vehicles under financial lease	(a) The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07. Section 1033.07(a)(3)(D) D) Automobile leases essentially equivalent to purchase.- An automobile lease shall be deemed essentially equivalent to purchase if, under the lease contract, one of the following requirements is met: (i) if title to the property is transferred to the lessee under the lease contract. (ii) if the lease contract contains an option to purchase at a cost substantially lower than the fair market value of the automobile at the time the option is exercised. (iii) if the lease term is equal to or more than seventy-five (75) percent of the useful life of the leased automobile. (iv) if the present value of the minimum lease payments, excluding administrative expenses, is equal to or greater than ninety (90) percent of the fair market value of the leased automobile.	PR Internal Revenue Code Section 1031.04(a)(7) and 1033.07(a)(3)(D)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule E, Depreciation, Line 1 (f)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 301	Business Tax	Net short-term capital gain (or loss)	1034.01(a)(6) The term "net short-term capital gain" means the excess of short-term capital gains for the tax year over the short-term capital losses for said year; (7) The term "net short-term capital loss" means the excess of short-term capital losses for the tax year over the short-term capital gains for said year.	PR Internal Revenue Code Section 1034.01(a)(6) or (7)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule D Pass-Trough Entity, Gains and Losses From Sale or Exchange of Property, Part I, Line 5 (Transfer total to Part II, Line 2 of the return)
TEB - 302	Business Tax	Net long-term capital gain	1034.01(a)(8) The term "net long-term capital gain" means the excess of long-term capital gains for the tax year over the long-term capital losses for said year; 1034.01(a)(9) The term "net long-term capital loss" means the excess of long-term capital losses for the tax year over the long-term capital gains for said year.	PR Internal Revenue Code Section 1034.01(a)(8) or (9)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule D Pass-Trough Entity, Gains and Losses From Sale or Exchange of Property, Part I, Line 10 (Transfer total to Part II, Line 1 of the return)
TEB - 303	Business Tax	Long-Term Capital Assets Gains and Losses Realized under Special Legislation	Long-term capital gain and loss derived from the sale of shares or other property of a business that operates with a decree granted under any special act, or that operates and benefits from any special act, in which a special tax rate is provided in lieu of the tax imposed by the Code.	Any Special Act in which a special tax rate is provided in lieu of the tax imposed by the PR Internal Revenue Code	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule D Pass-Trough Entity, Gains and Losses From Sale or Exchange of Property, Part III Lines 11, 12 and 13

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 304	Business Tax	Gain (or Loss) from Property Used in the Business Other than Capital Asset	Property that is used in the trade or business that is subject to the allowance for current depreciation, held for more than 1 year, and real property used in the trade or business held for more than 1 year, which is property not included in the taxpayer's inventory if in existence at the close of the taxable year, or property held by the taxpayer primarily for the sale to customers in the ordinary course of its trade or business.	PR Internal Revenue Code Section 1034.01(h)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule D Pass-Trough Entity, Gains and Losses From Sale or Exchange of Property, Part IV, Line 14 (Transfer total to Part IX, Line 12 of the return)
TEB - 305	Business Tax	Gains (or Losses) from Property Used in the Business and Taxable as Long-term Capital Gain	Gain or Loss derived from the sale or exchange of property used in the trade or business for which an election was made to be taxed as a long-term capital gain.	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions, Schedule D Pass-Through Entity, Gains and Losses From Sale or Exchange of Property, Part V Line 15	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule D Pass-Trough Entity, Pass-Trough Entity, Gains and Losses From Sale or Exchange of Property, Part V Line 15 (Transfer total to Part II, Line 4 of the return if more than zero or to Part IX, line 13 of the return)
TEB - 306	Business Tax	Net Gain (or Loss) on Sale or Exchange of Substantially all Assets Dedicated to an Activity under Act 78-1993, Including purchases.	Gain or loss derived from the sale or exchange of substantially all the assets used in the business under the provisions of Act 78-1993.	Act 78-1993	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule D Pass-Trough Entity, Pass-Trough Entity, Gains and Losses From Sale or Exchange of Property, Part VI Line 16 (Transfer total to Part II, Line 3 of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 307	Business Tax	Act 135 - 1997, Tax Incentives Law of 1998	Tax-exempt businesses that have operations exempted under Act No. 135 of December 2, 1997, as amended, enjoy a fixed income tax rate not greater than 7%, but of not less than 2%, on their net industrial development income.	Section 3(a), Act 135-1997	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III Line 2
TEB - 308	Business Tax	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico / Creative Activities - Act 60 - 2019 Subtitle B Chapter 9	Under Act No. 27 of 2011, as amended, known as the "Puerto Rico Film Industry Economic Incentives Act" ("Act 27"), film producers engaged in eligible activities may benefit from the following exemptions for a film project filmed in Vieques and/or Culebra. Tax exemptions for eligible production businesses, including film producers and studio operators, are the following: a) 4% fixed income tax rate on income derived from the production (6% to 10% fixed income tax rate in the case of studio operators); Benefits under this Act are available for applications filed up to December 31, 2019. Act 60 - 2019 substitutes Act 27 - 2011. The PR Incentives Code provides incentives to promote creative industries. The benefits granted are valid for 15 years and can be extended for an additional 15 years. Exempt Businesses are subject to a four percent (4%) tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Dividend distributions enjoy a 100% exemption. Benefits under Act 60- 2019 are available for applications filed after December 31, 2019.	Act 27-2011 or Act 60-2019, as amended	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule W Pass-Through, Determination of Net Income and Income Tax for Film Entity Under Act 362-1999 or Act 27-2011, Part II Line 5; Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule CI Pass-Through, Income Tax for Exempt Business Under Act 60-2019, Part V Line I

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 309	Business Tax	Act 83 - 2010, Puerto Rico Green Energy Incentives Law & Renewal Energy and Infrastructure - Act 60 - 2019 Subtitle B Chapter 7	Establishes standards to promote renewable energy, in accordance with short, medium and long-term compulsory targets, known as the Renewable Energy Portfolio. In general, eligible businesses that hold a decree under this Act should be subject to a fixed income tax rate of four percent (4%). Benefits under this Act are available for applications filed up to December 31, 2019. Act 60 -2019 substitutes Act 83-2010. The PR Incentives Code provides incentives to promote renewable energy and infrastructure. Exempt Businesses are subject to a four percent (4%) income tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Dividend distributions enjoy a 100% exemption. Benefits under this Act are available for applications filed after December 31, 2019.	Act 83-2010 or Act 60-2019, as amended	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule W Pass-Through, Schedule Y Pass-Through Entity, Determination of Net Income and Income Tax For Exempt Businesses Under Act 83-2010, Part II, Line 9 Informative Income Tax Return Pass -Through Entity 2021 (Form 480.20 (EC)) Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Part V Line 1

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 310	Business Tax	Act 118 - 2010 & Act 107 - 2020, Law of Incentives for Municipal Economic Development and Tourism	Businesses engaged in eligible activities may elect to benefit from incentives provided by Act 118- 2010, also known as the "Municipal Economic Development and Tourism Incentives Act" ("Act 118"). Act 118 provides incentives to projects developed in municipalities that are economically distressed, including Vieques and Culebra, that show a decrease in municipal business taxes. Act 118 establishes a Selection Committee, comprised by the Secretary of Economic Development and Commerce, the Secretary of the Treasury, the Executive Director of the Tourism Company, the Municipal Affairs Commissioner and a public interest representative named by the Governor of Puerto Rico, with the consent of the Senate of Puerto Rico. This Selection Committee selects the projects eligible for the benefits under Act 118. These projects must have at least three basic components: a) A world-class hotel that holds at least a four (4) star rating; b) Varied commercial and recreational establishments; and c) Other entertainment facilities typical of a 4-star hotel, including a casino, as such facilities are defined in Act No. 221 of 1948, known as the "The Games of Chance Act". The preferred income tax rate available to the tourism business on its tourism gaming net revenue will depend on the concessionaire's total investment of private capital, as provided below: a) Investments of \$500,000,000 or more shall be granted a fixed, 25% tax rate; b) Investments of \$750,000,000 or more shall be granted a fixed, 15% tax rate; c) Investments of \$1,000,000,000 or more shall be granted a fixed, 10% tax rate; and d) Investments of \$1,250,000,000 or more shall be granted a fixed, 8% tax rate.	Act 118-2010 or Act 107-2020	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule Z Pass-Through Entity, Determination of Net Income and Income Tax For Exempt Businesses Under Act 118-2010, Act 120-2014, Act 14-2017 and other Special Acts, Part II Line 5
TEB - 312	Business Tax	Act 120 -2014, "SMBs Job Creation and Retention Incentives Act"	Act 120 of 2014 creates the "SMBs Job Creation and Retention Incentives Act" to foster economic opportunities to encourage the creation of small- and medium-sized businesses by providing wage incentives for the creation and retention of employment and preferential tax rates during a 3 year period, among other incentives.	Act 120 -2014	Informative Income Tax Return 2018 (Form 480.20 (EC)) Determination of Net income and Income Tax for Exempt Business Under Act 118-2010, Act 120-2014, Act 14-2017 and Other Special Acts Schedule Z Pass-Through, Part II, Line 5

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 313	<i>Business Tax</i>	Act 60 - 2019 / Act 73 - 2008 / Act 135 - 1997, Economic Incentives for the Development of Puerto Rico	<p>Under Act 135 - 1997, tax-exempt businesses, in general, enjoy a fixed income tax rate not greater than seven percent (7%), but of not less than two percent (2%). Benefits are available for applications filed up to December 31, 2019 Act No. 73 of 2008, known as the Economic Incentives Act for the Development of Puerto Rico, was established to provide the adequate environment and opportunities to continue developing a local industry, offer an attractive tax proposal, attract direct foreign investment and promote economic development and social betterment in Puerto Rico. Tax-exempt businesses, in general, enjoy a fixed income tax rate not greater than four percent (4%). Benefits under this Act are available for applications filed up to December 31, 2019. Act 60- 2019 substitutes Act 73- 2008. "The PR Incentives Code provides incentives to promote manufacturing activities. The benefits granted are valid for 15 years and can be extended for an additional 15 years. Exempt businesses have the option of a general or an alternate fixed tax regime:</p> <p>General scenario: 4% income tax rate with a withholding tax rate on royalty payments of 12%.</p> <p>Alternate scenario: 8% income tax rate with a withholding tax rate on royalty payments of 2%. Under both scenarios, the withholding tax on royalty payments is creditable against the applicable income tax rate.</p> <p>Novel Pioneer Activities are eligible for a 1% income tax rate.</p> <p>Dividend distributions enjoy a 100% exemption. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Benefits under this Act are available for applications filed after December 31, 2019."</p>	Act 73-2008, Act 135-1997 or Act 60-2019, as amended	Informative Income Tax Return Pass -Through Entity 2021 (Form 480.20 (EC)) Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III, Line 2 Informative Income Tax Return Pass -Through Entity 2021 (Form 480.20 (EC)) Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Part V, Line 1 Informative Income Tax Return Pass -Through Entity 2021 (Form 480.20 (EC)) Schedule X Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 73-2008, Part IV Line 2

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 314	Business Tax	Act 20-2012, Export Services & - Act 60-2019 Subtitle B Chapter 3	The PR Incentives Code provides incentives to promote the exportation of services. The benefits granted are valid for 15 years and can be extended for an additional 15 years. In general, Income derived from the exportation of services is subject to a four percent (4%) tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree.	Act 20-2012 or Act 60-2019, as amended	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)), Schedule AA Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 20-2012, Part III Line 3 Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Part V, Line 1
TEB - 315	Business Tax	Act 185 - 2014, Private Equity Fund	Accredited investors may claim a deduction for their initial investment in a private equity fund (PEF) or in a Puerto Rico private equity fund PEF-PR). If the initial investment was made in a PEF, the maximum amount of deduction will be 30% of the initial investment provided that such amount will not exceed 15% of the net income before the deduction. If the initial investment was made in a PEF-PR, the maximum amount of deduction will be 60% of the initial investment provided that such amount will not exceed 30% of the net income before the deduction. The amount of the deduction not claimed in the first year can be carried forward for a maximum period of 10 years if the investment was made in a PEF and 15 years if the investment was made in a PEF-PR. For additional details, refer to Act 185-2014 and Act 60-2019, as amended.	Act 185-2014 or Act 60-2019, as amended	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Part XII Line 2

