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DEPARTMENT OF THE
TREASURY



PUERTO RICO
**TAX EXPENDITURE REPORT
FOR TAX YEAR 2018**

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INTRODUCTION

This Report, “The Puerto Rico Tax Expenditure Report For Tax Years 2017 and 2018” (PRTER18,) is the second 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 and was well received by the public, the media and by those who either develop or have an interest in tax policy and budget matters.

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. New estimates are provided for tax expenditures for the tax year 2018 and revised estimates for the tax year 2017 for the major tax regimes in Puerto Rico; including personal income tax, business income tax, sales and use tax and excise tax. Tax expenditures attributable to Act No. 135 of December 2, 1997, as amended, (the “Tax Incentives Act of 1998”), and to Act No. 73 of May 28, 2008, as amended, (the “Economic Incentives Act for the Development of Puerto Rico”; and together with the Tax Incentives Act of 1998, the “Incentive Acts”) 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 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 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 completes the list of policies pursued and amounts expended. Ultimately, the Puerto Rico Department of Treasury (“Treasury”) plans to update the PRTER annually at approximately the time that the budget is being developed. The PRTER will be made available to the public soon thereafter. See the section below on Future Editions of The PRTER for more information about future editions of the PRTER.

This Report is divided into five major sections: (i) Section I, The Definition of Tax Expenditures section, describes how a tax expenditure is defined for purposes of the PRTER; (ii) Section II, The Tax Expenditures as Part of the Budget section, explains the importance of this Report as part of the government budget process; (iii) Section III, The Measurement of the Cost of Tax Expenditures section, explains how the cost of tax expenditures is estimated and includes a discussion of taxpayer behavior; (iv) Section IV, The Identification of Tax Expenditures and Benchmarking section, describes the benchmarking process for each of the tax regimes included in this Report; and, (v) Section V, Future Editions of the PRTER, describes plans for future editions of the PRTER; (vi) Section VI, The Tax Expenditures Budget section, includes the list of the tax expenditures and their costs in tabular form classified by tax regime, type of tax expenditure and budget category. There are 424 tax expenditures included in Section VI.

For the first time tax expenditures for depreciation and tax expenditures for non-corporate business in the form of partnerships are included in this PRTER. Definitions and descriptions of these newly measured tax expenditures are included in Sections III and IV below.

The Office of Economic and Financial Affairs, or in Spanish, La Oficina de Asuntos Económicos y Financieros ("OAEF"), of the Treasury developed the tools and methods used to measure tax expenditures and prepared this report. This Report was prepared under the direction of Aixa Cruz, the Assistant Secretary of Treasury for OAEF. Major contributions were made by the staff of OAEF including Waheed Murad, Yecenia Collazo, Nelson López, Blanca Cintrón and Janny Robles. The staff of OAEF both developed the models that underlie the estimates and produced the estimates that appear in this Report. Significant contributions concerning legal citations and interpretation of the tax law were provided by Blanca Alvarez and Sandra Torres of the Internal Revenue Service. Comments were provided by other components of the Government of Puerto Rico. Gerald Silverstein, consultant to Treasury, provided both guidance and technical advice.

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 expenditure side of the budget.

The list of tax expenditures and their costs that appears in Section V 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 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 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 tax preference. The foregone revenue method was specifically chosen by Treasury in order to avoid the considerable difficulty of measuring behavioral response to the

elimination of the many tax expenditures presented in this Report. However, the omission of behavioural responses generates cost estimates and projections that may exceed the revenue gains that would result if a particular provision were eliminated since in many instances the removal of a tax expenditure would cause taxpayers to change their behaviour to minimize the amount of tax they would have to pay. 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 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 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 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 and its productivity and GDP 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 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. 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. The lower tax rates, accelerated deductions and the tax credits granted create a revenue loss in order to achieve the policy of stimulating economic activity. The list of tax expenditures created under the Incentive Acts can be found below in in Table 3 of Section V, The Tax Expenditure Budget, while the foregone revenue attributable to the Incentive Acts can be found in the corporate portion of Table 4.

Approximately ninety-eight percent (98%) 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 both income tax and withholding taxes on payments to foreign persons are 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 IncomeTax Return which looks much like a regular corporate tax return. Incentive corporations are taxed much like regular corporations but at lower tax rates.

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 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 tax expenditure in that group. This is true because tax measures interact with one another. For this reason, totals of tax expenditures are generally inaccurate and are not shown in this report.

III-D Data Sources and Measurement Techniques

Listed below are the data sources used and the techniques used to estimate the cost of tax expenditures for each of the tax regimes included in this Report. There are two major sources of data, tax returns and national accounts data. Tax returns are the best source of information about tax expenditures. However, tax returns are not available for tax years 2017 and 2018 for each of the tax regimes in this Report. For example, the latest regular corporate tax returns that are available are for tax year 2016. When tax returns are not available national accounts data is generally used to extrapolate the latest year of tax returns. 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 also give rise to revisions of the cost of tax expenditures appearing in this Report. Cost estimates of tax expenditures that appear in PRTER17 that have been revised for inclusion in this Report appear with a superscript "r." alongside the estimate.

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 national accounts data.

Technique –

For corporations, a large-scale microsimulation model is run against the population of corporation tax returns. At the time of completion of this Report, corporate tax returns for both the 2017 and 2018 tax years are still not available. Therefore, the estimates of the cost of tax expenditures for corporations appearing in PRTER17 that were extrapolated from tax returns from earlier years using national accounts data were left unrevised in this Report. The cost of corporate tax expenditures for 2018 were grown from 2017 using national accounts data.

For non-corporate business 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 regular corporations, incentive corporations and individuals were made in order to calculate the revenue cost of each tax expenditure.

Technique for Depreciation –

A new perpetual inventory model employing investment from the National Accounts of Puerto Rico allows the calculation of both economic depreciation and tax depreciation.

For this Report economic depreciation is defined as depreciation measured using the depreciation patterns used by the Bureau of Economic Analysis of the United States Department of Commerce to obtain the depreciation shown in the United States National Accounts. 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. Forty classes of fixed assets in Puerto Rico were depreciated over 40 geometric depreciation patterns to obtain economic depreciation. These same forty classes of assets were depreciated using the depreciation patterns allowed under the tax law to obtain tax depreciation.

The difference in these two measures of depreciation, economic and tax, is distributed to their business owners by tax regime (regular corporate, incentive corporate or pass-through entities) in order to determine the cost of the tax expenditure for depreciation in each tax regime.

III-D.(c) Sale and Use Taxes

Data – Sales and Use tax returns, importation tax returns and national accounts data.

Technique – A macroeconomic model identifies all of the goods and services in the economy and is used to measure the impact of exemptions.

III-D.(d) Excise Taxes

Data - Excise tax return data and national accounts 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. This is because there is no underlying economic or tax concept as to the type of economic activity that is taxed 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 benchmark concept from which departures 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: (i) consumption and, (ii) 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 V. The Tax Expenditure Budget). The normative individual income tax baseline would not allow a deduction for 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 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. In addition, individual tax rates, including brackets, standard deduction, and personal exemptions are allowed to vary under the normative baseline and are not tax expenditures.

Rate – The tax rate is the progressive rate structure in existence at the time of the Report. This means that the progressive tax rate structure is not a tax expenditure.

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 no tax liabilities but 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 corporate) 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 at the time of the Report. This means that the progressive tax rate structure is not a tax expenditure.

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 is attributed to the owner and is taxed on his tax return at the appropriate tax rate. This Report includes for the first time 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 is 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 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 tax expenditure while the charitable contribution that the owner takes on his individual tax return appears in this Report as an individual income tax expenditure. Credits generated by the partnerships will generally 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. For this report, economic depreciation in Puerto Rico is assumed to have the same pattern of depreciation as the Bureau of Economic Analysis 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 assets 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 Section 1033.07 if the PRIRC, 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. For this Report, we do not consider depreciation deductions under Section 1033.07 a tax expenditure.

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 assets life and create a deferral of taxes which is a tax expenditure included in this Report.

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 creates a tax expenditure included in this Report.

Note that expensing under Act 83-2010, "The Green Energy Incentives Act of Puerto Rico" creates a tax expenditure that is not included in this Report. We hope to include this tax expenditure in a future report.

IV-C 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 V. The Tax Expenditure Budget) 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 10 percent.

Unit of Taxation – 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-D 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 burden of the tax falls on the consumer.

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

V. FUTURE EDITIONS OF THE PR-TER

Ultimately, Hacienda plans to publish the PRTER once a year in the early Spring before the Governor and the Legislature begin to consider the following fiscal year's budget. We do not at this time have projected dates for future editions of the PRTER.

Each edition of the PRTER will include tax expenditures for additional taxable years as well as revisions to prior taxable year estimates. Revisions most often occur as a result of revised or new source data. Legislation may affect the future list of tax expenditures. The normative baseline for each of the tax regimes included in the report will be reviewed at the time of compilation of future editions of the PRTER. Changes to the normative baseline may impact the list of tax expenditures and their measurement.

Hacienda is considering producing projections of tax expenditures in future editions of the PRTER.

Finally, in future editions of the PRTER Hacienda 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.

VI. 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.

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 301 tax expenditures included in this Report each uniquely identified by its TEB number.

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 appearing in Section V 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:

- Credit
- Deduction
- Exclusion
- Exemption
- Preferential Rate
- 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 | 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 |

Five tables appear in this Report. Tables 1, 2 and 3 are summary tables that show the count of tax expenditures cross-classified among the three major classification categories.

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

This table classifies the number of tax expenditures in each regime into its type of tax expenditure for tax year 2018. For example, reading across the second line of Table 1, businesses can claim 142 different tax expenditures, 62 of which are the credit type of tax expenditure.

Table 1

Tax Expenditure by Regime and Type of Expenditure
Tax Year 2018

Counts in units

Tax Regime | Type of Expenditures	Credits	Deductions	Exclusions	Exemptions	Preferential Tax Rate	Deferrals ¹	Grand Total
1-Individual	28	10	8	47	14	1	108
2- Business	93	18	14	81	40	14	260
a. Regular Corporations	25	4	3	38	5	7	82
b. Incentive Acts	38	5	-	-	20	1	64
c. Non Corporate Business	30	9	11	43	15	6	114
3- SUT			4	23			27
4- Excise Tax	1		16	12			29
Total	122	28	42	163	54	15	424

¹ An additional TEB is added for each tax regime in the deferral of tax expenditures. This line is obtained from the depreciation model.

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

Table 2 classifies the number of tax expenditures in each budget category into its tax regime for 2018. For example, reading across the first line of Table 2, there are 16 tax expenditures in the budget category of "Art, culture, sport & recreation", 7 of which can be claimed by business.

Table 2

Tax Expenditure by Tax Regime and Budget Category
Tax Year 2018

Counts in units					
Tax Regime / Budget Category	1-Individual	2-Business	3-SUT	4-Excise Tax	Grand Total
1 Art, Culture, Sport & Recreation	8	16	1	-	25
2 Business farming and fishing	1	12	1	-	14
3 Business research and development	2	10	-	1	13
4 Business- small business	1	2	1	-	4
5 Business-other	22	67	4	2	95
6 Donation, gifts, charities and non-profit organization	3	5	-	2	10
7 Economic development	9	60	1	2	72
8 Education	2	-	3	1	6
9 Employment	4	17	-	-	21
10 Environment	2	10	1	1	14
11 Families and households	2	-	4	-	6
12 Health	7	3	3	2	15
13 Housing	5	11	-	-	16
14 Income support	7	-	1	-	8
15 Intergovernmental tax arrangements	1	-	-	10	11
16 International	2	7	-	3	12
17 Others	6	3	-	4	13
18 Retirement	6	-	-	-	6
19 Savings and investment	17	35	1	-	53
20 Social	1	2	6	1	10
Total	108	260	27	29	424

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

Table 3 is similar to Table 1 but provides detail below the tax regime level showing the cross-classification by type of tax expenditure for each of the Incentive Acts and Excise Taxes. For example, reading across the first line of Table 3, there are 77 tax expenditures that can be claimed by regular corporations, 24 of which are credits.

Table 3

Tax Expenditure by Type Tax Regime (Detail) and Type of Expenditures
Tax Year 2018

Counts in units							1
Tax Regime / Budget Category	Credits	Deductions	Exclusions	Exemptions	Preferential Tax Rate	Deferrals	Grand Total
1-Individual	28	10	8	47	14	1	108
2-Business	92	18	14	81	40	15	260
a. Regular Corporations	24	4	3	38	7	7	83
b. Incentive Acts	38	5	-	-	20	1	64
Film Industry	1	-	-	-	2	-	3
Finance/Investment	-	-	-	-	2	-	2
Green Energy	1	-	-	-	1	-	2
Industrial Development	18	3	-	-	3	-	24
Tourism Development	1	-	-	-	4	-	5
Hospital Facilities	-	-	-	-	1	-	1
Community Rehabilitation	5	-	-	-	4	-	9
Farm Incentives	1	-	-	-	2	-	3
Encourage Employment	3	2	-	-	1	-	6
Others	5	-	-	-	-	-	5
Environment	1	-	-	-	-	-	1
c. Non Corporate Business	30	9	11	43	15	6	114
3-SUT	-	-	4	23	-	-	27
4-Excise Tax	1	-	16	12	-	-	29
Cigarettes	-	-	-	2	-	-	2
Crude oil and petroleum products	-	-	6	-	-	-	6
Distilled Spirits and Alcoholic Beverages	-	-	3	-	-	-	3
Fuel	-	-	4	-	-	-	4
Other related Fuel and petroleum products	-	-	3	-	-	-	3
Vehicles	1	-	-	10	-	-	11
Total	121	28	42	163	54	16	424

Table 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 302 tax expenditures ordered by TEB number and organized by tax regime, and within tax regime organized by type of tax expenditure for tax years 2017 and 2018. The columns also show the type of expenditure. For example, the first line of this Table shows that the revenue foregone from tax expenditure TEB-1, mortgage interest deduction, is \$201.3 million dollars.

Tax Regime

INDIVIDUAL INCOME TAX

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

Tax

TEB ID	Tax expenditures	Budget Category	Revenue Foregone 2017	Revenue Foregone 2018
INDIVIDUAL				
<i>Deductions</i>				
TEB - 1	Home mortgage interest	Housing	199.3 r.	207.1
TEB - 2	Casualty loss on your principal residence	Housing	17.2 r.	5.1
TEB - 3	Medical Expenses	Health	13.1 r.	18.1
TEB - 4	Charitable contributions	Donation, gifts, charities and non-profit organization	29.0 r.	33.6
TEB - 5	Loss of personal property as a result of certain casualties	Families and households	4.9 r.	1.7
TEB - 6	Contributions to governmental pension or retirement systems	Retirement	51.9 r.	49.9
TEB - 7	Contributions to individual retirement accounts	Retirement	19.4 r.	20.1
TEB - 8	Contribution to health savings accounts with a high annual deductible medical plan	Health	n.c. r.	n.c.
TEB - 9	Educational Contribution Account	Education	0.7 r.	0.6
TEB - 10	Interest paid on student's loans at university level	Education	9.1 r.	10.7

<i>Exclusions</i>				
TEB - 11	Life insurance	Health	2.4	r. 6.2
TEB - 12	Donations, legacies and inheritances	Donation, gifts, charities and non-profit organization	9.9	r. 7.5
TEB - 13	Compensation for injuries or sickness	Health	4.3	r. 3.4
TEB - 14	Benefits from federal social security for old-age and survivors	Social	124.5	r. 141.3
TEB - 15	Income derived from discharge of debts	Savings and investment	4.6	r. 6.8
TEB - 16	Child support payments	Families and households	1.5	r. 1.4
TEB - 17	Amounts paid by an employer as reimbursement of expenses related to trips, meals, lodging, entertainment and others	Business-other	38.2	r. 41.1
TEB - 18	Other exclusions	Others	2.4	r. 3.3
<i>Exemptions</i>				
TEB - 19	Additional Personal Exemption for Veterans	Income support	3.6	r. 3.7
TEB - 20	Fringe benefits paid by the employer in relation to a cafeteria plan	Employment	0.1	r. 0.1
TEB - 21	Interest upon--Obligations from the United States Government, any of its states, territories or political subdivisions	Savings and investment	4.9	r. 4.7
TEB - 22	Interest upon--Obligations from the Government of Puerto Rico	Savings and investment	22.9	r. 8.0
TEB - 23	Interest upon--Certain Mortgages	Savings and investment	3.0	r. 2.3
TEB - 24	Interest upon--Deposits in Puerto Rico interest bearing accounts up to \$2,000 (\$4,000 for married filing jointly)	Savings and investment	4.0	r. 4.3
TEB - 25	Interest upon--Other interest subject to alternate basic tax reported in a Form 480.6D	Savings and investment	n.c.	r. n.c.
TEB - 26	Interest upon--Other interest not subject to alternate basic tax reported in a Form 480.6D	Savings and investment	1.0	r. 1.6

TEB - 27	Interest upon--Other interest subject to alternate basic tax not reported in a Form 480.6D	Savings and investment	0.2	r.	0.1
TEB - 28	Interest upon--Other interest not subject to alternate basic tax not reported in a Form 480.6D	Savings and investment	0.5	r.	2.0
TEB - 29	Dividends of--Subject to alternate basic tax reported in a Form 480.6D	Business-other	1.6	r.	1.7
TEB - 30	Dividends of--Not subject to alternate basic tax reported in a Form 480.6D	Business-other	157.1	r.	207.3
TEB - 31	Dividends of--Subject to alternate basic tax not reported in a Form 480.6D	Business-other	(*)	r.	(*)
TEB - 32	Dividends of--Not subject to alternate basic tax not reported in a Form 480.6D	Business-other	6.6	r.	7.9
TEB - 33	Expenses of priests or ministers	Donation, gifts, charities and non-profit organization	0.2	r.	0.3
TEB - 34	Recapture of bad debts, pror taxes, surcharges and other items	Business-other	(*)	r.	(*)
TEB - 35	Stipends received by certain physicians during the intership period	Health	2.3	r.	2.4
TEB - 36	Prize from the Lottery of Puerto Rico and the Additonal Lottery	Intergovernmental tax arragements	2.3	r.	3.2
TEB - 37	Income from pensions ar annuities, up to the applicable limitation	Retirement	86.3	r.	88.6
TEB - 38	Christmas Bonus, Summer Bonus and Medicine Bonus	Income support	(*)	r.	7.3
TEB - 39	Gain from the sale or exchange of principal residence by certain individuals and qualified property	Housing	4.4	r.	6.5
TEB - 40	Certain income related to the operation of an employees-owned special corporation	Employment	(*)	r.	(*)
TEB - 41	Cost of living allowance (COLA)	Income support	7.4	r.	7.4
TEB - 42	Unemployment compensation	Employment	0.1	r.	0.1
TEB - 43	Compensation received from active military service in a combat zone	Income support	0.4	r.	0.3