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 316	<i>Business Tax</i>	Act 14-2017 /Act 60-2019, Professional Physicians	The distributable share of the entity that is considered Eligible Income for all Qualified Physicians who are members, partners or stockholders of the entity and that will be subject to the 4% special tax rate.	Section 2022.04 of Act 60-2019 or Act 14-2017	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule Z Pass-Through Entity, Determination of Net Income and Income Tax For Exempt Businesses Under Act 118-2010, Act 120-2014, Act 14-2017 and other Special Acts, Part II Line 5 and Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Part V Line 4
TEB - 317	<i>Business Tax</i>	Applicable Credits	Detail of tax credits that can be claimed against the tax liability.	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Determination of Net income and Income Tax for Exempt Business Under Act 60-2019, Part IV Line 4	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Determination of Net income and Income Tax for Exempt Business Under Act 60-2019, Part V Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Preferential Tax Rate</i>					
TEB - 318	<i>Business Tax</i>	Tourism Industry - Act 60-2019 Subtitle B Chapter 5	The PR Incentives Code provides incentives to promote tourism activities. The benefits granted are valid for 15 years and can be extended for an additional 15 years. The Tourist Development Income derived from Exempt Businesses is subject to a four percent (4%) tax rate. An Exempt Business that is a New PYME will be subject to a two percent (2%) fixed income tax rate for a period of five (5) years and four percent (4%), for the remaining period of the decree. Dividend distributions enjoy a 100% exemption. Benefits under this Act are available for applications filed after December 31, 2019.	Act 60-2019, as amended	Informative Income Tax Return Pass - Through Entity 2022 (Form 480.20 (EC)) Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Determination of Net income and Income Tax for Exempt Business Under Act 60-2019, Part V Line 1
TEB - 319	<i>Business Tax</i>	Infrastructure - Act 60-2019 Subtitle B Chapter 7	Exempt Businesses is subject to a four percent (4%) tax rate on the income generated from eligible activities.	Section 2072.01 of Act 60-2019, as amended	Informative Income Tax Return Pass - Through Entity 2022 (Form 480.20 (EC)) Schedule CI Pass-Through Entity, Income Tax for Exempt Business Under Act 60-2019, Determination of Net income and Income Tax for Exempt Business Under Act 60-2019 Part V Line 1

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exclusions</i>					
TEB - 320	<i>Business Tax</i>	Life insurance	Gross income shall not include: (A) Amounts under a life insurance contract, paid by reason of the death of the insured, whether in a lump sum or in installments, but if said amounts are withheld by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income; and upon prior authorization by the Secretary, the amounts received in life under a life insurance contract, paid by reason of a terminal illness of the insured that, as certified by a competent medical authority, leaves him less than one year of life.	PR Internal Revenue Code Section 1031.01(b)(1)	Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part I Line 1
TEB - 321	<i>Business Tax</i>	Donations, bequest and inheritances	Gross income shall not include the value of property acquired by donation, gift, devise or inheritance. Income derived from said property, or in the case that the donation, gift, devise or inheritance consists of income derived from property the amount of said income, shall not be excluded from gross income under this paragraph. For the purposes of this paragraph, if under the terms of the donation, gift, devise or inheritance, the payment, credit or distribution thereof is to be made in installments, they shall be deemed a donation, gift, devise or inheritance of income from property up to the amount paid, credited or distributed as income derived from property.	PR Internal Revenue Code Section 1031.01(b)(2)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part I Line 2
TEB - 322	<i>Business Tax</i>	Plantation insurance	The amounts received under any plantation insurance, excluding fire insurance as a result of losses incurred by the insured.	PR Internal Revenue Code Section 1031.01(b)(8)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part I Line 3

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exclusions</i>					
TEB - 323	<i>Business Tax</i>	Other exclusions	<p>(b) Exclusions from Gross Income.- The following items shall be excluded from the definition of gross income:</p> <p>(3) Compensation for injury or illness.</p> <p>(4) Death benefits received by heirs or beneficiaries of members of certain retirement systems.</p> <p>(5) Scholarships.</p> <p>(6) Literary, journalistic, scientific and artistic prizes, and prizes for industrial, agricultural, or professional development.</p> <p>(7) Federal social security for old-age and survivors.</p> <p>(9) Basic subsidies to foster homes.</p> <p>(11) The compensation or indemnities received by an employee by reason of severance, without it being necessary to determine just cause, up to a maximum amount equal to the indemnity that the employee could receive under Act No. 80 of May 30, 1976, as amended.</p> <p>(12) Sales and Use Tax Inspection Plan prizes.</p> <p>(13) Any amount distributed by an Eligible Variable Annuity Contract on which an election was made and for which the tax was paid under Section 1023.10(a) of this Act or Section 1012C of the Puerto Rico Internal Revenue Code of 1994, as amended.</p> <p>(14) Interest on mortgages on residential property located in Puerto Rico granted after January 1, 2014 (including mortgages that are newly built and have been granted contemporarily with the first transmission of the mortgaged property to a new owner), and insured or guaranteed under the provisions of the National Housing Act "National Housing Act", adopted on 27 June 1934, as amended, or under the provisions of the Act Resetting the Service Members 1944 "Servicemen's Readjustment Act of 1944", as amended.</p>	PR Internal Revenue Code Section 1031.01 (b)(3), (4), (5), (6), (7), (9), (11), (12), (13) or (14)	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part I Line 9

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exclusions</i>					
TEB - 324	Business Tax	Income derived from discharge of debts	<p>(10) Income derived from the forgiveness of debts</p> <p>(A) Exclusion Income derived from the forgiveness of debts, in whole or part, shall not be subject to the income tax under this Subtitle if said forgiveness is by reason of any of the following cases:</p> <p>(i) The forgiveness is the filing of a bankruptcy petition in an action under the provisions of Title 11 of the United States Code and said forgiveness is approved by a court with jurisdiction to hear such petition.</p> <p>(ii) The forgiveness occurs when the taxpayer is insolvent, in which case the amount excluded under this subparagraph shall not exceed the amount by which the taxpayer is insolvent. For purposes of this subparagraph: (I) the term "insolvent" means the excess of debts over the fair market value of assets, and (II) debtor insolvency shall be determined based on the assets and debts of the taxpayer immediately before the forgiveness.</p> <p>(iii) The forgiven debt is a student loan and the forgiveness is in accordance with a provision of said loan allowing the forgiveness, in whole or part, if the taxpayer works for a determined period of time in certain professions or for determined employers (other than the lender).</p> <p>(iv) Forgiven debt is the product of a reorganization of a mortgage loan secured by the taxpayer's qualified residence. The term "qualified residence" shall have the meaning provided in Section 1033.15(a)(1)(D), except that, for purposes of this clause, the residence must be located in Puerto Rico. For purposes of this subsection: (I) The original mortgage loan debt cannot exceed one million (1,000,000) dollars.</p>	PR Internal Revenue Code Section 1031.01(b)(10)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.2 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part I Line 4
TEB - 325	Business Tax	Act 74 - 2010 / Act 78 - 1993 / Act 52 - 1983, Tourism Development	90% exemption on income from eligible tourism activities, including benefits and dividends distributed from the exempt business to his shareholders or partners, as well as distributions in liquidation. The exemption period will be for a period of ten (10) years.	Act 74-2010	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule L Pass-Trough Entity, Partially Exempt Income, Part I, Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exclusions</i>					
TEB - 326	Business Tax	Act 225-1995, Law on Agricultural Contributive Incentives of Puerto Rico & Act 60-2019 Subtitle B Chapter 8	The Act establishes the requirements to qualify the "bona fide" farmers and exempt them from the payment of all kinds of taxes on movable and real property, municipal license tax, excise taxes and all municipal and/or state taxes or fees. It also provides for a 90% exemption on income taxes. Benefits under this Act are available for applications filed up to December 31, 2019. Act 60 - 2019, repeals Act 225-1995.	Act 225-1995 or Act 60-2019, as amended	Informative Income Tax Return Pass -Through Entity 2021 (Form 480.20 (EC)), Schedule L Pass-Through Entity, Partially Exempt Income, Part I Line 4 Schedule CI Pass-Through Part V, Line 1 Informative Income Tax Return Pass -Through Entity 2022 (Form 480.20 (EC)) Schedule CI Pass-Through Entity, Income Tax for Exempt Businesses Under Act 60-2019, Part V, Line 1 and 2 or Part IV, Line 6
TEB - 327	Business Tax	Act 132-2010- "Law of Stimulus to the Real Estate Market" Exemption	Exemption from income earned by any Eligible Landlord from the rental of residential property will be totally exempt from the payment of Puerto Rico income taxes, including the basic alternative tax and the minimum alternative tax provided in the Code. ("Law 132-2010")	Act 132-2010, as amended	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule L Pass-Through Entity, Partially Exempt Income, Part I, Line 4 (Transfer total to Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II, Line 13 of the return)
TEB - 328	Business Tax	Act 47-1987 - "Law of Co participation of the Public and Private Sector for the New Housing Operation"	Income tax exemption would be granted derivatives in the sale or rental of such homes	Act 47-1987	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.2 (EC)) Schedule L Pass-Through Entity, Partially Exempt Income Part I, Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 329	Business Tax	Obligations from the United States Government, any of its states, territories or political subdivisions	(a) The following items of income shall be exempt from tax under this Subtitle: (3) Tax-exempt interest.- Interest on: (A) the obligations of the United States, any U.S. state or territory, or any political subdivision thereof and the District of Columbia;	PR Internal Revenue Code Section 1031.02 (a)(3)(A)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (A)
TEB - 330	Business Tax	Obligations from the Commonwealth of Puerto Rico	(a) The following items of income shall be exempt from tax under this Subtitle: (3) Tax-exempt interest.- Interest on: (B) the obligations of the Government of Puerto Rico or any of its instrumentalities or political subdivisions;	PR Internal Revenue Code Section 1031.02(a)(3)(B)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (B)
TEB - 331	Business Tax	Securities under Agricultural Loans Act	(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted.	PR Internal Revenue Code Section 1031.02(a)(3)(C)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (C)
TEB - 332	Business Tax	Certain Mortgages	The interest income received from any of the following mortgages: secured by the National Housing Act of 1934, as amended, that has been issued no later than February 15, 1973 and possessed by residents of Puerto Rico on May 5, 1973 and issued within the 180 days following February 15, 1973 to be acquired by a resident of Puerto Rico; on residential property located in Puerto Rico issued after June 30, 1983 and before August 1, 1997 secured by the National Housing Act of 1934 or the Servicemen's Readjustment Act of 1944, as amended; on new residential property located in Puerto Rico issued after July 31, 1997 and before January 1, 2014 and secured by the National Housing Act of 1934 or the Servicemen's Readjustment Act of 1944. For those granted after January 1, 2014, see instructions for Part I, line 4 of this Schedule; originated to provide permanent financing for the construction or acquisition of social interest housing; and secured under the Bankhead-Jones Farm Tenant Act of 1937, as amended.	PR Internal Revenue Code Section 1031.02(a)(3)(D), (E) (F), (G) and (H)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (D)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 333	Business Tax	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to an employees-owned special corporation, which proceeds are used by such special corporation for one of the following purposes: finance the acquisition, development, construction, expansion, rehabilitation or improvement of real property located in Puerto Rico to be used for commercial purposes by the special corporation, provided that the loan does not exceed the cost of the property or the improvements to be made on it; finance the acquisition of machinery or other tangible personal property to be used for commercial purposes by the special corporation in its business operations in Puerto Rico, provided that the loan does not exceed the purchase price of such property; or finance the acquisition of capital stocks in a corporation that is treated for Puerto Rico income tax purposes as a purchase of the assets of that corporation.	PR Internal Revenue Code Section 1031.02(a)(3)(M)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.2 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (E)
TEB - 334	Business Tax	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the acquisition and payment of membership certificates as an ordinary, extraordinary or corporate member, as applicable, in an employees-owned special corporation.	PR Internal Revenue Code Section 1031.02(a)(3)(N)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (F)
TEB - 335	Business Tax	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the purchase or investment in itself and for itself of preferred shares of an employees owned special corporation.	PR Internal Revenue Code Section 1031.02(a)(3)(O)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (G)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 336	Business Tax	Loans for the establishment or expansion of small and medium businesses up to \$250,000	The income received from interests on loans of up to \$250,000 in the aggregate per exempt business granted to small and medium businesses as that term is defined in Act 73-2008, known as the "Economic Incentives for the Development of Puerto Rico Act" for its establishment or expansion, provided that the loan meets the requirements of the act known as the Community Reinvestment Act of 1977, as amended, Pub Law 95-128, 91 Stat. 1147, as amended, and those requirements established by the Commissioner of Financial Institutions by regulations.	PR Internal Revenue Code Section 1031.02(a)(3)(P)	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (H)
TEB - 337	Business Tax	Loans for the capitalization of small and medium businesses up to \$250,000	The income received from interests on loans of up to \$250,000 in the aggregate per exempt business granted to shareholders of exempt businesses to be used in the initial capitalization or a subsequent capital requirement of a small or medium business which enjoys tax exemption, as such term is defined in Section 2(i) of Act 73-2008, known as the Economic Incentives for the Development of Puerto Rico Act.	PR Internal Revenue Code Section 1031.02(a)(3)(Q)	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (I)
TEB - 338	Business Tax	Other interest reported in Form 480.6D	Schedule IE, Part II Line 1 (K) The amount of other interests reported in Box 10 of Form 480.6D. Submit Form 480.6D. Items subject to to alternate basic tax. (Form 480.6D- Box 10 – Other Interest Subject to Alternate Basic Tax: Include the amount of interests paid or accrued that were not included in the other boxes of Form 480.6D and that are subject to alternate basic tax, as provided by Section 1021.02 of PR Internal Revenue Code.)	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1(K)	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (K)
TEB - 339	Business Tax	Other interest not subject to alternate basic tax reported in a Form 480.6D	Schedule IE, Part II Line 1 (L) – Total amount of other interests not subject to alternate basic tax reported in Box 11 of Form 480.6D. Provide Form 480.6D. (Box 11 – Other Interest Not Subject to Alternate Basic Tax: Include the amount of interests paid or accrued that were not included in the other boxes of Form 480.6D and that are not subject to alternate basic tax, as provided by Section 1021.02 of the Code.)	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1(L)	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (L)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 340	Business Tax	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument's Patronage and SER of Puerto Rico	The total amount of other interests not subject to alternate basic tax reported in Box 11 of Form 480.6D. Provide Form 480.6D. (L) obligations issued by (i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella; (ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and (iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan; (iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arise directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).	PR Internal Revenue Code Section 1031.02(a)(3)(L)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (L)
TEB - 341	Business Tax	Other Interest subject to alternate basis tax not reported on a Form 480.6D	Schedule IE Pass- Through Entity, Part II Line 1 (M) – Total amount of other interests subject to alternate basic tax not reported on Form 480.6D. Provide the form or document in which they were reported. This item is subject to the payment of alternate basic tax. The taxpayer must include with the return a detail with a breakdown of the name of the person who made the payment, the employer identification number of such person, the account number (if applicable) and the amount of interests received during the year which are subject to the payment of alternate basic tax and were not reported on a Form 480.6D.	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1(M)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (M)
TEB - 342	Business Tax	Other interests not subject to alternate basis tax not reported on a Form 480.6D	Schedule IE, Part II Line 1 (N)-Total amount of other interests not subject to alternate basic tax not reported on Form 480.6D. The taxpayer must provide the form or document in which they were reported. The taxpayer must include with the return a detail with a breakdown of the name of the person who made the payment, the employer identification number of such person, the account number (if apply) and the amount of interests received during the year which are not subject to the payment of alternate basic tax and were not reported on a Form 480.6D.	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1(N)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 1 (N)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 343	Business Tax	Industrial development income derived from certain interests	Distributions of dividends or profits from industrial development income of exempt businesses or in liquidation under the Economic Incentives for the Development of Puerto Rico Act (Act 73-2008) and the Tax Incentives Act of 1998 (Act 135-1997). For the treatment of such current or liquidation distributions, see Internal Revenue Circular Letter No. 09-06 of July 22, 2009.	Act 73-2008 or Act 135-1997	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 12
TEB - 344	Business Tax	International Insurer or Holding Company of the International Insurer	D) Dividends of an International Insurance Company or International Insurance Holding Company.- Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code. The amount of exempt dividends reported in Box 13 the Informative Return- Exempt and Excluded Income and Exempt Income Subject to Alternate Basic Tax (Form 480.6D). Submit Form 480.6D.	PR Internal Revenue Code Section 1031.02(a)(4)(D)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 2 (B)
TEB - 345	Business Tax	Other dividends reported in a Form 480.6D	The distributions of dividends reported in Boxes 12 and 17 of the Informative Return- Exempt and Excluded Income and Exempt Income Subject to Alternate Basic Tax (Form 480.6D). Provide Form 480.6D. This item is subject to the payment of alternate basic tax. Form 480.6D-Box 12 – Dividends from Cooperative Associations: This box includes the total amount of distributed dividends from domestic cooperative associations if the taxpayer that received such dividends is considered a Puerto Rico resident entity. This income is subject to alternate basic tax, as provided by Section 1021.02 of PR Internal Revenue Code. Box 17 – Other Dividends Subject to Alternate Basic Tax: This box includes the amount of dividends paid that were not included in the other boxes of Form 480.6D and that are subject to alternate basic tax, as provided by Section 1021.02 of the PR Internal Revenue Code.	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 2 (A)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 2 (A)
TEB - 346	Business Tax	Other dividends not reported in a Form 480.6D	The amount of dividend distributions not reported on Form 480.6D and that are not subject to the payment of alternate basic tax.	Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 2 (D)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 2 (D)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 347	Business Tax	Recapture of bad debts, prior taxes, surcharges and other items	(8) Recovery of bad debts, prior taxes, and surcharges.-Income attributable to the recovery during the tax year of a bad debt, prior tax, surcharge, or other item, to the extent of the amount of the recovery exclusion with respect to such debt, surcharge or amount.	PR Internal Revenue Code Section 1031.02(a)(8)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 3
TEB - 348	Business Tax	Income from news agencies or unions	The income from news agencies or unions or other press services, received from journalism or broadcasting companies, for rents or royalties for the use or publication or the right to use or publish in Puerto Rico, literary or artistic property of such agencies or unions.	PR Internal Revenue Code Section 1031.02(a)(11)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 4
TEB - 349	Business Tax	Certain income related to the operation of an employees owned special corporation	(17) Certain income related to the operation of special employee-owned corporations.- The following income is exempt from tax: (A) The income of special employee-owned corporations that is credited to the collective reserve account and to the social fund. For contributions to the social fund to qualify for the exclusion herein granted, it shall be necessary that the benefits of the social fund are accessible to all residents of the municipality where the special employee-owned corporation has established its principal office, except for regular and corporate members of the corporation. In addition, it should be demonstrated to the Secretary of the Treasury that the social fund is used for the purposes provided in Article 1507 of Act No. 144 of August 10, 1995, as amended. (B) The portion of notices of credit for productivity and patronage that special employee-owned corporations capitalize in the internal capital accounts of regular and special members and that cannot be distributed or paid until the regular or special member ends all relations with the special employee-owned corporation. Any amount so excluded from gross income and later distributed to the member while he remains in a relationship with the special corporation shall be subject to a penalty of ten (10) percent of the amount distributed and shall be included in gross income for that year. The ten (10) percent penalty shall be withheld by the special employee owned corporation and remitted immediately to the Secretary. (C) Ninety (90) percent of the income received by a person as rent for real and personal property of any kind, used by a special employee-owned corporation in its development, organization, construction, establishment or operation.	PR Internal Revenue Code Section 1031.02(a)(17)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 5

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 350	Business Tax	Income received or earned in relation to the celebration of sports games organized by international associations or federations	(21) Income received or earned with respect to games organized by international associations or federations.- Income of any kind received or earned by teams of members of international associations or federations or associations or entities affiliated with said teams, and income of any kind earned by entities contracted by said teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico. This provision applies to teams from the Major League Baseball (MLB) and the National Basketball Association of America (NBA) in connection with the celebration of games in Puerto Rico. This item is subject to the payment of alternate basic tax.	PR Internal Revenue Code Section 1031.02(a)(21)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 6
TEB - 351	Business Tax	Income derived by the International Insurer or Holding Company of the International Insurer	The income derived by the International Insurer or a Holding Company of the International Insurer, subject to the provisions of Article 61.240 of the Puerto Rico Insurance Code, including the income derived from the liquidation or dissolution of the operations in Puerto Rico.	PR Internal Revenue Code Section 1031.02(a)(23)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 7
TEB - 352	Business Tax	Rents from the Historic Zone	Rent from the Historic Zone. For taxable years beginning before January 1, 2020, subject to the requirements of Act No. 7 of March 4, 1955, as amended, and any other law that substitutes or complements it, up to the limit established in such laws, the rents earned for leasing existing buildings in the Historic Zone of the city of San Juan the Baptist of Puerto Rico or in any historic zone established in Puerto Rico by the Institute of Puerto Rican Culture, or the Planning Board that has been improved, restored, restructured, or substantially reconstructed or of new construction in accord with the norms established by the Institute of Puerto Rican Culture to harmonize with the characteristics of the historic zone where they are located, and having obtained the corresponding permits from the pertinent agencies and a certificate from the Institute of Puerto Rican Culture establishing its conformity with the structure just as it has been finished. Substituted by Act 60-2019 as of January 1, 2020- Section 2072.01(a) Preferential flat tax rate of four percent (4%).- The income of an Eligible Business derived from eligible activities described hereinbelow shall be subject to a preferential flat income tax rate of four percent (4%) in lieu of any other income tax provided by the Puerto Rico Internal Revenue Code or any other law; provided, that the requirements applicable to its eligible activity are met: (1) Rents received for the rental of buildings in the Historic Zones of Puerto Rico; provided, that they meet the requirements of Act No. 7 of March 4, 1955, as amended, known as the "Historic Zones Tax Exemption".	PR Internal Revenue Code Section 1031.02(a)(28) or Act 60-2019	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule CI Pass-Through Entity, Income Tax for Exempt Businesses Under Act 60-2019, Part V Line 1

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 353	Business Tax	Income from vessels owner's associations and mutual protection and indemnity	(a) The following items of income shall be exempt from tax under this Subtitle: (35) Miscellaneous items.- (D) receipts of vessel owner and mutual protection and indemnity associations	PR Internal Revenue Code Section 1031.02(a)(35)(D)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.2 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 8
TEB - 354	Business Tax	Income from buildings rented to the Commonwealth of Puerto Rico for public hospitals or schools, or health homes (Contracts in force as of November 22, 2010)	The income derived from buildings leased to the Government of Puerto Rico for public hospitals, convalescence or nursing homes and public schools, exclusively for those buildings that had a lease contract in effect as of November 22, 2010.	PR Internal Revenue Code Section 1031.02(a)(35)(F)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 9
TEB - 355	Business Tax	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	(G) Income derived by the taxpayer from the resale of personal property or services which acquisition by said taxpayer was subject to tax under section 3070.01 of the PR Internal Revenue Code or Section 2101 of Act 120 of October 31, 1994, as amended, known as the Internal Revenue Code of 1994, as amended.	PR Internal Revenue Code Section 1031.02(a)(35)(G)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 10

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 356	Business Tax	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j)	The amount of any eligible distribution made by a corporation or partnership during the period between July 1, 2006 and December 31, 2006, subject to a special tax rate of five (5) percent of the total amount received by any eligible person, in lieu of the special tax established under subsection (b), and not currently distributed to the shareholders or partners of said entities, may be maintained in the books of the corporation or partnership in question, in order to comply with any contractual, commercial or statutory commitment of said entities, to be taken into account when making any kind of distribution by the Board of Directors of managing partner or directors of said corporations or partnerships, and subject as such to the discretion thereof, in terms of the source or origin of the monies to be distributed in the future by any such entities.	PR Internal Revenue Code Section 1023.06(j)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 11
TEB - 357	Business Tax	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	The distributions of dividends or profits of industrial development income of exempt businesses or in liquidation under the Economic Incentives for the Development of Puerto Rico Act (Act 73-2008) and the Tax Incentives Act of 1998 (Act 135-1997). For the treatment of such current or liquidation distributions, see Internal Revenue Circular Letter No. 09-06 of July 22, 2009.	Act 73-2008 and Act 135-1997	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 12
TEB - 358	Business Tax	Rent of residential property under Act 132-2010	The income derived by any Eligible Lessor from the leasing of residential property will be fully exempt from income tax, including the alternative basic tax and the alternative minimum tax. The exemption shall apply during a period of up to fifteen (15) years commencing on January 1, 2011 and ending December 31, 2025.	Act 132-2010, as amended	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 13
TEB - 359	Business Tax	Income received by designers and translators up to \$6,000 under Act 516-2004	Income received by designers or translators for its work in the preparation of books up to \$6,000, under Act 516-2004.	Section 8 of Act 516-2004	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 14

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 360	Business Tax	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	The first \$500,000 of gross income generated by a new business created by a young entrepreneur whose age ranges between 16 and 35 years. Such new business should have granted a Special Agreement for the Creation of Young Businesses (Agreement) with the Puerto Rico Trade and Export Company, in order to enjoy the exemption during the first 3 years beginning on the date on which the Agreement is signed. In order to claim this exemption, copy of the Agreement must be included with the income tax return.	Act 135-2014	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Deduction-Part VIII Line 22, Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 15
TEB - 361	Business Tax	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	Section 1071.02(a)-When determining his tax liability, each partner shall separately take into consideration (subject to the conditions and limitations provided in this Chapter) his distributive share in the partnership for any tax year thereof, ending within or concurrently with the partner's tax year, with respect to: items (1)(2)(3)(4)(5)(6)(7)(8)(9)(10) and (11). Section 1114.06 -In determining a partner's income tax liability, each partner must separately take into account (subject to the conditions and limitations provided by this Subtitle) his distributive share in the special partnership for any tax year thereof that ends within or simultaneously with the partner's tax year, with respect to: items (1)(2)(3)(4)(5)(6)(7)(8)(9)(10) and (11). Section 1115.04 Determination of the Shareholders' Tax Liability. In determining the tax of a shareholder pursuant to this Subtitle for the tax year of a shareholder within which the tax year of the corporation of individuals closes (or for the last tax year of a shareholder who dies before the end of the corporation's tax year), there shall be considered the pro rata share of a shareholder of the income, losses, or credits to be included separately as determined in subsections (b) and (d) that may affect the tax liability of any shareholder.	PR Internal Revenue Code Sections 1071.02, 1114.06 or 1115.04	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Deduction-Part VIII Line 22, Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 16

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 362	Business Tax	Other payments reported in a Form 480.6 D	The total amount of income reported in Box 22 of the Informative Return- Exempt and Excluded Income and Exempt Income Subject to Alternate Basic Tax (Form 480.6.D). You must include such amount together with the other income subject to alternate basic tax on line 19, Part II, page 1 of the return.	PR Internal Revenue Code Section 1021.02 Informative Income Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 17	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 17
TEB - 363	Business Tax	Other payments not subject to alternate basic tax reported on a Form 480.6D	The total amount of income reported in Box 23 of the Informative Return- Exempt and Excluded Income and Exempt Income Subject to Alternate Basic Tax (Form 480.6.D) and that is not subject to alternate basic tax.	PR Internal Revenue Code Section 1021.02 Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 18	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 18