TEB - 44	Compensation received by an eligible researcher or scientist	Business research and development	0.4	r.	0.3
TEB - 45	Rents from the Historic Zone	Art, Culture, Sport & Recreation	0.6	r.	0.7
TEB - 46	Compensation to citizens and alien's nonresidents of Puerto Rico for the production of film projects	Business-other	(*)	r.	(*)
TEB - 47	Income from overtime worked by a Puerto Rico Police member	International	6.0	r.	9.1
TEB - 48	Income from sources outside of Puerto Rico	Business-other	83.9	r.	147.0
TEB - 49	Remuneration received by employees of foreign governments or international organizations	International	1.0	r.	0.6
TEB - 50	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) and residential rent under Act 132-2010	Health	13.1	r.	13.2
TEB - 51	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	Savings and investment	(*)	r.	(*)
TEB - 52	Accumulated Gain in Nonqualified Options	Savings and investment	2.6	r.	(*)
TEB - 53	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	Savings and investment	33.4	r.	39.4
TEB - 54	Distributions from Non-Deductible Individual Retirement Accounts	Retirement	2.3	r.	4.8
TEB - 55	Special Compensation Paid due to a Liquidation or Close of Businesses under Article 10 of Act No. 80 of May 30, 1976	Business-other	21.2	r.	26.9
TEB - 56	Salaries from Overtime during Emergency Situations	Income support	10.2	r.	4.0
TEB - 57	Income from copyrights up to \$10,000 under Act 516-2004	Art, Culture, Sport & Recreation	(*)	r.	(*)
TEB - 58	Income received by designers and translators up to \$6,000 under Act 516-2004	Art, Culture, Sport & Recreation	(*)	r.	(*)
TEB - 59	Distributable share on exempt income from pass-through entities	Business-other	56.3	r.	53.9

TEB - 60	Income derived by young people from wages, services rendered, self-employment or new business with special agreement (Act 135-2014)	Business- small business	42.3	r.	46.7
TEB - 61	Qualified payments and transactions due to hurricane María	Income support	14.3	r.	54.0
TEB - 62	Other payments subject to alternate basic tax reported in a Form 480.6D	Others	0.3	r.	0.1
TEB - 63	Other payments not subject to alternate basic tax reported in a Form 480.6D	Others	5.8	r.	24.1
TEB - 64	Other exemptions subject to alternate basic tax not reported in a Form 480.6D	Others	0.2	r.	0.1
TEB - 65	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	Others	406.9	r.	308.9
<i>Preferential Tax Rate</i>					
TEB - 66	Net long-term capital gain (or loss) under Act	Savings and investment	32.8	r.	31.4
TEB - 67	Interest from IRA on deposits in accounts from certain financial institutions	Savings and investment	(*)	r.	(*)
TEB - 68	Interest on deposits in accounts from certain financial institutions	Savings and investment	1.4	r.	1.9
TEB - 69	Interest from distributions of IRA to Governmental Pensioners	Retirement	(*)	r.	(*)
TEB - 70	Non-exempt eligible interest paid or credited on bonds, notes, other obligations or mortgage loans	Savings and investment	1.1	r.	0.9
TEB - 71	Eligible distribution of dividends	Savings and investment	8.8	r.	15.3
TEB - 72	Income paid by sport teams of international associations or federations	Art, Culture, Sport & Recreation	(*)	r.	(*)
TEB - 73	Total distributions from qualified retirement plans	Retirement	2.5	r.	4.2
TEB - 74	Gain taxable at rate under an Incentives Act 14-2017 (K, L, M, or N) and/or wages (Qualified Physicians)	Health	127.8	r.	179.1
TEB - 75	Distributable share pass-through entities	Business-other		o.	61.2

TEB - 76	Any other income subject to a preferential rates	Others	38.5	r.	6.3
TEB - 77	Eligible distributions due to hurricane María	Income support	0.3	r.	5.2
TEB - 78	Act 185 - 2014, Private Equity Fund	Economic development	1.7	c.	6.0
TEB - 79	Act 22-2012, Transfer of Investors to Puerto Rico	Economic development	264.4	r., c.	
<i>Credits</i>					
Subject to Moratorium					
TEB - 80	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 -2000, including purchases.	Business-other	n.c.	r.	n.c.
TEB - 81	Credit for construction investment in urban centers (Act 212-2002, as amended)	Economic development	1.4	r.	8.1
TEB - 82	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended) including purchases.	Economic development	(*)	r.	0.7
TEB - 83	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products.	Business farming and fishing	(*)	r.	0.5
TEB - 84	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Environment	1.4	r.	1.1
TEB - 85	Other credits subject to moratorium not included on the preceding lines	Business-other	0.1	r.	e.
TEB - 86	Credits carried from previous years	Business-other	1.5	r.	e.
TEB - 87	Purchases: Solid Waste Disposal (Act 159-2011)	Environment	n.c.	r.	n.c.
TEB - 88	Purchases: Capital Investment Fund (Act 46-2000)	Economic development	n.c.	r.	0.1
TEB - 89	Purchases: : Theatrical District of Santurce (Act 178-2000)	Art, Culture, Sport & Recreation	n.c.	r.	n.c.
TEB - 90	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Housing	1.4	r.	0.4
TEB - 91	Purchases: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Housing	2.4	r.	4.5
TEB - 92	Purchases: Others	Business-other	0.8	r.	

Not subject to Moratorium				
TEB - 93	Credit for investment in Tourism Development (Act 78-1993) or Farming (Act 225-1995), , including purchases.	Economic development	16.1	r. 7.7
TEB - 94	Credit for: (23) Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997	Economic development	1.9	r. 1.0
TEB - 95	Credit for investment in film industry development (Act 27-2011), including purchases.	Economic development	8.0	r. 41.5
TEB - 96	Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)	Art, Culture, Sport & Recreation	n.c.	r. 0.1
TEB - 97	Credit for contribution to former governors' foundations	Art, Culture, Sport & Recreation	(*)	r. 0.1
TEB - 98	Credit for payment of Membership Certificates by Ordinary and Extraordinary Member of Employees-Owned Special Corporations	Employment	(*)	r. (*)
TEB - 99	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	Business-other	n.c.	r. (*)
TEB - 100	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Art, Culture, Sport & Recreation	n.c.	r. n.c.
TEB - 101	Other credits not included on the preceding lines	Business-other	0.3	r. 5.0
TEB - 102	Credits carried from previous years	Business-other	7.6	r. 16.8
TEB - 103	Credit for investment Act 73-2008, including purchases.	Business-other	3.5	r. 6.4
TEB - 104	Credit for investment Act 83-2010 (Green Energy), including purchases.	Business-other	(*)	r. 0.9
TEB - 105	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Business research and development	26.1	r. 47.4
TEB - 106	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Economic development	1.7	r. 2.1
TEB - 107	Purchase: Other	Business-other	21.4	r. 13.0

<i>Deferrals</i>				
TEB - 108	Individual Deferrals	Business-other	....	....

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	Budget Category	Revenue Forgone 2017	Revenue Forgone 2018
REGULAR CORPORATE				
<i>Deductions</i>				
TEB - 109	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	Business-other	2.0	2.3
TEB - 110	Special Agreement for the Creation of Employments and constitutes a New Business under the provisions of Act 1-2013	Employment	(*)	(*)
TEB - 111	Charitable contributions	Donation, gifts, charities and non-profit organization	4.5	5.4
TEB - 112	Deduction under Act 185-2014 ("Private Equity Funds Act")	Business-other	n.d.a.	1.1
<i>Deferrals</i>				
TEB - 113	Regular Corporations - Deferrals	Business-other	92.3	97.5
TEB - 114	Current Depreciation	Business-other	....	....
TEB - 115	Flexible Depreciation	Business-other	....	....
TEB - 116	Accelerated Depreciation	Business-other	....	....
TEB - 117	Amortization (i.e. Goodwill)	Business-other	....	....
TEB - 118	Automobiles	Business-other	....	....
TEB - 119	Vehicles under financial lease	Business-other	....	....
<i>Preferential Tax Rate</i>				
TEB - 120	Net long-term capital gain	Savings and investment	26.1	31.3

TEB - 121	Interest subject to preferential rates	Savings and investment	0.2	0.2
TEB - 122	Distributable share on net income subject to preferential rates from partnerships and special partnerships	Business-other	(*)	n.d.a.
TEB - 123	Net income subject to the 4% tax rate from the operations of an international financial entity that operates as a banking unit	International	n.d.a.	0.3
TEB - 124	Other income subject to preferential rates	Business-other	(*)	n.d.a.
<i>Exclusions</i>				
TEB - 125	Plantation insurance	Business farming and fishing	(*)	(*)
TEB - 126	Income derived from discharge of debts	Business-other	4.7	5.6
TEB - 127	Other exclusions	Others	0.7	0.9
<i>Exemptions</i>				
TEB - 128	Obligations from the United States Government, any of its states, territories or political subdivisions	Savings and investment	27.4	32.7
TEB - 129	Obligations from the Commonwealth of Puerto Rico	Savings and investment	n.d.a.	n.d.a.
TEB - 130	Securities under Agricultural Loans Act	Business farming and fishing	(*)	(*)
TEB - 131	Certain Mortgages	Savings and investment	1.0	1.2
TEB - 132	Obligations secured or guaranteed under the Servicemen's Readjustment Act of 1944	Savings and investment	0.1	0.1
TEB - 133	Securities issued by cooperative associations up to \$5,000	Savings and investment	(*)	(*)
TEB - 134	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument's Patronage and SER of Puerto Rico	Donation, gifts, charities and non-profit organization	(*)	(*)
TEB - 135	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	Employment	n.c.	n.c.
TEB - 136	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	Employment	n.c.	n.c.
TEB - 137	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	Employment	(*)	n.d.a.
TEB - 138	Loans for the establishment or expansion of small and medium businesses up to \$250,000	Business- small business	n.d.a.	n.d.a.
TEB - 139	Loans for the capitalization of small and medium businesses up to \$250,000	Business- small business	n.d.a.	n.d.a.
TEB - 140	Other interest reported in Form 480.6D	Savings and investment	(*)	(*)