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 364	Business Tax	Other exemptions subject to alternate basic tax not reported on a Form 480.6D	The amount of other exemptions from gross income for which a specific line is not provided on this Schedule, even if the same are granted by special acts, that are subject to alternate basic tax and were not reported on the Informative Return- Exempt and Excluded Income and Exempt Income Subject to Alternate Basic Tax (Form 480.6.D). Provide the form or document in which they were reported.	PR Internal Revenue Code Section 1021.02 Tax Return Pass-Through Entity, Form 480.2 (EC), General Instructions Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 19	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 19

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB - 365	Business Tax	Other exemptions	<p>The amount of other exemptions from gross income for which a specific line is not provided on this Schedule, even if the same are granted by special acts, that are not subject to alternate basic tax and were not reported on Form 480.6D. Provide the form or document in which they were reported.</p> <p>1031.02(a)(6) Incentives received by farmers.-</p> <p>(A) In the case of any farmer, the incentives received from the Government of Puerto Rico for: (i) the purchase of farm machinery used for the production of sugar cane, coffee, vegetables, rice and food crops; (ii) the purchase of fertilizer, herbicide, fungicide and materials for land improvement, beekeeping, mariculture, aquaculture and otherwise as determined or added by the Secretary of Agriculture; (iii) the purchase of wire, posts, cattle fencing materials and otherwise as determined or added by the Secretary of Agriculture; and (iv) the construction of cattle, hog and poultry facilities and fishing vessels.</p> <p>(B) These incentives shall be deemed a reduction of costs or expenses, as the case may be, incurred by the farmer. The Secretary of Agriculture must submit to the Secretary each year, on or before January 31 of the year following the calendar year in which said incentives were granted, a list containing the following information:</p> <p>(i) name, account number and address of each farmer to whom the incentives have been granted, and (ii) item and amount of the incentives.</p> <p>(7) Improvements by lessee on lessor's property.-Income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.</p>	PR Internal Revenue Code Section 1021.02, 1031.02(a) (6), (7), (22) and (35)	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)), Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 20

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Exemptions</i>					
TEB – 365, Continue	<i>Business Tax</i>	Other exemptions	<p>(22) Income earned by Caribbean Series participants.- Income earned by the nonresident players, managers, technical personnel and foreign teams participating in Caribbean Series Professional Baseball games held in Puerto Rico.</p> <p>(31) Income of international banking entities.- Income from any of the activities described in subsection (a) of Section 12 of Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act," carried on by any International Banking Entity authorized to carry on such activities under the provisions of said act, including the income derived from the liquidation or winding up of operations in Puerto Rico. Not excluded under Section 1021.02</p> <p>(35) Miscellaneous items.-</p> <p>(B) income of the U.S. government, foreign governments and international organizations.- Income of the Government of the United States, foreign governments or international organizations, received from investments in Puerto Rico in shares, bonds or other domestic securities held by said governments or international organizations, or interest on deposits in banks in Puerto Rico on monies belonging to said governments or international organizations, or from any other source within Puerto Rico; (C) income of states, municipalities and other political subdivisions.- Income derived from any public utility company or the performance of any essential government function, accrued by any state, territory or the District of Columbia, or any political subdivision of a state or territory, or income accrued by the government of any U.S. possession or any political subdivision thereof.</p>	PR Internal Revenue Code Section 1021.02, 1031.02(a) (6), (7), (22) and (35)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule IE Pass-Through Entity, Excluded and Exempt Income, Part II Line 20

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Subject to Moratorium					
TEB - 366	Business Tax	Credit attributable to losses or for investment in the Capital Investment Fund, Act - 46, including purchases.	PR Internal Revenue Code Section 1051.12(a) Credits subject to moratorium: (2) Subparagraph (a) of Article 14 of Act No. 46 of January 28, 2000, as amended, known as the Puerto Rico Investment Capital Investment Fund Act of 1999 Act 46-2000: (a) Tax Credit.- The Administrator of the Fund shall be entitled to a tax credit equivalent to 25% of the sum of money received by the Fund as private proprietary interests in the Fund, which can be used solely as provided in subsection (b) and (d) of this Section. The tax credit shall be available at the time the Fund receives cash which qualifies it as an investment of private proprietary funds.	PR Internal Revenue Code Section 1051.12(a) (2) and Act 46-2000	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 1 and Part VI Line 2
TEB - 367	Business Tax	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	PR Internal Revenue Code Section 1051.11 (b)(5)(F) Credits subject to moratorium: Paragraphs (E) and (F) of Article 4.03 and Article 4.04 of Act No. 212 of August 29, 2002, as amended, known as the Urban Center Revitalization Act; the moratorium shall apply as follows: Credits granted during Fiscal Years 2018-19 to 2023-24; only up to fifty (50) percent of the credit granted in tax years beginning after the end of the first semester of the fiscal year during which the tax credit is granted may be claimed; and any remanent in subsequent tax years. Act 212-2002: Section 4.03 (F).- A tax credit equal to 75% of the investment in the construction of a rehabilitation project of an urban center. In the case the project is located in a historical zone or around the plaza of the urban center, the credit should be 100%. This credit is subject to the 25% limitation imposed by Section 1051.13.	PR Internal Revenue Code Section 1051.11(a) (5)(F)(5)	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 4 and Part VI Line 6
TEB - 373	Business Tax	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	In general, any person, natural or legal, that constitutes an eligible conservation easement or donates an eligible land in accordance with the provisions of this Law, may opt for a tax credit equal to fifty percent (50%) of the value of the eligible conservation easement or of the eligible land at the date of the donation, to be taken in two (2) terms: 1. The first half of said credit in the year in which the establishment of the conservation easement or the donation of the eligible land occurs; 2. The balance of said credit, in the following year.	PR Internal Revenue Code Section 1051.12(a) (4) and Act 183-2001	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 5 and Part VI Line 5

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Subject to Moratorium					
TEB - 374	Business Tax	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	<p>Subject to the provisions of this Act, every petitioner may qualify for a Special Credit for Investment in Housing Infrastructure by the investment made in the construction of infrastructure. For the effect of the computation of credit provided under this Act, only that Special Investment in Housing Infrastructure recommended by the designated officials of the Department of Housing and the Treasury Department shall be taken into consideration, once the merits of the application for Investment Credits in Housing Infrastructure are analyzed. The Secretary of Housing, upon consultation with the Secretary of the Treasury, shall have the discretion, when merited by the best interest of the Commonwealth of Puerto Rico, to grant the credits provided in this Act with regard to extraordinary investments in infrastructure in projects begun between the first of January of 2001, and the date that the regulations referred to in Section 7 of this Act become effective.</p> <p>Tax credit consists of the equivalent of 100% of the total cost of the housing project, if not owned by the petitioner or 75% of the cost of social interest housing or 50% of middle class housing, that are owned by the petitioner. This credit is subject to the 25% limitation imposed by Section 1051.13.</p>	PR Internal Revenue Code Section 1051.12(b) (7) and Act 98-2001	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 2 and Part VI Line 3
TEB - 375	Business Tax	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	PR Internal Revenue Code Section 1051.12(a) Credits subject to moratorium: (6) Subparagraph (A) of Article 3 of Act No. 140 of October 4, 2001, as amended, known as the "Social Housing Construction or Rehabilitation Investment Act," "Subject to the provisions of this Act, every owner of a rental housing project for low income families may qualify for a tax credit of \$.50 for each \$1.00 of Eligible Investment used in the new construction or substantial restoring of housing units to be rented to low or moderate income families. Act 140-2001 also provides a credit Affordable Housing projects for rent to the elderly. The credit in this case is 75% of every dollar used in an eligible investment.	PR Internal Revenue Code Section 1051.12(a) (6) and Act 140-2001	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 3 and Part VI Line 4
TEB - 376	Business Tax	Solid Waste Disposal	Tax Credit for Investment in facilities for reducing, disposition and/or treatment of solid waste Facilities. Any investor shall be entitled to a credit for investment in exempt facilities equal to 50% of the eligible investment. Eligible investment is the amount of cash that has been contributed to an exempt facility for use in an facility free of solid waste in exchange for: (i) shares in the corporation, if the exempted facility is a corporation, or (ii) participation, or increase in participation, in a joint venture or company.	PR Internal Revenue Code Section 1051.12 (a)(1) and Section 4 of Act 159-2011	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part VI Line 1



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
Credits					
Subject to Moratorium					
TEB - 377	Business Tax	Santurce Theatrical District	This credit was available for taxable years commenced before January 1, 2013. Any amount claimed is related to the carryforward of the credit generated in prior years. Tax credit for investing in theatrical businesses - investors shall be entitled to a credit for investing in theatrical businesses for a limit of up to \$5,000,000 per fiscal year and of \$2,000,000 per fiscal year for the rehabilitation of existing structures	PR Internal Revenue Code Section 1051.12(a)(3) Act 178-2000, Section 11.	Informative Income Tax Return 2015 (Form 480.20 (EC)) Part VI Line 3

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
Credits					
Not Subject to Moratorium					
TEB - 378	Business Tax	Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987)	The owners of an entity will be entitled to claim, according to the percentage applicable to the distributable share in the entity, a credit as established in Section 4(b) Act 8-1987, against the tax due for the year in which the entity received as an investor, a distribution from Industrial Development income.	Act No. 8 of 1987	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 8
TEB - 380	Business Tax	Credit for investment in film industry development Act 27-2011/ Act 60 - 2019, including purchases.	Credit available to film industry is as follows: (1) In the case of Film Projects, the credit will be equal to: (A) Forty percent (40%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico, not including payments made to Non-Resident Talent; and (B) twenty percent (20%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico that consist of payments to Non-Resident Talent. The credits generated by Production Expenses of Puerto Rico consisting of payments to Non-Resident Talent will not be subject to the limitations imposed in Article 7.3 (b) (3). (2) In the case of Infrastructure Projects, the credit granted in Article 7.3 (a) shall be equivalent to twenty-five percent (25%) of the amounts certified by the Auditor as disbursed in relation to the development and / or expansion of the Infrastructure Project in question.	Act 27-2011 or Act 60 -2019, as amended	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 9 and Part VI Lines 11 and 12
TEB - 381	Business Tax	Credit for the purchase or transmission of television programming made in P.R. (Section 1051.14)	Any television channel that purchases or broadcasts programming made in Puerto Rico by independent producers, employing by 90% or more Puerto Rico resident artists, may claim a credit of 15% of the expenses paid by the television channel in the tax year for which the credit is claimed, for the purchase or broadcast of new programming, subject to certain requirements and limitations.	PR Internal Revenue Code Section 1051.14	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 10

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
Credits					
Not Subject to Moratorium					
TEB - 382	Business Tax	Credit for contributions to former governors' foundations	Tax credit for contributions to former governors' foundations equivalent to 100% of the amount contributed during the taxable year to such foundations for its operating expenses and those expenses related to the purposes for which they were created, and/or those charitable contributions to a Depository of Files and Relics of Former Governors and Former First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay for the construction, operation and all necessary expenses for the true fulfillment of the purposes of Act 290-2000 and Section 1051.10 of the PR Internal Revenue Code. The tax credits to be granted cannot exceed \$500,000 in aggregate, for any taxable year.	PR Internal Revenue Code Section 1051.10 and Act 290-2000	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 11
TEB - 383	Business Tax	Credit for contributions to Santa Catalina's Palace Patronage and/or Patronage of the State Capitol of the Legislative Assembly	"(a) Amount of the Credit.- Amount of Credit. - A credit will be granted against the contribution imposed by this Subtitle for the donations generated or managed as a result of the effort of the Patronage of the Santa Catalina Palace or the Patronage of the State Capitol of the Legislative Assembly. The amount of this credit will be one hundred percent (100%) of the amount donated during the taxable year. (b) This credit will be in lieu of the deduction for donations granted by Section 1033.15 (a) (3). The amount of credit that can not be claimed in the taxable year in which the donation is made may be carried forward to the following taxable years until it is fully used. (c) The tax credits to be granted may not exceed two million five hundred thousand dollars (\$ 2,500,000) in the aggregate, for any taxable year. (d) Verification.- Any individual, corporation or partnership that claims the credit herein provided shall attach with their income tax return a certification issued by the Patronage of the Palace of Santa Catalina showing that the donation was made and accepted."	PR Internal Revenue Code Section 1051.06	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 12
TEB - 384	Business Tax	Industrial investment Credit (Act 73-2008) / (Act 109-2001), including purchases	(1) Subject to the provisions of paragraph (2) of this section, any investor may claim a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act, to be taken in two (2) or more installments: the first half of said credit in the year in which the eligible investment is completed and the balance of said credit, in the following years. The amount of credit to be claimed for industrial investment under Section 6 of Act 73-2008. This amount must be equal to 50% of the eligible investment to be claimed in two or more installments: the first half in the year in which the eligible investment is completed and the balance in the subsequent years.	Section 6(b) of Act 73-2008 and Act 109-2001	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) (Section 6 of the Act 73-2008) Part IV Line 13 and Part VI Line 14

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
Credits					
Not Subject to Moratorium					
TEB - 385	Business Tax	Research and Development Credit Green Energy, including purchases	Any exempt business that holds a decree granted under this Act may claim a research and development investment credit equal to 50% of the special eligible investment made in Puerto Rico.	Art. 2.11(c) of Act 83-2010	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part VI Line 15
TEB - 386	Business Tax	Credit for Investment in Opportunity Zones, including purchases	Every investor should be entitled to an investment credit equal to the eligible percentage of such investor's eligible investment made taken in four (4) installments: twenty-five percent (25%) of said credit in the year in which the exempt business finished the total construction of the Priority Project or, if the Priority Project does not require construction, upon the eligible business commencement of operations, whichever is later, and twenty-five percent (25%) of the credit balance in the next three (3) years.	Act 21-2019 and Act 60-2019, as amended	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part IV Line 14 and Part VI Line 17

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Not subject to Moratorium					
TEB - 387	<i>Business Tax</i>	Tourism Investment Credit, Purchases	<p>Act 74-2010-"Any person who acquires an equity interest in an entity that develops an exempt tourism business, or who invests in a condo hotel, will be entitled to a Tourism Investment Tax Credit equal to 50% of the cash paid for such equity investment. Nonetheless, the total amount of the credit which may be taken by all investors cannot exceed 10% of the total cost of the tourist project.</p> <p>Alternate Tourism Investment Tax Credit (ATITC)</p> <ul style="list-style-type: none"> • Section 5(b)(1)-credit equal to 40% of the Eligible Investment This credit can be taken in three (3) equal installments, commencing on the Exempt Business' second year of operations. or • Section 5(b)(2) - credit equal to 30% of the Eligible Investment. In this case, the exempt business can take 10% of said Eligible Investment as a credit on the year that it secured the financing for the construction of the tourism project, with remaining balance being taken in three (3) equal installments as follows: 1/3 when the exempt business receives its first paying guest; and the remaining 2/3 on subsequent years, in equal 1/3 portions. The total amount of ATITC's available to the exempt business under Sections 5(b)(1) and (2) will be limited to the 40% and 30%, respectively, of the Total Project Cost. Act 78-1993 - "The amount of credit for tourism investment. Every investor may claim a credit for tourism investment equal to 50% of its eligible investment. The credit may be claimed in two installments: the first half in the year in which the financing for the total construction of the tourism project was obtained and the balance of the credit, in the following years. To claim this credit you must include with your return Schedules Q and Q1 duly completed. You must submit with the return copy of the notification by sworn statement issued by said agency, where the distribution of the credit is informed. You must also include copy of the Certification issued by the pertinent agencies. 	Act 74-2010, Act 78-1993 and Act 60-2019, as amended	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part VI Line 9 and Line 10
TEB - 388	<i>Business Tax</i>	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Any exempt business with a tax exemption decree may claim a credit for investment equal to 50% of the special eligible investment made in Puerto Rico after the approval of Act 73- 2008. The term eligible special investment means the amount of cash used by the exempt business with a decree issued under any Puerto Rico incentives act, or any entity affiliated to said exempt business in research and development activities, including operating expenses, clinical trials, toxicology tests, infrastructure, renewable energy or intellectual property.	Sec. 5(c) of Act 73 2008	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)) Part V Line 13 and Line 16

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Not subject to Moratorium					
TEB - 390	<i>Business Tax</i>	Purchase: Other Credits	Other tax credits not included on the preceding lines.	PR Internal Revenue Code Section 1051.11(d)	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)) Part VI Line 18
TEB - 391	<i>Business Tax</i>	Other Credits	Total amount of other tax credits subject and not subject to moratorium not included on the preceding lines.	Informative Income Tax Return Pass- Through Entity, Form 480.2 (EC), General Instructions Schedule B Pass- Through Entity	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC))Part IV Line 16 (no moratory and Line 7 (moratory), Part VI Line 18 (No moratory) and Line 7 (Moratory)
TEB - 392	<i>Business Tax</i>	Credits used against Optional Tax to Partnerships and Corporation of Individuals Section 1071.10 and 1115.11	The entity may use the available amount of tax credits on Part IV of Schedule B Pass-Through Entity to satisfy the optional tax included on line 1 of Part II	Informative Income Tax Return Pass- Through Entity, Form 480.2 (EC), General Instructions Schedule BB Pass- Through Entity, Schedule BB Pass- Through Entity	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)), Schedule BB Pass- Through Entity, Optional Tax for Partnerships and Corporations of Individuals that Renders Services, Part II Line 7

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 393	Business Tax	Special credits granted	Credit granted as a result of an adjustment made by the Federal Internal Revenue Service or by means of Closing Agreement. In the case of credits of foreign entities which operations were covered by Section 936 of the Federal Internal Revenue Code of 1986, as amended, they are limited to 50% of the tax determined for each year. Also includes credits granted by means of Closing Agreement as a result of a mutual agreement procedure between the competent authorities of the corresponding jurisdictions. In the case of credits granted by means of Closing Agreement, they will only be claimed up to the limit established in the Closing Agreement.	Tax Coordination Agreement between the United States of America and Puerto Rico, Internal Revenue Circular Letter 06-04 of April 5, 2006	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III Line 3(a)
TEB - 394	Business Tax	Credit for losses of United States parent company	Any exempt business with a decree granted under Act 135- 1997, that is a subsidiary of a U.S. parent company, that reflects a loss in the consolidated federal return or is under bankruptcy proceedings under federal regulations, will be allowed to claim a credit against the fixed tax applicable to the industrial development income (IDI) earned during the taxable year of the loss. For additional information, refer to Section 5(a) of Act 135-1997.	Section 5(a) of Act 135-1997	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III Line 3(b)
TEB - 395	Business Tax	Credit for taxes withheld on royalty payments	Some exempt businesses may request authorization to credit the excess of a hundred million dollars (\$100,000,000) of annual taxes withheld over royalty payments, rents, royalties and license fees, with respect to certain high technology products, against the tax imposed by Section 3 of Act 135-1997 over such high technology products. In order to identify the exempt businesses which qualify for the credit and the definition of high technology products and additional information, refer to Section 5(C) of Act 135-1997.	Section 5(c) of Act 135-1997	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III Line 3(c)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 396	<i>Business Tax</i>	Credit for purchases of products manufactured in Puerto Rico	An exempt business will be entitled to claim a credit against the income tax for the purchases of products manufactured in Puerto Rico, including component parts and accessories, equal to 25% of the purchases of said products during the taxable year in which the credit is claimed, or 35% if the products are made from recycled materials or recycled raw materials. This credit may be claimed up to a maximum of 50% of the income tax liability.	Section 5(a) Act 73-2008, Section 5(b) Act 135-1997 and Art. 2.11(a) Act 83-2010	Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)), Schedule X Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 73-2008, Part VI Line 3(a), Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III Line 3(d) and Schedule Y Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 83-2010, Part II Line 3(a)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 397	<i>Business Tax</i>	Credit to reduce the cost of electric power	<p>Any exempt business that is an industrial customer of the Electric Power Authority (AEE) with an exemption decree, may claim the following credits only against the income tax:</p> <p>(a) Base credit equal to 3% of the payments made to the AEE for net consumption of electric power regarding the eligible business operation during the taxable year.</p> <p>(b) If the business maintained an average of 25 employees or more during the taxable year, it may claim an additional credit of 3.5% of the payments made to the AEE regarding the operation of the eligible business.</p> <p>(c) If the business has maintained an average payroll of \$500,000 or more during the taxable year, it may claim an additional credit of 3.5% of the payments made to the AEE regarding the operation of the eligible business.</p> <p>Any business that complies with the requirements provided in paragraphs b and c above, may claim both credits along with the base credit for an annual maximum credit of 10% of the payments made to the AEE regarding the operation of the eligible business.</p> <p>The maximum credit to be claimed starting in 2013 shall be reduced on a 1% basis per year.</p> <p>The total credit for energy costs not used in the taxable year in which it was originated may be carried forward to subsequent taxable years.</p>	Section 5(e) Act 73 - 2008	<p>Informative Income Tax Return 2022 (Form 480.2 (EC))</p> <p>Determination of Net Income and Income Tax for Exempt Business Under</p> <p>Schedule X Pass-Through Part IV, Line 3(e) and Schedule V Pass-Through, Part III, Line 3(g)</p>



TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
Credits					
Credits - Other Incentives Acts					
TEB - 398	Business Tax	Credit for job creation	Every exempt business , will be entitled to claim a credit only against the exempt operations income tax, for each job created during its first year of operations. The amount of the credit will depend on the development zone where the exempt business operations are located.	Section 5(b) Act 73-2008 and Art. 2.11(b) and Act 83-2010	Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule X Pass Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008 Part IV Line 3(b) and Schedule Y Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 83-2010, Part II Line 3(b)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 399	Business Tax	Research and Development Tax Credit (Act 73-2008)	Any exempt business with a tax exemption decree may claim a credit for investment equal to 50% of the special eligible investment made in Puerto Rico. For purposes of Act 73-2008, the term eligible special investment means the amount of cash used by the exempt business with a decree issued under any Puerto Rico incentives act, or any entity affiliated to said exempt business in research and development activities, including operating expenses, clinical trials, toxicology tests, infrastructure, renewable energy or intellectual property. Also, for purposes of Act 83-2010, eligible investment means the amount of cash used by the exempt business, or any entity affiliated to said exempt business, in research and development activities directly related with the production of green energy, including operating expenses, infrastructure or intellectual property, incurred or used directly in said activities.	Section 5(c) Act 73-2008 and Art. 2.11(c) of Act 83-2010	Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)), Schedule X Pass Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008, Part IV Line 3(c), Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III, Line 3(e) and Schedule Y Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 83-2010, Part II Line 3(c)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 400	<i>Business Tax</i>	Credit for investment in Machinery and Equipment for the generation and efficient use of energy	<p>Any exempt business with a tax exemption decree may claim a credit against the income tax of 50% of its eligible investment. For purposes of this credit, eligible investment means, in general terms, the amount of cash used for the acquisition of machinery and equipment to generate energy from alternate sources to fuel oil.</p> <p>In case of an eligible investment made by an exempt business to generate energy for its own consumption, the credit shall not exceed 25% of the income tax.</p> <p>On the other hand, an eligible investment made by an exempt business engaged in the production, whether on a commercial scale or not, of energy for consumption in Puerto Rico, through the use of natural gas or coal, or through the use of renewable sources (businesses under Section 2(d)(1)(H) of Act 73-2008 or a similar provision under previous incentives acts) in order to establish or make a substantial expansion in its energy generating operations, the maximum amount of credit that can be granted will be eight millions dollars (\$8,000,000) per establishment or substantial expansion. In the case of an additional eligible investment made by the same exempt business, such maximum amount will be reduced by the amount of credit claimed by the exempt business in a previous taxable year regarding any previous eligible investment.</p>	Section of 5(d) of Act 73-2008	Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule X Pass Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008, Part IV Line 3(d) and Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997 Part III Line 3(f)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 401	<i>Business Tax</i>	Credit for intellectual property transfer	<p>Any exempt business with a tax exemption decree may claim a credit only against the income tax equal to 12% of the payments made to corporations, partnerships or nonresident persons, for the use or right to use in Puerto Rico of intangible property in their exempt operation, provided that the income from such payments is from Puerto Rico sources.</p> <p>In case of exempt businesses subject to the alternate imposition provided by Section 3(b)(4) of Act 73-2008, the applicable credit will be 2% of the payments made.</p> <p>The credit generated not used in the taxable year in which it was originated may be carried forward for a period that shall not exceed eight taxable years counted from the closing of the taxable year in which it was originated.</p>	Section 5(f) of Act 73-2008 and Art. 2.11(d) Act 83-2010	Informative Income Tax Return Pass-Trough Entity 2022 (Form 480.20 (EC)), Schedule X Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008, Part IV, Line 3(f) and Schedule Y Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 83-2010, Part II Line 3(d)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 402	<i>Business Tax</i>	Credit for investment in strategic projects	<p>Credit for Investment in Strategic Projects.—</p> <p>(1) Any tax-exempt business that holds a decree granted under this Act or under preceding laws may claim a credit for investment equal to fifty percent (50%) of the eligible investment made in strategic projects in Puerto Rico after the approval of this Act by the tax-exempt business or by any entity affiliated to the tax exempt business.</p>	Sec. 5(g) of Act 73-2008	<p>Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)), Schedule X Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008, Part IV Line 3(g) and Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III Line 3(h)</p>

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Credits</i>					
Credits - Other Incentives Acts					
TEB - 403	<i>Business Tax</i>	Industrial investment Credit (Act 73-2008), including purchases	Any investor may claim a credit for industrial investment equal to 50% of his eligible investment. Eligible investment is the amount of cash used in the purchase of a majority of the equity interests, or of the operational assets of an exempted business that is in the process of closing operations in Puerto Rico, to continue operating it, or the cash contributed to such business in exchange for corporate stock or partnership interest that is used by the exempted business for: (i) construction or improvements of the physical facilities and (ii) purchase of machinery and equipment.	Section 6 of Act 73-2008	Informative Income Tax Return Pass-Through Entity 2022 (Form 480.20 (EC)), Schedule X Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008 Part IV Line 3(h) and Schedule V Pass-Through Entity, Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Part III Line 3(i)