TEB - 141	Other interest not reported in Form 480.6D	Savings and investment	0.7	0.9
TEB - 142	Industrial development income derived from certain interests	Savings and investment	(*)	(*)
TEB - 143	Cooperative associations	Business-other	(*)	(*)
TEB - 144	International Insurer or Holding Company of the International Insurer	International	(*)	(*)
TEB - 145	Other dividends reported in a Form 480.6D	Savings and investment	(*)	n.d.a.
TEB - 146	Other dividends not reported in a Form 480.6D	Savings and investment	(*)	n.d.a.
TEB - 147	Recapture of bad debts, prior taxes, surcharges and other items	Business-other	(*)	(*)
TEB - 148	Income from news agencies or unions	Employment	(*)	n.d.a.
TEB - 149	Certain income related to the operation of an employees owned special corporation	Employment	(*)	n.d.a.
TEB - 150	Income received or earned in relation to the celebration of sports games organized by international associations or federations	Art, Culture, Sport & Recreation	(*)	(*)
TEB - 151	Income derived by the International Insurer or Holding Company of the International Insurer	International	0.1	0.2
TEB - 152	Rents from the Historic Zone	Art, Culture, Sport & Recreation	0.3	0.4
TEB - 153	Income from vessels owner's associations and mutual protection and indemnity	Business-other	0.5	0.6
TEB - 154	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)	Social	0.6	0.7
TEB - 155	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	Business-other	n.c.	n.c.
TEB - 156	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	Economic development	(*)	(*)
TEB - 157	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	Economic development	2.8	3.4
TEB - 158	Rent of residential property under Act 132-2010	Housing	1.3	1.5
TEB - 159	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	Business-other	2.6	3.1
TEB - 160	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	Business-other	0.5	0.6

TEB - 161	Exempt income from rent under Act 165-1996	Housing	o.	n.d.a.
TEB - 162	Exempt income of bonafide farmer Act 225-1995	Business farming and fishing	o.	4.6
TEB - 163	Other payments reported in a Form 480.6 D	Business-other	0.2	0.2
TEB - 164	Other payments not reported in a Form 480.6 D	Business-other	n.d.a.	n.d.a.
TEB - 165	Other exemptions	Business-other	33.8	40.1
<i>Credits</i>				
Subject to Moratorium				
TEB - 166	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 , including purchases.	Business-other	0.8	1.0
TEB - 167	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	Housing	(*)	(*)
TEB - 168	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	Housing	(*)	(*)
TEB - 169	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	Economic development	2.0	2.4
TEB - 170	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Economic development	1.8	2.1
TEB - 171	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Business farming and fishing	(*)	(*)
TEB - 172	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Environment	2.8	3.3
TEB - 173	Credits carried from previous years	Business-other	2.6	n.c.
TEB - 174	Other credits not included on the preceding lines	Business-other	0.2	n.c.
TEB - 175	Purchase: Solid Waste Disposal (Act 159-2011)	Environment	(*)	(*)
TEB - 176	Purchase: Santurce Theatrical District (Act 178-2000)	Art, Culture, Sport & Recreation	(*)	(*)
TEB - 177	Purchase: Other Credits	Business-other	(*)	n.c.
Not subject to Moratorium				
TEB - 178	Credit for increase in investments	Economic development	(*)	(*)
TEB - 179	Credit for investment in film industry development (Act 27-2011), including purchases.	Economic development	6.1	7.3
TEB - 180	Credit to investors who acquire an exempt business that is in the process of closing	Business-other	(*)	(*)

	its operations in Puerto Rico (Act 109-2001), including purchases.			
TEB - 181	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Art, Culture, Sport & Recreation	0.3	0.3
TEB - 182	Credit for investment Act 73-2008, including purchases.	Business-other	4.8	5.7
TEB - 183	Credit for investment Act 83-2010	Environment	n.d.a. o.	n.d.a.
TEB - 184	Credit for investment Act 83-2010 (Green Energy Incentives)	Business-other	0.2	0.2
TEB - 185	Credits carried from previous years	Business-other	12.2	17.7
TEB - 186	Other credits not included on the preceding lines	Business-other	2.2	2.8
TEB - 187	Purchase: Tourism Development (Act 78-1993)	Economic development	2.5	2.9
TEB - 188	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Business research and development	1.8	2.1
TEB - 189	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Economic development	(*)	(*)
TEB - 190	Purchase: Other Credits	Business-other	14.7	17.5

Legend / Footnotes:

.... In order to measure the cost of this tax expenditure it is necessary to know what the rate of economic depreciation is for the several classes of assets under the tax law. We are not aware of any studies of economic depreciation in Puerto Rico and thus can not at this time measure the cost of the tax expenditure resulting from the tax law's accelerated depreciation.

(*) Between zero and +/- \$100,000.

n.c. No Claim

n.d.a. No data available to support a meaningful estimate or projection

D Suppressed to avoid disclosure of individual companies.

A Agregated to avoid disclosure of individual companies.

o.a.d. Only Agregated data available

r. Data of 2017 was revised.

n. New tax expenditure for 2018.

c. The TEB's tax regime was corrected. Erratum. TEB of B [B]

o. TEB was omitted in the PRTEB 2017.

e. The tax return, Schedule B (Credits) was reorganized in 2018 respect to provides to indicate if any of the credits is subject to moratorium.

TEB ID		Budget Category	Revenue Forgone 2017	Revenue Forgone 2018
INCENTIVES ACTS				
<i>Preferential Tax Rate</i>				
TEB - 191	Act 135 - 1997, Tax Incentives Law of 1998	Economic development	(TEB 191 - TEB 192) 15,691.5	(TEB 191 - TEB 192) 13,809.9
TEB - 192	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	Economic development		
TEB - 193	Act 20 - 2012, Export Services	Economic development	111.3	226.1
TEB - 194	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	Economic development	n.c.	n.c.
TEB - 195	Act 78 - 1993, Tourism Development Law of Puerto Rico	Economic development	n.c.	n.c.
TEB - 196	Act 74 - 2010, Tourism Development Law of Puerto Rico	Economic development	0.2	n.d.a
TEB - 197	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	Economic development	n.d.a	n.d.a
TEB - 198	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Environment	2.6	0.1
TEB - 199	Act 362 - 1999, Law for the Development of the Film Industry	Economic development	n.d.a	n.d.a
TEB - 200	Act 27 - 2011, Law of Economic Incentives for the Film Industry of Puerto Rico	Economic development	0.1	0.1
TEB - 201	Act 168 - 1968, Tax Incentives Law for Hospital Facilities	Health	0.2	0.1
TEB - 202	Act 148 - 1988, Special Law for the Rehabilitation and Development of Santurce	Economic development	n.c.	n.c.
TEB - 203	Act 75 - 1995, Special Law for the Rehabilitation and Development of Río Piedras	Economic development	n.c.	n.c.
TEB - 204	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	Business farming and fishing	(*)	(*)
TEB - 205	Act 14 - 1996, Special Law for the Development of Castañer	Economic development	n.c.	n.c.
TEB - 206	Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Art, Culture, Sport & Recreation	n.c.	n.c.
TEB - 207	Act 1 - 2013, Employment Now Law	Employment	n.c.	n.c.
TEB - 208	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico	Business farming and fishing	n.d.a	n.d.a
TEB - 209	Act 52 - 1989 - International Bank Center	Economic development	n.d.a	n.d.a

TEB - 210	Act 273-2012, International Financial Center	Economic development	n.d.a	n.d.a
<i>Credits</i>				
Subject to Moratorium				
TEB - 211	Credit for products manufactured in Puerto Rico	Economic development	n.c.	0.2
TEB - 212	Credit attributable to losses or for investment in the Capital Investment Fund, including purchases.	Business-other	n.c.	n.c.
TEB - 213	Credit for increase in investments	Business-other	n.c.	n.c.
TEB - 214	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Business farming and fishing	n.c.	n.c.
TEB - 215	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Environment	n.c.	n.c.
TEB - 216	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	Economic development	n.c.	(*)
TEB - 217	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Economic development	n.c.	n.c.
TEB - 218	Other credits not included on the preceding lines	Business-other	n.c.	n.c.
TEB - 219	Credits carried from previous years	Business-other	n.c.	0.3
TEB - 220	Purchase: Solid Waste Disposal (Act 159-2011)	Environment	n.c.	0.2
TEB - 221	Purchase: Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Art, Culture, Sport & Recreation	n.c.	(*)
TEB - 222	Purchase: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Housing	n.c.	(*)
TEB - 223	Purchase: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Housing	n.c.	(*)
TEB - 224	Purchase: : Other	Business-other	n.c.	n.c.
Not subject to Moratorium				
TEB - 225	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly	Art, Culture, Sport & Recreation	n.c.	n.c.
TEB - 226	Credit for hospital units over payroll expenses	Health	15.0	2.1
TEB - 227	Credit for purchases of products manufactured in Puerto Rico	Business-other	33.3	30.4