Table 5
SALES AND USE TAX
Sales and Use Tax Expenditure

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 404	SUT	Exemption for Promotional Material	<p>(a) All tangible personal property deemed promotional material introduced into Puerto Rico shall be exempt from the payment of the use tax; provided that, to enjoy this exemption, the entity must present the Certificate of Use Tax-Exempt Imported Promotional Material granted by the Puerto Rico Tourism Company.</p> <p>(b) Promotional material ("giveaways") are all tangible personal property supplied at no cost for a promotional purpose by a promoter, exhibitor as defined in Section 4060.04, meeting planner or congress, to a participant in a convention, trade show, forum, meeting, incentive travel or congress.</p> <p>(c) The prizes, gifts, emoluments or awards given as part of incentive travel or recognition shall be covered under the provisions of this section.</p>	PR Internal Revenue Code Section 4030.05	<p>Sales and Use Tax and Tax on Imports Monthly Return</p> <p>Form AS 2915.1</p> <p>Schedule 1 SUT Imports</p> <p>Line 3 (p) Giveaways</p> <p>(Transfer this amount to Line 1(c) of the return)</p>



DEPARTMENT OF THE

TREASURY

GOVERNMENT OF PUERTO RICO

TEB - 405	SUT	Exemption on Taxable Items from a Transfer of Residence	<p>(a) Any nonresident individual of Puerto Rico or a person in the service of the Armed Forces of the United States Government or of the Government of Puerto Rico who is officially relocated to lend his services in (a) Puerto Rico, and who is interested in establishing or re-establishing his residence in Puerto Rico, shall be entitled to introduce, free of sales and use tax levied in this Subtitle, used taxable items that constitute a reasonable and effective part of a relocation and belong to him as much as they belong to other members of his family who accompany him.</p> <p>(b) In the case of a person in the service of the Armed Forces of the Government of the United States of America or of the Government of Puerto Rico, who is officially relocated to lend his services in Puerto Rico, the exemption provided in subsection (a) of this section shall be extended to the other members of his family who accompany him. For such purposes, the term "members of their family" shall mean father, mother or any other relative who is under the immediate custody of the military service person and who has to return to Puerto Rico because said military service person has been stationed in a place where he cannot carry with him.</p> <p>(c) Military service personnel who live alone overseas, without any spouse or dependent through whom they may introduce the taxable items in Puerto Rico, could remit them to their spouse or closest relative, accompanied by a copy certifying their relocation order.</p>	PR Internal Revenue Code Section 4030.09	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (h) Change of residence (Section 4030.09) (Transfer this amount to Line 1(c) of the return)
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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 406	SUT	Exemption on Rights of Admission	The admission fees to athletic events or any other events promoted by public or private elementary school, middle school, high school, universities or colleges, dedicated to rendering educational services, shall be exempt from the sales and use tax determined by this Subtitle.	PR Internal Revenue Code Section 4030.10	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 5 Admissions (Public Shows) Exempt Admissions Column B (NAICS 61 Educational Services) (Transfer to Line 5(c) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 407	<i>SUT</i>	Exemption on Food Items	The following food items shall be exempt from the payment of sales tax: 1) food and food ingredients as defined in Section 4010.01(a); 2) prepared food items served to patients or residents of any hospital or other physical installation or facility fundamentally designed and operated for the care of sick, old, weak, physically or mentally handicapped people or people who require special care and attention, where the items constitute part of a transaction in combination with the sale of health or medical services; 3) prepared foods, served to students in school cafeteria and those which constitute part of a transaction combined with the sale of educational services; 4) Prepared foods, provided that they constitute part of a transaction combined with the charge for occupying a hotel room subject to a tax levied by the Department of Tourism of Puerto Rico.	PR Internal Revenue Code Section 4030.11	Personal Consumption Expenditures by major type of product: Food Fiscal Year 2017 (Puerto Rico Planning Board) Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (g) Food (Transfer this amount to Line 1(c) of the return)
TEB - 408	<i>SUT</i>	Exemption for Prescription Drugs	(a) Medicines for human consumption that may be acquired solely or exclusively under a medical prescription (Rx products) including the jars and lids security tags and bags inherent to the office of prescription drugs, shall be exempt from the taxes provided in the Subtitle.	PR Internal Revenue Code Section 4030.12	Personal Consumption Expenditures by major type of product: Health & Medical Services Fiscal Year 2017 (Puerto Rico Planning Board) Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (i) Prescription Medicines (Transfer this amount to line 1(c) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 409	SUT	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	(a) Articles and equipment expressly designed to supplement physical or physiological deficiencies for "disabled persons," as said term is defined in Act No. 264 of August 31, 2000, as amended, known as "Puerto Rico Assistive Technology Program Act," and in Act No. 238 of August 31, 2004, as amended known as "Bill of Rights for Persons with Disabilities Act," shall be exempt from the taxes provided by this Subtitle.	PR Internal Revenue Code Section 4030.13	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (i) Items and equipment to compensate for physical deficiencies (Transfer this amount to Line 1(c) of the return)
TEB - 410	SUT	Exemption on Lease of Real Property	The following shall be exempt from the sales and use tax: (a) the tax on the payment of the leasing of real property, paid by a lessee to the lessor on the property constituting the principal residence of the lessee, or student housing; and (b) the tax on the payment of leasing real property for commercial purposes, paid by a merchant, including payment for office or sales spaces, for storage and parking lots.	PR Internal Revenue Code Section 4030.14	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K-Sale of Exempt Services (NAICS 531) (Transfer to Line 5 (b) of the return)
TEB - 411	SUT	Exemption for Care Services Rendered by Child Care Centers	The care services rendered by child care centers licensed by the Department of the Family, consisting of registration costs and monthly care payments, shall be exempt from the taxes provided in this Subtitle. This exemption does not apply to payments for services of an educational or recreational nature.	PR Internal Revenue Code Section 4030.15	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K Sales of Exempt Services (NAICS 62441) (Transfer to Line 5 (b) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 412	SUT	Exemption for Funeral Services	Funeral services up to four thousand (4,000) dollars are exempt from the payment of the sales and use tax. Funeral services mean all services, that are in combined or individual form, that are provided by a funeral parlor for the wake and final disposition of a human body. The excess on the amount provided shall be subject to sales and use tax.	PR Internal Revenue Code Section 4030.16	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K Sales of Exempt Services (NAICS 81221) (Transfer to Line 5 (b) of the return)
TEB - 413	SUT	Exemption for Solar- Electric Equipment	There shall be exempt from the payment of the sales and use tax, the solar-electric equipment used to produce electric power, including their accessories and parts, provided they are necessary to enable them to comply with such purpose.	PR Internal Revenue Code Section 4030.17	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (j) Solar equipment (Transfer this amount to Line 1(c) of the return)
TEB - 414	SUT	Exemption for Care Services Rendered by Elderly Care Centers	The care services rendered by establishments for elderly person pursuant to Act No. 94 of June 22, 1977, as amended, known as the "Elderly Persons Establishments Act," licensed by the Department of the Family, consisting of admission costs and monthly care payments, shall be exempt from the taxes provided in this Subtitle. This exemption does not apply to payments for services of a social, recreational or educational nature, training, or any other services not directly related to care services."	PR Internal Revenue Code Section 4030.18	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K Sales of Exempt Services (NAICS 62331) (Transfer to Line 5 (b) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 415	SUT	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used in the Performance of Health Services	Any health services facility that enjoys the provisions of Act No. 168 of June 30, 1968, as amended, known as "Hospital Tax Exemption Act," or a similar subsequent law shall be exempt from payment of the sales and use tax established in this Subtitle on the purchase of articles acquired for the exclusive use of the facility, such as machinery, medical-surgical material, supplies, articles, equipment and technology used solely in the performance of health services in the process of diagnosing and treating illness in human beings.	PR Internal Revenue Code Section 4030.19	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (k) Articles, equipment and technology used to render health services (Transfer this amount to Line 1(c) of the return)
TEB - 416	SUT	Exemption for Textbooks	(a) Exemption for printed books. All printed books and electronic books are exempt from payment of the sales and use tax. The term "printed books" means any unitary printed publication, not periodical, that is published once or at intervals, in one or more volumes or parts thereof, of scientific, cultural or artistic nature, excluding publications by electronic means, magazines and newspapers. The term "electronic book", also known as digital book, cyber book or "e-book", is the electronic or digital version of a printed book.	PR Internal Revenue Code Section 4030.20	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (q) Textbooks and notebooks (NAICS 451211) (Transfer this amount to Line 1(c) of the return)
TEB - 417	SUT	Exemption for Uniforms and Materials	(b) Exemption for uniforms and supplies. An exemption is granted from the sales and use tax provided in Sections 4020.01 and 4020.02, as applicable, during a period of two (2) days in the month of July and two (2) days in the month of January, on the retail sale of uniforms and materials as defined herein.	PR Internal Revenue Code Section 4030.20	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column J Sales of Exempt Tangible Personal Property (Transfer to Line 5 (a) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 418	SUT	Exemption for Sales Made by Churches.	Section 4030.21-Relief for Merchants in a Voluntary Chain Program or Program under any Similar Structure in Sale before August 1, 2014 of Tangible Personal Property Acquired for Resale by Members or Partners- Any merchant constituting a voluntary retail goods and services chain program organized under the provisions of Act No. 77 of June 25, 1964, as amended, or a program under a similar structure created under Act 239-2004 of September 1, 2004, as amended, is relieved from the requirement to collect, withhold and deposit the tax levied in this Subtitle, on sales made before July 1, 2014, of tangible personal property acquired for resale by a member or partner of such programs.	PR Internal Revenue Code Section 4030.21	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column J Sales of Exempt Tangible Personal Property (NAICS 81311) (Transfer to Line 5 (a) of the return)
TEB - 419	SUT	Exemption for Bona Fide Farmers.	Bona fide farmers, duly certified by the Department of Agriculture, shall be exempt from payment of the sales and use tax on the acquisition of the following articles, when acquired for exclusive use in their farm businesses:	PR Internal Revenue Code Section 4030.22	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (l) Bona fide farmer (Transfer this amount to Line 1(c) of the return)
TEB - 420	SUT	Exemption from Payment of the Sales and Use Tax for Concession Holders under the Puerto Rico Tourism Development Laws	Any business to which a Tax Exemption and Credit Allowance has been granted under Act 74 of July 10, 2010, known as the Tourism Development Act of 2010, as amended, or under any superseding law or prior similar law shall enjoy a full exemption from the sales and use tax on those articles used by the concession holder with respect to a tourism activity, as defined in Act 74-2010, as amended, known as the "Puerto Rico Tourism Development Act of 2010" or any superseding law. The exemption shall not apply to those articles or other properties of such a nature that they are properly part of the concession holder's inventory and represent property held primarily for sale in the ordinary course of the trade or business.	PR Internal Revenue Code Section 4030.23	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (m) Tourism development grantees (Transfer this amount to Line 1(c) of the return)
TEB - 421		Exemption on taxable items sold in military stores operated by the Puerto Rico National Guard Institutional Trust	Correct title -There shall be exempted from the payment of sales and use tax levied by this subtitle on every taxable item, acquired by an user, as defined in Act 23-1991, as amended, from the military stores, canteens or other facilities operated by the Puerto Rico National Guard Institutional Trust or its concessionaire.	PR Internal Revenue Code Section 4030.25	PR Internal Revenue Code Section 4030.25

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 422		Exemption for feminine personal hygiene products to absorb menstrual discharge	There shall be exempted from the payment of sales and use tax fixed by this subtitle, products for feminine personal hygiene to absorb menstrual discharge.	PR Internal Revenue Code Section 4030.26	Sales and Use Tax and Tax on Imports Monthly Return Form AS 2915.1 Schedule 1 SUT Imports Line 3 (r) Feminine personal hygiene products (Transfer this amount to Line 1(c) of the return)
TEB - 423		Exemption for artisans.	All handicraft, as this term if defined in Act 166-1995, as amended, shall be exempt from the sales and use tax imposed in this subtitle that is sold by a person with Certified Artisan Identification issued by the Puerto Rico Industrial Development Company (PRIDCO) as part of the Artisanry Development Program, as long as such person has an annual volume of business not exceeding fifty thousand (\$50,000) dollars. When a person belongs to a controlled group, as defined in section 1010.04, the annual volume of business of such person is determined taking into account the volume of business of all the members of the controlled group. For purposes of this subparagraph a partnership, special partnership and corporation of individuals shall be considered as a corporation under section 1010.04, to determine if it is a member of the controlled group. In the case of a person who is an individual, the volume of business shall be determined taking into account the volume of business of all his trade or business activities or for the production of income.	PR Internal Revenue Code Section 4030.27	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column J Sales of Exempt Tangible Personal Property (Transfer to Line 5 (a) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 424	<i>SUT</i>	Designated professional services	Means legal services and the following professional services, as regulated by their respective Examining Boards, under the Department of the State of Puerto Rico, as applicable: (1) Agronomists; (2) Architects and landscape architects; (3) Certified Public Accountants; (4) Agents, vendors and real estate companies; (5) Professional draftsmen; (6) Professional appraisers of real estate; (7) Geologists; (8) Engineers and Surveyors; (9) On or after October 1, 2015, services rendered by a "returns, statement or refund claim specialist", as defined in Subtitle F of this Code, with respect to the preparation or review of returns, statements or refund claims associated with the taxes levied by this Code or the U.S. Internal Revenue Code; and (10) Designated professional services, as defined in this subsection, if they are rendered by a nonresident to a person located in Puerto Rico, regardless of the place where the service is rendered, provided that said service bears a direct or indirect relationship with the operations or activities carried out in Puerto Rico by said person. (11) Continuing education services, provided by for profit entities, which are certified by some agency of the Government of Puerto Rico, the United States Government, the Puerto Rico Supreme Court or another private non-profit organization to be offered to those professionals who render designated professional services, as described in this subsection. (12) Notwithstanding the provisions of this subsection, designated professional services shall not be subject to the rate provided in Sections 4210.01(c) and 4210.02(c) of this Code. Provided that, on and after March 1, 2019, the volume of business amount established in this subparagraph, shall be two-hundred thousand (200,000) dollars.	PR Internal Revenue Code Section 4010.01(nn)(3)(B) and 4010.01(ll)	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K Sale of Exempt Services (Transfer to Line 5 (b) of the return)
TEB - 425	<i>SUT</i>	Educational services, including tuition costs	Solely refers to services rendered covering registration costs and other charges relating to the provision of courses offered by entities regulated by the Puerto Rico Board of Education.	PR Internal Revenue Code Section 4010.01(nn)(3)(D)	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K Sale of Exempt Services (Transfer to Line 5 (b) of the return) (NAICS 61100, 61111, 61121, 61131, 61141, 61142, 61143, 61151, 61160, 61161, 61162, 61163, 61169, 61171)

**Data Source
for Tax
Expenditure
Estimates**

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation
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SALES AND USE TAX

Exemption

TEB - 426	SUT	Interest and other charges for the use of money and charges for services provided by financial institutions.	Interest and other charges for the use of money and charges for services provided by financial institutions as defined in Section 1033.17(f)(4), excluding bank charges subject to the provisions of clause (i) of subparagraph (A) of paragraph (2) of this subsection;	PR Internal Revenue Code Section 4010.01(nn)(3)(E)	Personal Consumption Expenditures by major type of product: Financial Services Fiscal Year 2017 (Puerto Rico Planning Board) Sales and Use Tax Monthly Return. Form AS 2915.1 Line 17. Sale of Exempt Services
TEB - 427	SUT	Insurance services and commissions	(F) Insurance services and commissions, including the issuance of any insurance contract, without being limited to life, health, property and casualty insurance, warranty and extended warranty service contracts, property titles, reinsurance and excess limit, disability, credit insurance, annuities and bonds, and service charges on the issuance of the aforementioned instruments	PR Internal Revenue Code Section 4010.01(nn)(3)(F)	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K Sale of Exempt Services (Transfer to Line 5 (b) of the return) (NAICS 52400, 52411, 52412, 52421, 52429)
TEB - 428	SUT	Health or medical hospital services	(G) Health or medical hospital services, whether for human beings or animals, not including the medications issued by prescription or provided by veterinarians for use on animals, including those administrative services provided to an insurance company qualifying for total reimbursement by "Medicare", "Medicaid", or the Commonwealth of Puerto Rico health insurance card;	PR Internal Revenue Code Section 4010.01(nn)(3)(G)	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column K Sale of Exempt Services (Transfer to Line 5 (b) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 429	SUT	Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars	(H) Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars. When a person belongs to a controlled group as defined in Section 1010.04, the business volume of said person shall be determined considering the business volume of all members of the controlled group. For purposes of this subparagraph a partnership, special partnership and corporation of individuals shall be regarded as a corporation under Section 1010.04 to determine whether it is a member of the controlled group. In the case of a person who is an individual, the business volume shall be determined considering the business volume from all trades or businesses or income-producing activities	PR Internal Revenue Code Section 4010.01(nn)(3)(H)	Merchant Registration Certificate Merchants must register by accessing the Unified Internal Revenue System (SURI its Spanish acronym)
TEB - 430	SUT	Exemption on Certain Items Sold by Restaurants	Provided that it is exempted of the tax imposed by this section the transactions taking place after October 1, 2019, relating to the sale of taxable items that taxable items that are considered "prepared foods", "carbonated beverages", "confectionery products" and "candies", as defined in Section 4010.01 of this Code, made by restaurants that obtain proper authorization and certification from the Secretary. The Secretary is authorized to establish through regulations, administrative determination, circular letter, or general interest information bulletin, the requirements to obtain the certification that is required to have the right to the exemption herein provided; provided further, that the exemption herein provided will apply to all types of payment transactions, whether by legal tender, credit card, debit card, electronic transfer, check, postal or bank money order, among other legal payment methods. For purposes of the exemption provided in this paragraph, the term "restaurant" includes any commercial establishment, including food trucks, that sell food and beverages to be consumed on location or to be consumed off location, as long as they are served hot and/or with eating utensils, including plates, knives, forks, spoons, glasses, cups, napkins or straws.	PR Internal Revenue Code Section 4210.01(a)(1)	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column E Taxable Sales of Prepared Food-Merchants with commercial Locations in Puerto Rico (Transfer to Line 3 (a) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exemption</i>					
TEB - 469	SUT	Hurricane season exemption for items and equipment.	The retail sale of items and equipment for the hurricane season as defined herein is exempted from the payment of sales and use tax, during the period corresponding to the last or penultimate weekend of May. The Secretary shall issue, not later than May 1st of each year, a circular letter specifying the period corresponding to the last or penultimate weekend of May in which this exemption shall apply.	PR Internal Revenue Code Section 4210.01(a)(1)	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column J Sales of Exempt Tangible Personal Property or Digital Products (NAICS 81311) (Transfer to Line 5 (a) of the return)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
<i>Exclusions</i>					
TEB - 431	<i>SUT</i>	Vehicles	The term tangible personal property does not include: Automobiles, truck tractors, ATV vehicles, motorcycles, vessels, heavy equipment, buses, trucks and manual hook or non-heavy equipment trailers.	PR Internal Revenue Code Section 4010.01(gg)(2)(B)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board
TEB - 432	<i>SUT</i>	Gasoline	The term tangible personal property does not include: Gasoline, aviation fuel, gas oil or Diesel oil, crude petroleum, oil byproducts and finished products, and any other mixture of hydrocarbons, except propane gas and its byproducts or gases of a similar nature;	PR Internal Revenue Code Section 4010.01(gg)(2)(D)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board
TEB - 433	<i>SUT</i>	Electricity	The term tangible personal property does not include: Electricity generated by the Electric Power Authority or any other organization that generates electricity	PR Internal Revenue Code Section 4010.01(gg)(2)(E)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board
TEB - 434	<i>SUT</i>	Water	The term tangible personal property does not include: Water supplied by the Aqueduct and Sewer Authority	PR Internal Revenue Code Section 4010.01(gg)(2)(F)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SALES AND USE TAX					
Preferential Tax Rate					
TEB - 468	SUT	Special tax rate on certain prepared foods	1) Exemption on certain items sold by restaurants.—Provided that it is exempted from the payment of the tax imposed by this section the transactions taking place after October 1, 2019, relating to the sale of taxable items that are considered "prepared foods", "carbonated beverages", "confectionery products" and "candies", as defined in Section 4010.01 of this Code, made by restaurants that obtain proper authorization and certification from the Secretary. The Secretary is authorized to establish through regulation, administrative determination, circular letter or general interest information bulletin, the requirements to obtain the certification that is required to have the right to the exemption herein provided; provided further, that the exemption herein provided will apply to all types of payment transactions, whether by legal tender, credit card, debit card, electronic transfer, check, postal or bank money order, among other legal methods of payment. (AD 19-03, effective October 1, 2019).	PR Internal Revenue Code Section 4210.01(a)(1)	Sales and Use Tax and Tax on Imports Monthly Return Imports Form AS 2915.1 Schedule 2 SUT Sales by Location Column E- Taxable Sales of Prepared food - Merchants with commercial Locations in Puerto rico(Transfer to Line 5 (b) of the return)

Table 5
EXCISE TAX

Excise Tax Expenditure

Millions of dollars, Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added To a Meaningful Total

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
VEHICLES					
Credits					
TEB - 435	Excise	Refund of Excise Taxes on Vehicles Powered by Alternative or Combined Energy	A reimbursement of the payment of excise taxes levied by this Subtitle shall be granted to motor vehicles powered by alternative or combined energy, introduced into or manufactured in Puerto Rico, except in the case of vehicles propelled mainly by electric power which shall be totally exempt from the payment of excise taxes, as provided in Subsection (f) of Section 3030.03 of the PR Internal Revenue Code.	PR Internal Revenue Code Section 3030.03	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
Exemptions					
TEB - 436	Excise	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	Any new or used motor vehicle initially registered in the Department of Transportation and Public Works by a person who, immediately after its acquisition, devotes it to the transportation of passengers for pay, and which shall be considered as public. When the carrier is the owner of more than one motor vehicle that shall be used in the transportation of passengers for pay, the owner shall have the right to enjoy the exemption from the payment of excise tax on the first registered motor vehicle, but not on the others. Such first motor vehicle shall continue to enjoy the exemption herein granted in the case of a sale, alienation, or transfer, provided that the original buyer used it for the transportation of paying passengers for a minimum period of three (3) years. Motor vehicles used for the transportation of school students shall also be exempt.	PR Internal Revenue Code Section 3030.05	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
VEHICLES					
Exemptions					
TEB - 437	Excise	Consular Officers and Employees Exemptions	There shall be exempt from the excise tax established in Section 3020.07 of Chapter 2 of this Subtitle, vehicles acquired or introduced in Puerto Rico for the personal use of consular officers and employees of foreign countries in Puerto Rico, provided said countries extend a like privilege to representatives of the United States of America in accordance with the 1961 Vienna Convention on Consular Relationships Treaty and to officers who occupy positions in offices of the Government outside Puerto Rico.	PR Internal Revenue Code Section 3030.06	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 438	Excise	Exemptions for Handicapped Persons	(a) Any person who may have had both hands or feet amputated or who may be permanently paraplegic, or any person with a permanent disability of a similar nature, is eligible for an exemption from the payment of excise taxes established in Section 3020.08 with respect to one (1) motor vehicle especially prepared and equipped to supply the associated necessities for his or her impediment, pursuant to the regulations adopted thereby.	PR Internal Revenue Code Section 3030.07	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 439	Excise	Church Exemptions Vehicles which hold twelve (12) or more passengers	Vehicles which hold twelve (12) or more passengers, excluding the driver, which are registered for the first time in Puerto Rico, that are acquired and used exclusively by churches for the transportation of their parishioners to the religious services, shall be exempt from the payment of the excise taxes mentioned in Section 3020.07 off the PR Internal Revenue Code.	PR Internal Revenue Code Section 3030.08	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 440	Excise	Exemptions for Donations to the Puerto Rico Police and the Police of the Municipal Governments	An exemption is granted from the payment of the excise taxes provided by this Subtitle for new vehicles and motorcycles acquired by a nonexempt natural or legal person, for the only purpose of donating them to the Puerto Rican Police and Municipal Governments for vigilance, crime prevention, the protection of property and other public services rendered by the Municipal Guard.	PR Internal Revenue Code Section 3030.09	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 441	Excise	Exemptions on Articles for Manufacturing	Any raw material to be used in Puerto Rico for the manufacture of finished products, excluding hydraulic cement, as well as truck tractors, trucks or bulk carriers that are exclusively and permanently used within the manufacturing plant, shall be exempt from the taxes stipulated in this Subtitle, according to the provisions defined in Section 3020.08 of the PR Internal Revenue Code.	PR Internal Revenue Code Section 3030.10	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
VEHICLES					
Exemptions					
TEB - 442	Excise	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	Organizations recognized by the Secretary as exempt from the payment of income taxes pursuant to section 1101.01(a)(1), (2)(A), (2)(B) (in the case of a civic league) and (5)(A) and comply with other requirements. The first five thousand (5,000) dollars of the excise tax on any non-luxury automobile, provided that this exemption shall apply to two automobiles per calendar year, except in the case of vehicles known as "vans" or "minivans", which shall not be subject to this limitation.	PR Internal Revenue Code Section 3030.15	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 443	Excise	Exemption over Articles Acquired by Government Agencies	Any article acquired for official use by the agencies and instrumentalities of the Government of the United States of America shall be exempt from the payment of the excise taxes levied in this Subtitle. Vehicles, vessels and heavy equipment acquired for official use by the departments, agencies, administration, bureaus, boards, commissions, offices, public corporations, public instrumentalities and municipalities of the Government of Puerto Rico, including the Legislative Branch and the Judicial Branch.	PR Internal Revenue Code Section 3030.16	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 444	Excise	Exemption on Articles Belonging to Persons in Government Service	Persons in the service of the Government of the United States of America or of the Government of Puerto Rico who are officially transferred to render services in Puerto Rico, or individuals in the Armed Forces, or of the individual's spouse or dependent, who is transferred from the United States or other foreign country to serve in a location where he isn't allowed to take his family shall be entitled to introduce to the island one (1) vehicle, exempt from taxes, provided such introduction is the result of and contemporaneous with the transfer order.	PR Internal Revenue Code Section 3030.17	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 445	Excise	Category III ambulances	(12) Category III ambulances shall be exempt from the tax contained in this section, in which case no amount of excise tax shall be levied or collected. For purposes of this Code, "Category III Ambulance" shall refer to any ambulance intended for the transportation of ill, injured, wounded, disabled, handicapped or invalid persons, pursuant to the regulations established by the Public Service Commission for said category. In addition, ambulances in this category are especially designed, build and equipped with a mobile emergency room. Said ambulances shall be operated by medical emergency technicians authorized by the Secretary of Health.	PR Internal Revenue Code Section 3020.08 (a)(12)	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
CIGARRETES					
Exemptions					
TEB - 446	<i>Excise</i>	Tourists and Residents of Puerto Rico Traveling Abroad	The introduction of two hundred (200) cigarettes is allowed entry without levying tax as stipulated in this Subtitle. Any excess over two hundred (200) cigarettes shall be subject to the payment of excise taxes. The cost of the exempted cigarettes shall be understood as included within the amount of the exemption.	PR Internal Revenue Code Section 3030.13	n.d.a.
TEB - 447	<i>Excise</i>	Exemption on Tobacco Products sold or transferred to military stores, canteens or other facilities operated by the trust- building of the Puerto Rico National Guard or your dealer.	<p>(a) Exempt from tax set at this Subtitle, cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder, electronic cigarettes, nicotine cartridges and vaporizers, sold or transferred to the ships of foreign license plates and the United States of America and those sold to the war ships of foreign countries and to vessels from foreign countries in courtesy visit in Puerto Rico. This exemption shall be granted only when the delivery of cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder, electronic cigarettes, nicotine cartridges and vaporizers, is done according to the rules and procedures established by the Registrar and his violation will entail the obligation of payment of the taxes that are part of the introducer or distributor, as the case may be. All introducer or distributor wishing to take advantage of this exemption shall provide a guarantee to answer for the payment of such means.</p> <p>(b) Also, shall be exempt from payment of means cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder, electronic cigarettes, nicotine cartridges and vaporizers that, after they have been removed from the factories or ports, are taken out of the market by reason of being unfit for normal consumption, always and when they are destroyed under the supervision of the Registrar. In such a case, the Secretary shall reimburse or credited the tax to the person who has paid.</p> <p>(c) In addition, shall be exempt from tax established in this Subtitle cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder, electronic cigarettes, nicotine cartridges and vaporizers, where they are sold or transferred to the users as defined in Act 23-1991, as amended, of the military stores, canteens or other facilities operated by the trust-building of the Puerto Rico National Guard or your dealer.</p> <p>(d) Are exempted from the tax set in this subtitle, cigarettes, cigars, loose tobacco, cigarette, cigarette, chewing tobacco, pipe tobacco powder, electronic cigarettes, cartridges of nicotine and vaporizers introduced or manufactured in Puerto Rico for exportation, subject to those requirements or conditions imposed by the Secretary by regulation, provided that this exemption shall not apply to cigarettes ", cigars, loose tobacco, chewing tobacco, tobacco powder, paper of cigarette, cigarette tubes, electronic cigarettes, nicotine cartridges and sprays that are sold in shops and Terminal air or maritime people who don't leave the customs territory of the United States."</p>	PR Internal Revenue Code Section 3030.18	n.d.a.