TEB - 228	Credit for investment in research and development, including purchases.	Business research and development	9.1	8.3
TEB - 229	Credit for investment in machinery and equipment	Economic development	n.c.	n.c.
TEB - 230	Credit to reduce the cost of electric power	Economic development	8.3	6.5
TEB - 231	Credit for investment in strategic projects, including purchases.	Economic development	n.c.	n.c.
TEB - 232	Credit for industrial investment, including purchases.	Economic development	n.c.	n.c.
TEB - 233	Other credits not included on the preceding lines	Business-other	(*)	(*)
TEB - 234	Credits carried from previous years	Business-other	4.0	2.1
TEB - 235	Purchase: Tourism Development (Act 78-1993)	Economic development	n.c.	n.c.
TEB - 236	Purchase: Film Industry Development (Act 27-2011)	Economic development	n.c.	0.3
TEB - 237	Purchase: Acquisition of an Exempt Business that is in the Process of Closing its Operations in Puerto Rico (Act 109-2001)	Business-other	n.c.	n.c.
TEB - 238	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Business research and development	o.a.d	o.a.d
TEB - 239	Purchase: Economic Incentives(Industrial Development) Act 73-2008	Business-other	(TEB 238-TEB 241) o.a.d 9.7	TEB 238-TEB 241) 9.1
TEB - 240	Purchase: Green Energy Incentives (Research and Development) (Act 83-2010)	Business research and development		
TEB - 241	Purchase: Other	Business-other		
Credits - Other Incentives Acts				
TEB - 242	Credit for taxes withheld on royalty payments	Business-other	0.8	n.c.
TEB - 243	Special credits granted	Economic development	n.c.	n.c.
TEB - 244	Credit for losses of United States parent company	International	1.7	2.6
TEB - 245	Credit for intellectual property transfer	Business research and development	5.0	1.2
TEB - 246	Credit for job creation	Employment	n.c.	(*)
TEB - 247	Other applicable credits	Others	(*)	2.4

<i>Deductions</i>				
TEB - 248	Special deductions, Payroll deduction	Employment		
TEB - 249	Special deductions, Human resources training and improvement expenses deduction	Employment	(TEB 248 - TEB 252) 6.8	A (TEB 248 - TEB 252) 6.2
TEB - 250	Special deductions, Research and development expense deduction	Business research and development		
TEB - 251	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Economic development		
TEB - 252	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Economic development		
<i>Deferrals</i>				
TEB - 253	Incentives corporations - Deferrals	Business-other	1.0	2.2

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	Budget Category	Revenue Forgone 2017	Revenue Forgone 2018
NON CORPORATE BUSINESS				
<i>Deductions</i>				
TEB - 254	<i>Business Tax</i> Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	Business-other		0.3
TEB - 255	<i>Business Tax</i> Deduction under Act 185-2014 ("Private Equity Funds Act")	Business-other		5.4
TEB - 256	<i>Business Tax</i> Charitable contributions	Donation, gifts, charities and non-profit organization		2.0
TEB - 257	<i>Business Tax</i> Special deductions, Payroll deduction	Employment		(*)

TEB - 258	<i>Business Tax</i>	Special deductions, Human resources training and improvement expense deduction	Employment		n.d.a
TEB - 259	<i>Business Tax</i>	Special deductions, Research and development expense deduction	Business research and development		n.d.a
TEB - 260	<i>Business Tax</i>	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Economic development		(*)
TEB - 261	<i>Business Tax</i>	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Economic development		n.d.a
TEB - 262	<i>Business Tax</i>	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Economic development		n.d.a
<i>Deferrals</i>					
TEB - 263	<i>Business Tax</i>	Non Corporate Business-Deferrals	Business-other	27.6	29.2
TEB - 264	<i>Business Tax</i>	Current Depreciation	Business-other		n.d.a
TEB - 265	<i>Business Tax</i>	Flexible Depreciation	Business-other		n.d.a
TEB - 266	<i>Business Tax</i>	Accelerated Depreciation	Business-other		n.d.a
TEB - 267	<i>Business Tax</i>	Amortization (i.e. Goodwill)	Business-other		n.d.a
TEB - 268	<i>Business Tax</i>	Automobiles	Business-other		n.d.a

TEB - 269	<i>Business Tax</i>	Vehicles under financial lease	Business-other		n.d.a
<i>Preferential Tax Rate</i>					
TEB - 270	<i>Business Tax</i>	Net short-term capital gain (or loss)	Savings and investment		n.d.a
TEB - 271	<i>Business Tax</i>	Net long-term capital gain	Savings and investment		n.d.a
TEB - 272	<i>Business Tax</i>	Long-Term Capital Assets Gains and Losses Realized under Special Legislation	Savings and investment		n.d.a
TEB - 273	<i>Business Tax</i>	Gain (or Loss) from Property Used in the Business Other than Capital Asset	Savings and investment		n.d.a
TEB - 274	<i>Business Tax</i>	Gains (or Losses) from Property Used in the Business and Taxable as Long-term Capital Gain	Savings and investment		n.d.a
TEB - 275	<i>Business Tax</i>	Net Gain (or Loss) on Sale or Exchange of Substantially all Assets Dedicated to an Activity under Act 78-1993, Including purchases.	Savings and investment		n.d.a
TEB - 276	<i>Business Tax</i>	Act 135 - 1997, Tax Incentives Law of 1998	Economic development		0.2
TEB - 277	<i>Business Tax</i>	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	Art, Culture, Sport &Recreation		(*)
TEB - 278	<i>Business Tax</i>	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Environment		1.4
TEB - 279	<i>Business Tax</i>	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	Economic development		n.d.a
TEB - 280	<i>Business Tax</i>	Act 14 - 1996, Special Law for the Development of Castañer	Art, Culture, Sport &Recreation		n.d.a

TEB - 281	<i>Business Tax</i>	Act 120 - 2014, "SMBs Job Creation and Retention Incentives Act"	Employment		n.d.a
TEB - 282	<i>Business Tax</i>	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	Economic development		71.9
TEB - 283	<i>Business Tax</i>	Act 20 - 2012, Export Services	Economic development		42.7
TEB - 284	<i>Business Tax</i>	Act 185 - 2014, Private Equity Fund	Savings and investment		n.d.a
<i>Exclusions</i>					
TEB - 285	<i>Business Tax</i>	Life insurance	Health		(TEB 285 - TEB 289) 0.8 A
TEB - 286	<i>Business Tax</i>	Donations, bequest and inheritances	Donation, gifts, charities and non-profit organization		(TEB 285 - TEB 289) 0.8 A
TEB - 287	<i>Business Tax</i>	Plantation insurance	Business farming and fishing		(TEB 285 - TEB 289) 0.8 A
TEB - 288	<i>Business Tax</i>	Other exclusions	Others		(TEB 285 - TEB 289) 0.8 A
TEB - 289	<i>Business Tax</i>	Income derived from discharge of debts	Business-other		(TEB 285 - TEB 289) 0.8 A
TEB - 290	<i>Business Tax</i>	Act 78 - 1993, Tourism Development Law of Puerto Rico	Economic development		9.4
TEB - 291	<i>Business Tax</i>	Act 74 - 2010, Tourism Development Law of Puerto Rico	Economic development		54.8
TEB - 292	<i>Business Tax</i>	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	Business farming and fishing		6.2
TEB - 293	<i>Business Tax</i>	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	Economic development		0.2

TEB - 294	<i>Business Tax</i>	Act 132-2010- "Law of Stimulus to the Real Estate Market" Exemption	Housing		(*)
TEB - 295	<i>Business Tax</i>	Act 47-1987 - "Law of Coparticipation of the Public and Private Sector for the New Housing Operation"	Economic development		(*)
<i>Exemptions</i>					
TEB - 296	<i>Business Tax</i>	Obligations from the United States Government, any of its states, territories or political subdivisions	Savings and investment		(TEB 296 - TEB 332) 91.9 A
TEB - 297	<i>Business Tax</i>	Obligations from the Commonwealth of Puerto Rico	Savings and investment		(TEB 296 - TEB 332) 91.9 A
TEB - 298	<i>Business Tax</i>	Securities under Agricultural Loans Act	Business farming and fishing		(TEB 296 - TEB 332) 91.9 A
TEB - 299	<i>Business Tax</i>	Certain Mortgages	Savings and investment		(TEB 296 - TEB 332) 91.9 A
TEB - 300	<i>Business Tax</i>	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	Savings and investment		(TEB 296 - TEB 332) 91.9 A
TEB - 301	<i>Business Tax</i>	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	Savings and investment		(TEB 296 - TEB 332) 91.9 A
TEB - 302	<i>Business Tax</i>	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	Savings and investment		(TEB 296 - TEB 332) 91.9 A
TEB - 303	<i>Business Tax</i>	Loans for the establishment or expansion of small and medium businesses up to \$250,000	Savings and investment		(TEB 296 - TEB 332) 91.9 A
TEB - 304	<i>Business Tax</i>	Loans for the capitalization of small and medium businesses up to \$250,000	Savings and investment		(TEB 296 - TEB 332) 91.9 A

TEB - 305	<i>Business Tax</i>	Other interest reported in Form 480.6D	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 306	<i>Business Tax</i>	Other interest not subject to alternate basic tax reported in a Form 480.6D	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 307	<i>Business Tax</i>	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument's Patronage and SER of Puerto Rico	Donation, gifts, charities and non-profit organization		(TEB 296 - TEB 332) 91.9	A
TEB - 308	<i>Business Tax</i>	Other Interest subject to alternate basis tax not reported on a Form 480.6D	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 309	<i>Business Tax</i>	Other interests not subject to alternate basic tax not reported on a Form 480.6D	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 310	<i>Business Tax</i>	Industrial development income derived from certain interests	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 311	<i>Business Tax</i>	International Insurer or Holding Company of the International Insurer	International		(TEB 296 - TEB 332) 91.9	A
TEB - 312	<i>Business Tax</i>	Other dividends reported in a Form 480.6D	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 313	<i>Business Tax</i>	Other dividends not reported in a Form 480.6D	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 314	<i>Business Tax</i>	Recapture of bad debts, prior taxes, surcharges and other items	Savings and investment		(TEB 296 - TEB 332) 91.9	A
TEB - 315	<i>Business Tax</i>	Income from news agencies or unions	Employment		(TEB 296 - TEB 332) 91.9	A
TEB - 316	<i>Business Tax</i>	Certain income related to the operation of an employees owned special corporation	Employment		(TEB 296 - TEB 332) 91.9	A