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
FUEL					
Exemptions					
TEB - 448	Excise	Excludes natural gas of "Other Fuel"	(b) The term "gasoline" shall include all types of gasoline, all combustible products and gasoline mixtures with any combustible product for use or consumption in the propelling of air transportation vehicles. Excluded from the term gasoline, for purposes of this section, shall be liquid gases such as propane, butane, ethane, ethylene, propylene, butylenes and any mixture thereof. For purposes of this section the term "any other fuel" excludes natural gas, propane gas and their byproducts or gases of similar nature.	PR Internal Revenue Code Section 3020.06(b)	Puerto Rico Electric Power Authority (PREPA), Fuels Office
TEB - 449	Excise	Residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority	(d) The excise tax provided in subsection (a) of this section shall not apply to the residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority for the generation of electricity. This subsection shall apply if the specific gravity of said fuel does not exceed 24.9 degrees API with a corrected temperature to sixty degrees Fahrenheit (60°F).	PR Internal Revenue Code Section 3020.06(d)	Puerto Rico Electric Power Authority (PREPA), Fuels Office
TEB - 450	Excise	Residual Fuel number 6, when it is acquired by industries and businesses when it is used for their management of production	(e) The excise tax provided in subsection (a) of this section shall not apply to residual Fuel number 6, when it is acquired by industries and businesses established in Puerto Rico when it is used for their management of production. This subsection shall apply if the specific gravity of said combustible does not exceed 24.9 degrees API with a corrected temperature to sixty degrees Fahrenheit (60°F).	PR Internal Revenue Code Section 3020.06(e)	Excise tax filings and payments by accessing the Unified Internal Revenue System (SURI, its Spanish acronym)



DEPARTMENT OF THE

TREASURY

GOVERNMENT OF PUERTO RICO

TEB - 451	Excise	Aviation gasoline and any combustible product in the case it was for use and consumption in propelling air transportation vehicles, destined to be consumed in air trips between Puerto Rico and other places or in air trips within the territorial. (2 cent)	(g) In accordance with Act Number 82 of June 26, 1959, as amended, the levying and collection of excise taxes on gasoline fixed in paragraph (1) of subsection (a) of this section shall be suspended in the case of aviation gasoline and any combustible product for use and consumption in propelling air transportation vehicles, destined to be consumed in air trips between Puerto Rico and other places or in air trips within the territorial limits of Puerto Rico, provided, that, in lieu of said tax levied in this section, the Ports Authority imposes a duty on said products of two (2) cents per gallon or fraction of a gallon and collects it from the suppliers operating in the airports of Puerto Rico.	PR Internal Revenue Code Section 3020.06(g)	Based on partial information provided by the Port Authority, of Puerto Rico
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EXC ID Tax Tax
Regime Expenditure

Full Description

Legal Citation

Data Source
for Tax
Expenditure
Estimates

CRUDE OIL AND PETROLEUM PRODUCTS

Exemptions					
TEB - 452	Excise Tax	Generation of the Electric Power Authority or Other entity	(h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (B) any generating plant solely only relating to that portion of natural gas used to generate electricity sold to the Electric Power Authority or any successor entity;"	PR Internal Revenue Code Section 3020.07(h)(1)(A) and 3020.07A (h)(1)(A)	Puerto Rico Electric Power Authority (PREPA), Fuels Office
TEB - 453	Excise Tax	Natural gas used to generate electricity sold to the Electric Power Authority or any successor entity	h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (B) any generating plant solely only relating to that portion of natural gas used to generate electricity sold to the Electric Power Authority or any successor entity;"	PR Internal Revenue Code Section 3020.07(h)(1)(B) and 3020.07A (h)(1)(B)	Puerto Rico Electric Power Authority (PREPA), Fuels Office



TEB - 454	Excise Tax	The Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	(h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (C) the Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	PR Internal Revenue Code Section 3020.07(h)(1)(C) and 3020.07A (h)(1)(C)	Internal Study, "Metodología Para Establecer Captación De Los Arbitrios Sobre Combustibles Y Petróleo Crudo Y Sus Derivados", p. 16.
TEB - 455	Excise Tax	Businesses holding a decree granted under Act 73-2008, with respect to the provisions of subparagraphs (6) and (8) of Section 9 of said Act, or equivalent sections of previous or superseding industrial incentive laws.	"(h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (D) businesses holding a decree granted under Act 73-2008, with respect to the provisions of subparagraphs (6) and (8) of Section 9 of said Act, or equivalent sections of previous or superseding industrial incentive laws."	PR Internal Revenue Code Section 3020.07(h)(1)(D) and 3020.07A (h)(1)(D)	n.d.a.

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
CRUDE OIL AND PETROLEUM PRODUCTS					
Exemptions					
TEB - 456	Excise Tax	Crude oil, partly unfinished products, the end products derived from oil, or any other hydrocarbon mixture used as lubricants or fuel for generating steam for cooking, canning and sterilization of raw material obtained from industrial fishing.	(h) Exemptions. The tax levied in this section shall not apply to: (7) Crude oil, unfinished oils, oil end-products, or any other hydrocarbon mixture used as lubricants or fuel in the generation of steam for cooking, canning and sterilization of raw materials in industrial fisheries.	PR Internal Revenue Code Section 3020.07(h)(7) and 3020.07A (h)(7)	n.d.a.
TEB - 457	Excise Tax	Crude oil, partly unfinished products, end products derived from oil, or any other hydrocarbon mixture used for vessels which render wharf services or using fuel for cargo ships, cruise ships or any other vessel requiring these services, whether in territorial waters or beyond them.	(h) Exemptions. The tax levied in this section shall not apply to: (8) Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture used by vessels that provide towing and/or fueling services to freight ships, cruise ships and/or any other vessel requiring these services, in or out of territorial waters.	PR Internal Revenue Code Section 3020.07(h)(8) and 3020.07A (h)(8)	n.d.a.


**Data Source
for Tax
Expenditure
Estimates**

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
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CRUDE OIL AND PETROLEUM PRODUCTS
Exemptions

TEB - 458	Excise Tax	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	(h) Exemptions. The tax levied in this section shall not apply to: (9) Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06; provided that, on and after the Effective Date (as defined in Article 12A of Act No. 74 of June 23, 1965, as amended by this Act), this exemption shall not apply to the increase of three dollars and twenty-five cents (\$3.25) established in subsection (a)(ii) of this section 3020.07A, and said articles also subject to the excise tax on "diesel oil" shall be subject to an excise tax of only three dollars and twenty-five cents (\$3.25) accordingly, under this section 3020.07A.	PR Internal Revenue Code Section 3020.07A (h)(9)	Excise tax filings and payments by accessing the Unified Internal Revenue System (SURI, its Spanish acronym) Branch Business Analysis & Integration Division DLA Finance-Energy (F8FWD) 2017. PREPA Fuels Office.
TEB - 459	Excise Tax	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	(h) Exemptions. The tax levied in this section shall not apply to: (6) Crude oil, unfinished oils, oil end-products or any other hydrocarbon mixture used as lubricants or fuel to power aircraft and maritime vessels in their trips by air and sea between Puerto Rico and other places.	PR Internal Revenue Code Section 3020.07 (h)(6) and 3020.07A (h)(6)	n.d.a.
TEB - 460	Excise Tax	Crude oil, partly unfinished products, end products derived from oil or any other hydrocarbon mixture locally imported or sold to agencies and instrumentalities of the Federal Government.	"(h) Exemptions. The tax levied in this section shall not apply to: (3) Crude oil, unfinished oils, oil end products or any other hydrocarbon mixture imported or sold locally to the agencies and instrumentalities of the Federal Government."	PR Internal Revenue Code Section 3020.07 (h)(3) and 3020.07A (h)(3)	Defense Logistics Agency, 2017

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
DISTILLED SPIRITS AND ALCOHOLIC BEVERAGES					
Exemptions					
TEB - 461	Excise	Distilled spirits and alcoholic beverages when they are sold or transferred to the armed forces of the United States, including the National Guard of Puerto Rico	<p>There shall be exempt from the payment of taxes established by this Subtitle, the distilled spirits and alcoholic beverages when they are sold or transferred to the following persons, agencies and organizations:</p> <p>(1) The armed forces of the United States, including the National Guard of Puerto Rico (land and air):</p> <p>(A) the armed forces of the United States, when they are destined for use and consumption within duly authorized military establishments. The exemption shall extend to the use and consumption by active servicemen in their residences outside of military bases;</p> <p>(B) the armed forces of Puerto Rico when they are destined for use and consumption solely within duly authorized military establishments.</p> <p>(2) International organizations entitled to enjoy the privileges, exemptions and immunities such as International Organizations under P.L. No. 291, 79th Cong., 59 Stat. 669, and their foreign officials and employees.</p> <p>(3) Career diplomats recognized by the Puerto Rico Department of State when treaties of reciprocity exist between the governments they represent and the United States.</p> <p>(4) The exemption established in this section shall not apply to persons included in paragraphs (4), (5), (6) and (7) of Article 6 of Act No. 23 of July 23, 1991, as amended, known as the "Puerto Rico National Guard Institutional Trust Act.</p>	PR Internal Revenue Code Section 5023.01	System of payments made by collector centers.
TEB - 462	Excise	Distilled Spirits and Alcoholic Beverages Used in the Process of Manufacture, Research, Development or Experimentation in Laboratories or for Medicinal Purposes	<p>The taxes established by this Subtitle shall not be collected on those alcoholic beverages sent by or withdrawn from a rectification or bottling plant or factory to be used in laboratories for analytical or experimental purposes.</p>	PR Internal Revenue Code Section 5023.02	n.d.a.

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
DISTILLED SPIRITS AND ALCOHOLIC BEVERAGES					
Exemptions					
TEB - 463	Excise	Special Exemption to Beer, Malt Extract and others. Progressive Tax in substitution of refer by 5021.01	In lieu of tax established in paragraph (2) of subsection (c) of Section 5021.01 of this and other fermented or unfermented analogous products whose alcohol content exceeds one and one-half (1 1/2) percent by per volume referred to in paragraph (2) of subsection (c) of the aforementioned section, that are produced or manufactured by persons whose total production, if any, of said products during the most recent tax year has not exceeded thirty-one million (31,000,000) gallons measure, a progressive tax per measured gallon produced, imported or introduced shall be collected	PR Internal Revenue Code Section 5023.04	System of payments made by collector centers.



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