TEB - 317	<i>Business Tax</i>	Income received or earned in relation to the celebration of sports games organized by international associations or federations	Art, Culture, Sport & Recreation		(TEB 296 - TEB 332) 91.9	A
TEB - 318	<i>Business Tax</i>	Income derived by the International Insurer or Holding Company of the International Insurer	International		(TEB 296 - TEB 332) 91.9	A
TEB - 319	<i>Business Tax</i>	Rents from the Historic Zone	Art, Culture, Sport & Recreation		(TEB 296 - TEB 332) 91.9	A
TEB - 320	<i>Business Tax</i>	Income from vessels owner's associations and mutual protection and indemnity	Business-other		(TEB 296 - TEB 332) 91.9	A
TEB - 321	<i>Business Tax</i>	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)	Social		(TEB 296 - TEB 332) 91.9	A
TEB - 322	<i>Business Tax</i>	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	Business-other		(TEB 296 - TEB 332) 91.9	A
TEB - 323	<i>Business Tax</i>	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	Economic development		(TEB 296 - TEB 332) 91.9	A
TEB - 324	<i>Business Tax</i>	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	Economic development		(TEB 296 - TEB 332) 91.9	A
TEB - 325	<i>Business Tax</i>	Rent of residential property under Act 132-2010	Housing		(TEB 296 - TEB 332) 91.9	A
TEB - 326	<i>Business Tax</i>	Income received by designers and translators up to \$6,000 under Act 516-2004	Business-other		(TEB 296 - TEB 332) 91.9	A
TEB - 327	<i>Business Tax</i>	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	Business-other		(TEB 296 - TEB 332) 91.9	A

TEB - 328	<i>Business Tax</i>	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	Business-other		(TEB 296 - TEB 332) 91.9	A
TEB - 329	<i>Business Tax</i>	Other payments reported in a Form 480.6 D	Business-other		(TEB 296 - TEB 332) 91.9	A
TEB - 330	<i>Business Tax</i>	Other payments not subject to alternate basic tax reported on a Form 480.6D	Business-other		(TEB 296 - TEB 332) 91.9	A
TEB - 331	<i>Business Tax</i>	Other exemptions subject to alternate basic tax not reported on a Form 480.6D	Business-other		(TEB 296 - TEB 332) 91.9	A
TEB - 332	<i>Business Tax</i>	Other exemptions	Business-other		(TEB 296 - TEB 332) 91.9	A
<i>Credits</i>						
<i>Subject to Moratorium</i>						
TEB - 333	<i>Business Tax</i>	Credit attributable to losses or for investment in the Capital Investment Fund, Act - 46 , including purchases.	Business-other		17.9	
TEB - 334	<i>Business Tax</i>	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	Housing		1.5	
TEB - 335	<i>Business Tax</i>	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Housing		4.6	
TEB - 336	<i>Business Tax</i>	Credits carried from previous years, Total of Credits for Agricultural Products	Business farming and fishing		n.d.a.	
TEB - 337	<i>Business Tax</i>	Credit for Increase in Purchases of Puerto Rican Agricultural Products (Section 1051.07), Total credit for purchases of Puerto Rican agricultural products	Business farming and fishing		1.4	
TEB - 338	<i>Business Tax</i>	Credit for Purchase of Products Manufactured in Puerto Rico and Tuna Processing (Section 1051.09)	Business farming and fishing		n.d.a.	

TEB - 339	<i>Business Tax</i>	Credits carried from previous years of Products Manufactured in Puerto Rico and Tuna Processing	Business farming and fishing		n.d.a.
Subject to Moratorium					
TEB - 340	<i>Business Tax</i>	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Environment		n.d.a.
TEB - 341	<i>Business Tax</i>	Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987	Economic development		0.3
TEB - 342	<i>Business Tax</i>	Credit for increase in investments	Economic development		n.d.a.
TEB - 343	<i>Business Tax</i>	Credit for investment in film industry development (Act 27-2011), including purchases.	Art, Culture, Sport & Recreation		1.9
TEB - 344	<i>Business Tax</i>	Credit for the purchase or transmission of television programming made in P.R. (Section 1051.14)	Art, Culture, Sport & Recreation		n.d.a.
TEB - 345	<i>Business Tax</i>	Credit for contributions to former governors' foundations	Art, Culture, Sport & Recreation		n.d.a.
TEB - 346	<i>Business Tax</i>	Credit for contributions to Santa Catalina's Palace Patronage and/or Patronage of the State Capitol of the Legislative Assembly	Art, Culture, Sport & Recreation		n.d.a.
TEB - 347	<i>Business Tax</i>	Industrial investment Credit (Act 73-2008), including purchases	Business-other		n.d.a.
TEB - 348	<i>Business Tax</i>	Research and Development Credit Green Energy, including purchases	Environment		0.2
TEB - 349	<i>Business Tax</i>	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	Housing		n.d.a.

TEB - 350	<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.	Housing		n.d.a.
TEB - 351	<i>Business Tax</i>	Solid Waste Disposal	Environment		n.d.a.
TEB - 352	<i>Business Tax</i>	Santurce Theatrical District	Art, Culture, Sport & Recreation		n.d.a.

Not subject to Moratorium

TEB - 353	<i>Business Tax</i>	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (135-1997), including purchases.	Business-other		n.d.a.
TEB - 354	<i>Business Tax</i>	Tourism Investment Credit	Economic development		(*)
TEB - 355	<i>Business Tax</i>	Research and Development Tax Credit (Act 73-2008)	Business research and development		0.9
TEB - 356	<i>Business Tax</i>	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Economic development		n.d.a.
TEB - 357	<i>Business Tax</i>	Purchase: Other Credits	Business-other		n.d.a.

Credits - Other Incentives Acts

TEB - 358	<i>Business Tax</i>	Special credits granted	Employment		n.d.a.
TEB - 359	<i>Business Tax</i>	Credit for losses of United States parent company	International		n.d.a.
TEB - 360	<i>Business Tax</i>	Credit for taxes withheld on royalty payments	Business-other		n.d.a.

TEB - 361	<i>Business Tax</i>	Credit for purchases of products manufactured in Puerto Rico	Economic development		n.d.a.
TEB - 362	<i>Business Tax</i>	Credit to reduce the cost of electric power	Economic development		n.d.a.
TEB - 363	<i>Business Tax</i>	Credit for job creation	Employment		n.d.a.
TEB - 364	<i>Business Tax</i>	Research and Development Tax Credit (Act 73-2008)	Business research and development		n.d.a.
TEB - 365	<i>Business Tax</i>	Credit for investment in Machinery and Equipment for the generation and efficient use of energy	Economic development		n.d.a.
TEB - 366	<i>Business Tax</i>	Credit for intellectual property transfer	Business research and development		n.d.a.
TEB - 367	<i>Business Tax</i>	Credit for investment in strategic projects	Economic development		n.d.a.
TEB - 368	<i>Business Tax</i>	Industrial investment Credit (Act 73-2008), including purchases	Economic development		n.d.a.

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

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	Budget Category	Revenue Foregone 2017	Revenue Foregone 2018
SUT				
<i>Exemptions</i>				
TEB - 368	Exemption for Promotional Material	Business-other	0.8 r.	1.2
TEB - 369	Exemption on Taxable Items from a Transfer of Residence	Income support	18.2 c.	18.5
TEB - 370	Exemption on Rights of Admission	Art, Culture, Sport & Recreation	0.1	0.1
TEB - 371	Exemption on Food Items	Families and households	906.8 r.	706.3
TEB - 372	Exemption for Prescription Drugs	Health	483.2	646.4
TEB - 373	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	Health	4.4 r.	4.8
TEB - 374	Exemption on Lease of Real Property	Business-other	91.0 r.	94.9
TEB - 375	Exemption for Care Services Rendered by Child Care Centers	Families and households	0.2 r.	0.1
TEB - 376	Exemption for Funeral Services	Families and households	4.8 r.	5.1
TEB - 377	Exemption for Solar- Electric Equipment	Environment	17.2 c.	14.1
TEB - 378	Exemption for Care Services Rendered by Elderly Care Centers	Families and households	19.1 c.	18.3
TEB - 379	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used in the Performance of Health Services	Business-other	19.6 r.	165.8
TEB - 380	Exemption for Textbooks	Education	3.3	3.3

TEB - 381	Exemption for Uniforms and Materials	Education	10.1		10.1
TEB - 382	Exemption for Sales Made by Churches.	Social	0.7	r.	0.7
TEB - 383	Exemption for Bona Fide Farmers.	Business farming and fishing	4.3	r.	6.0
TEB - 384	Exemption from Payment of the Sales and Use Tax for Concession Holders under the Puerto Rico Tourism Development Laws	Economic development	3.3	r.	9.5
TEB - 385	Designated professional services	Business-other	n.d.a.		n.d.a.
TEB - 386	Educational services, including tuition costs	Education	277.0	r.	256.1
TEB - 387	Interest and other charges for the use of money and charges for services provided by financial institutions.	Savings and investment	185.2	r.	184.5
TEB - 388	Insurance services and commissions	Social	94.5	r.	97.3
TEB - 389	Health or medical hospital services	Health	727.2	r.	735.8
TEB - 390	Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars	Business- small business	270.1	c.	323.6
<i>Exclusions</i>					
TEB - 391	Vehicles	Social	65.1	c.	95.5
TEB - 392	Gasoline	Social	195.8	c.	221.6
TEB - 393	Electricity	Social	125.7	c.	107.2
TEB - 394	Water	Social	64.6	c.	61.5

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

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	Budget Category	Revenue Forgone 2017	Revenue Forgone 2018
VEHICLES				
<i>Credits</i>				
TEB - 394	Refund of Excise Taxes on Vehicles Powered by Alternative or Combined Energy	Environment	7.6	14.4
<i>Exemptions</i>				
TEB - 395	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	Education	1.3	1.0
TEB - 396	Consular Officers and Employees Exemptions	International	n.c	n.c
TEB - 397	Exemptions for Handicapped Persons	Health	0.2	0.2
TEB - 398	Church Exemptions Vehicles which hold twelve (12) or more passengers	Social	n.c	n.c
TEB - 399	Exemptions for Donations to the Puerto Rico Police and the Police of the Municipal Governments	Donation, gifts, charities and non-profit organization	n.c	n.c
TEB - 400	Exemptions on Articles for Manufacturing	Economic development	0.2	0.4
TEB - 401	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	Donation, gifts, charities and non-profit organization	0.4	0.1
TEB - 402	Exemption over Articles Acquired by Government Agencies	Intergovernmental tax arrangements	9.0	7.5
TEB - 403	Exemption on Articles Belonging to Persons in Government Service	Intergovernmental tax arrangements	1.9	2.5
TEB - 404	Category III ambulances	Health	0.2	0.4
CIGARRETES				
<i>Exemptions</i>				
TEB - 405	Tourists and Residents of Puerto Rico Traveling Abroad	International	n.d.a.	n.d.a.

TEB - 406	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.	Intergovernmental tax arrangements	n.d.a.	n.d.a.
Fuel				
<i>Exclusions</i>				
TEB - 407	Excludes natural gas of "Other Fuel"	Intergovernmental tax arrangements	26.2	24.3
TEB - 408	Residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority	Intergovernmental tax arrangements	28.7	26.3
TEB - 409	Residual Fuel number 6, when it is acquired by industries and businesses when it is used for their management of production	Business-other	0.9	
TEB - 410	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)	International	0.5	r. 0.5
Crude oil and petroleum products				
<i>Exclusions</i>				
TEB - 411	Generation of the Electric Power Authority or Other entity	Intergovernmental tax arrangements	225.3	r. 255.8
TEB - 412	Natural gas used to generate electricity sold to the Electric Power Authority or any successor entity	Intergovernmental tax arrangements	55.1	25.2
TEB - 413	The Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	Intergovernmental tax arrangements	0.4	0.4
TEB - 414	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.	Economic development	n.d.a.	n.d.a.
TEB - 415	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.	Others	n.d.a.	n.d.a.
TEB - 416	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	Others	n.d.a.	n.d.a.

	vessel requiring these services, whether in territorial waters or beyond them.			
TEB - 417	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	Others	37.3	32.5
TEB - 418	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	Others	n.d.a.	n.d.a.
TEB - 419	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.	Intergovernmental tax arrangements	2.5	1.5

Distilled Spirits and Alcoholic Beverages

Exclusions

TEB - 420	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	Intergovernmental tax arrangements	41.0	42.3
TEB - 421	Distilled Spirits and Alcoholic Beverages Used in the Process of Manufacture, Research, Development or Experimentation in Laboratories or for Medicinal Purposes	Business research and development	n.a.	n.a.
TEB - 422	Special Exemption to Beer, Malt Extract and others. Progressive Tax in substitution of refer by 5021.01	Business-other	10.5	10.7

Table 4A Tax Expenditures by Budget Category

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

Tax Expenditure by Budget Category

(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	Tax Regime	Revenue Forgone 2017	Revenue Forgone 2018
1. ART, CULTURE, SPORT & RECREATION					
BC- 1	TEB - 45	Rents from the Historic Zone	Individual	0.6	0.7
BC- 2	TEB - 57	Income from copyrights up to \$10,000 under Act 516-2004	Individual	(*)	(*)
BC- 3	TEB - 58	Income received by designers and translators up to \$6,000 under Act 516-2004	Individual	(*)	(*)
BC- 4	TEB - 72	Income paid by sport teams of international associations or federations	Individual	(*)	(*)
BC- 5	TEB - 89	Purchases: : Theatrical District of Santurce (Act 178-2000)	Individual	n.c.	n.c.
BC- 6	TEB - 96	Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)	Individual	n.c.	0.1
BC- 7	TEB - 97	Credit for contribution to former governors' foundations	Individual	(*)	0.1

BC- 8	TEB - 100	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Individual	n.c.	n.c.
BC- 9	TEB - 150	Income received or earned in relation to the celebration of sports games organized by international associations or federations	Regular Corporations	(*)	(*)
BC- 10	TEB - 152	Rents from the Historic Zone	Regular Corporations	0.3	0.4
BC- 11	TEB - 176	Purchase: Santurce Theatrical District (Act 178-2000)	Regular Corporations	(*)	(*)
BC- 12	TEB - 181	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Regular Corporations	0.3	0.3
BC- 13	TEB - 206	Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Incentives Acts	n.c.	n.c.
BC- 14	TEB - 221	Purchase: Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Incentives Acts	n.c.	(*)
BC- 15	TEB - 225	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Incentives Acts	n.c.	n.c.
BC- 16	TEB - 254	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	Non Corporate Business	-	0.3
BC- 17	TEB - 255	Deduction under Act 185-2014 ("Private Equity Funds Act")	Non Corporate Business	-	5.4

BC- 18	TEB - 256	Charitable contributions	Non Corporate Business	-	2.0
BC- 19	TEB - 257	Special deductions, Payroll deduction	Non Corporate Business	-	(*)
BC- 20	TEB - 258	Special deductions, Human resources training and improvement expense deduction	Non Corporate Business	-	n.d.a
BC- 21	TEB - 259	Special deductions, Research and development expense deduction	Non Corporate Business	-	n.d.a
BC- 22	TEB - 260	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Non Corporate Business	-	(*)
BC- 23	TEB - 261	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Non Corporate Business	-	n.d.a
BC- 24	TEB - 262	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Non Corporate Business	-	n.d.a
BC- 25	TEB - 370	Exemption on Rights of Admission	SUT	0.1	0.1

2. BUSINESS FARMING AND FISHING

BC- 26	TEB - 83	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products.	Individual	(*)	0.5
BC- 27	TEB - 125	Plantation insurance	Regular Corporations	(*)	(*)
BC- 28	TEB - 130	Securities under Agricultural Loans Act	Regular Corporations	(*)	(*)
BC- 29	TEB - 162	Exempt income of bonafide farmer Act 225-1995	Regular Corporations	-	4.6
BC- 30	TEB - 171	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Regular Corporations	(*)	(*)

BC- 31	TEB - 204	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	Incentives Acts	(*)	(*)
BC- 32	TEB - 208	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico	Incentives Acts	n.d.a	n.d.a
BC- 33	TEB - 214	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Incentives Acts	n.c.	n.c.
3. BUSINESS RESEARCH AND DEVELOPMENT					
BC- 40	TEB - 44	Compensation received by an eligible researcher or scientist	Individual	0.4	0.3
BC- 41	TEB - 105	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Individual	26.1	47.4
BC- 42	TEB - 188	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Regular Corporations	1.8	2.1
BC- 43	TEB - 228	Credit for investment in research and development, including purchases.	Incentives Acts	9.1	8.3
BC- 44	TEB - 238	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Incentives Acts	(TEB 231- TEB 234) 9.7	(TEB 231- TEB 234) 9.1
BC- 45	TEB - 240	Purchase: Green Energy Incentives (Research and Development) (Act 83-2010)	Incentives Acts		
BC- 46	TEB - 245	Credit for intellectual property transfer	Incentives Acts	5.0	1.2
BC- 47	TEB - 250	Special deductions, Research and development expense deduction	Incentives Acts	-	-
BC- 48	TEB - 269	Vehicles under financial lease	Non Corporate Business	-	n.d.a
BC- 49	TEB - 270	Net short-term capital gain (or loss)	Non Corporate Business	-	n.d.a

BC- 50	TEB - 271	Net long-term capital gain	Non Corporate Business	-	n.d.a
BC- 51	TEB - 272	Long-Term Capital Assets Gains and Losses Realized under Special Legislation	Non Corporate Business	-	n.d.a
4. BUSINESS- SMALL BUSINESS					
BC- 53	BC- 60	Income derived by young people from wages, services rendered, self-employment or new business with special agreement (Act 135-2014)	Individual	42.3	46.7
BC- 54	BC- 138	Loans for the establishment or expansion of small and medium businesses up to \$250,000	Regular Corporations	n.d.a.	n.d.a.
BC- 55	BC- 139	Loans for the capitalization of small and medium businesses up to \$250,000	Regular Corporations	n.d.a.	n.d.a.
BC- 56	BC- 390	Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars	SUT	270.1	323.6
5. BUSINESS-OTHER					
BC- 57	BC- 17	Amounts paid by an employer as reimbursement of expenses related to trips, meals, lodging, entertainment and others	Individual	38.2	41.1
BC- 58	BC- 29	Dividends of--Subject to alternate basic tax reported in a Form 480.6D	Individual	1.6	1.7
BC- 59	BC- 30	Dividends of--Not subject to alternate basic tax reported in a Form 480.6D	Individual	157.1	207.3
BC- 60	BC- 31	Dividends of--Subject to alternate basic tax not reported in a Form 480.6D	Individual	(*)	(*)

BC- 61	BC- 32	Dividends of--Not subject to alternate basic tax not reported in a Form 480.6D	Individual	6.6	7.9
BC- 62	BC- 34	Recapture of bad debts, pror taxes, surcharges and other items	Individual	(*)	(*)
BC- 63	BC- 46	Compensation to citizens and alien's nonresidents of Puerto Rico for the production of film projects	Individual	(*)	(*)
BC- 64	BC- 48	Income from sources outside of Puerto Rico	Individual	83.9	147.0
BC- 65	BC- 55	Special Compensation Paid due to a Liquidation or Close of Businesses under Article 10 of Act No. 80 of May 30, 1976	Individual	21.2	26.9
BC- 66	BC- 59	Distributable share on exempt income from pass-through entities	Individual	56.3	53.9
BC- 67	BC- 75	Distributable share pass-through entities	Individual	-	61.2
BC- 68	BC- 80	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 -2000, including purchases.	Individual	n.c.	n.c.
BC- 69	BC- 85	Other credits subject to moratorium not included on the preceding lines	Individual	0.1	-
BC- 70	BC- 86	Credits carried from previous years	Individual	1.5	-
BC- 71	BC- 92	Purchases: Others	Individual	0.8	-
BC- 72	BC- 99	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	Individual	n.c.	(*)
BC- 73	BC- 101	Other credits not included on the preceding lines	Individual	0.3	5.0

BC- 74	BC- 102	Credits carried from previous years	Individual	7.6	16.8
BC- 75	BC- 103	Credit for investment Act 73-2008, including purchases.	Individual	3.5	6.4
BC- 76	BC- 104	Credit for investment Act 83-2010 (Green Energy), including purchases.	Individual	(*)	0.9
BC- 77	BC- 107	Purchase: Other	Individual	21.4	13.0
BC- 78	BC- 108	Individual Deferrals	Individual	-	-
BC- 79	BC- 109	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	Regular Corporations	2.0	2.3
BC- 80	BC- 112	Deduction under Act 185-2014 ("Private Equity Funds Act")	Regular Corporations	n.d.a.	1.1
BC- 81	BC- 113	Regular Corporations - Deferrals	Regular Corporations	-	-
BC- 82	BC- 114	Current Depreciation	Regular Corporations	....	....
BC- 83	BC- 115	Flexible Depreciation	Regular Corporations	....	....
BC- 84	BC- 116	Accelerated Depreciation	Regular Corporations	....	....
BC- 85	BC- 117	Amortization (i.e. Goodwill)	Regular Corporations	....	....
BC- 86	BC- 118	Automobiles	Regular Corporations	....	....
BC- 87	BC- 119	Vehicles under financial lease	Regular Corporations	....	....
BC- 88	BC- 122	Distributable share on net income subject to preferential rates from partnerships and special partnerships	Regular Corporations	(*)	n.d.a.
BC- 89	BC- 124	Other income subject to preferential rates	Regular Corporations	(*)	n.d.a.
BC- 90	BC- 126	Income derived from discharge of debts	Regular Corporations	4.7	5.6

BC- 91	BC- 143	Cooperative associations	Regular Corporations	(*)	(*)
BC- 92	BC- 147	Recapture of bad debts, prior taxes, surcharges and other items	Regular Corporations	(*)	(*)
BC- 93	BC- 153	Income from vessels owner's associations and mutual protection and indemnity	Regular Corporations	0.5	0.6
BC- 94	BC- 155	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	Regular Corporations	n.c.	n.c.
BC- 95	BC- 159	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	Regular Corporations	2.6	3.1
BC- 96	BC- 160	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	Regular Corporations	0.5	0.6
BC- 97	BC- 163	Other payments reported in a Form 480.6 D	Regular Corporations	0.2	0.2
BC- 98	BC- 164	Other payments not reported in a Form 480.6 D	Regular Corporations	n.d.a.	n.d.a.
BC- 99	BC- 165	Other exemptions	Regular Corporations	33.8	40.1
BC- 100	BC- 166	Credit attributable to losses or for investment in the Capital Investment Fund, Act - 46 , including purchases.	Regular Corporations	0.8	1.0
BC- 101	BC- 173	Credits carried from previous years	Regular Corporations	2.6	n.c.
BC- 102	BC- 174	Other credits not included on the preceding lines	Regular Corporations	0.2	n.c.
BC- 103	BC- 177	Purchase: Other Credits	Regular Corporations	(*)	n.c.
BC- 104	BC- 180	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	Regular Corporations	(*)	(*)

BC- 105	BC- 182	Credit for investment Act 73-2008, including purchases.	Regular Corporations	4.8	5.7
BC- 106	BC- 184	Credit for investment Act 83-2010 (Green Energy Incentives)	Regular Corporations	0.2	0.2
BC- 107	BC- 185	Credits carried from previous years	Regular Corporations	12.2	17.7
BC- 108	BC- 186	Other credits not included on the preceding lines	Regular Corporations	2.2	2.8
BC- 109	BC- 190	Purchase: Other Credits	Regular Corporations	14.7	17.5
BC- 110	BC- 212	Credit attributable to losses or for investment in the Capital Investment Fund, including purchases.	Incentives Acts	n.c.	n.c.
BC- 111	BC- 213	Credit for increase in investments	Incentives Acts	n.c.	n.c.
BC- 112	BC- 218	Other credits not included on the preceding lines	Incentives Acts	n.c.	n.c.
BC- 113	BC- 219	Credits carried from previous years	Incentives Acts	n.c.	0.3
BC- 114	BC- 224	Purchase: : Other	Incentives Acts	n.c.	n.c.
BC- 115	BC- 227	Credit for purchases of products manufactured in Puerto Rico	Incentives Acts	33.3	30.4
BC- 116	BC- 233	Other credits not included on the preceding lines	Incentives Acts	(*)	(*)
BC- 117	BC- 234	Credits carried from previous years	Incentives Acts	4.0	2.1
BC- 118	BC- 237	Purchase: Acquisition of an Exempt Business that is in the Process of Closing its Operations in Puerto Rico (Act 109-2001)	Incentives Acts	n.c.	n.c.
BC- 119	BC- 239	Purchase: Economic Incentives(Industrial Development) Act 73-2008	Incentives Acts	-	-
BC- 120	BC- 241	Purchase: Other	Incentives Acts	-	-

BC- 121	BC- 242	Credit for taxes withheld on royalty payments	Incentives Acts	0.8	n.c.
BC- 122	BC- 253	Incentives corporations - Deferrals	Incentives Acts	-	-
BC- 123	BC- 273	Gain (or Loss) from Property Used in the Business Other than Capital Asset	Non Corporate Business	-	n.d.a
BC- 124	BC- 274	Gains (or Losses) from Property Used in the Business and Taxable as Long-term Capital Gain	Non Corporate Business	-	n.d.a
BC- 125	BC- 263	Incentives corporations - Deferrals	Incentives Regular Corporations - Deferrals	-	-
BC- 126	BC- 275	Net Gain (or Loss) on Sale or Exchange of Substantially all Assets Dedicated to an Activity under Act 78-1993, Including purchases.	Non Corporate Business	-	n.d.a
BC- 127	BC- 276	Act 135 - 1997, Tax Incentives Law of 1998	Non Corporate Business	-	0.2
BC- 128	BC- 277	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	Non Corporate Business	-	(*)
BC- 129	BC- 278	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Non Corporate Business	-	1.4
BC- 130	BC- 279	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	Non Corporate Business	-	n.d.a
BC- 131	BC- 280	Act 14 - 1996, Special Law for the Development of Castañer	Non Corporate Business	-	n.d.a

BC- 132	BC- 281	Act 120 -2014, "SMBs Job Creation and Retention Incentives Act"	Non Corporate Business	-	n.d.a
BC- 133	BC- 282	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	Non Corporate Business	-	71.9
BC- 134	BC- 283	Act 20 - 2012, Export Services	Non Corporate Business	-	42.7
BC- 135	BC- 284	Act 185 - 2014, Private Equity Fund	Non Corporate Business	-	n.d.a
BC- 136	BC- 285	Life insurance	Non Corporate Business	-	(TEB 285 - TEB 289) 0.8
BC- 137	BC- 286	Donations, bequest and inheritances	Non Corporate Business	-	(TEB 285 - TEB 289) 0.8
BC- 138	BC- 287	Plantation insurance	Non Corporate Business	-	(TEB 285 - TEB 289) 0.8
BC- 139	BC- 288	Other exclusions	Non Corporate Business	-	(TEB 285 - TEB 289) 0.8
BC- 140	BC- 289	Income derived from discharge of debts	Non Corporate Business	-	(TEB 285 - TEB 289) 0.8
BC- 141	BC- 290	Act 78 - 1993, Tourism Development Law of Puerto Rico	Non Corporate Business	-	9.4
BC- 142	BC- 291	Act 74 - 2010, Tourism Development Law of Puerto Rico	Non Corporate Business	-	54.8
BC- 143	BC- 292	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	Non Corporate Business	-	6.2
BC- 144	BC- 293	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	Non Corporate Business	-	0.2

BC- 145	BC- 294	Act 132-2010- "Law of Stimulus to the Real Estate Market" Exemption	Non Corporate Business	-	(*)
BC- 146	BC- 368	Exemption for Promotional Material	SUT	0.8	1.2
BC- 147	BC- 374	Exemption on Lease of Real Property	SUT	91.0	94.9
BC- 148	BC- 379	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used in the Performance of Health Services	SUT	19.6	165.8
BC- 149	BC- 385	Designated professional services	SUT	n.d.a.	n.d.a.
BC- 150	BC- 409	Residual Fuel number 6, when it is acquired by industries and businesses when it is used for their management of production	Excise Tax	0.9	-
BC- 151	BC- 422	Special Exemption to Beer, Malt Extract and others. Progressive Tax in substitution of refer by 5021.01	Excise Tax	10.5	10.7
6. DONATION, GIFTS, CHARITIES AND NON-PROFIT ORGANIZATION					
BC- 152	BC- 4	Charitable contributions	Individual	29.0	33.6
BC- 153	BC- 12	Donations, legacies and inheritances	Individual	9.9	7.5
BC- 154	BC- 33	Expenses of priests or ministers	Individual	0.2	0.3
BC- 155	BC- 111	Charitable contributions	Regular Corporations	4.5	5.4
BC- 156	BC- 134	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument' s Patronage and SER of Puerto Rico	Regular Corporations	(*)	(*)

BC- 157	BC- 295	Act 47-1987 - "Law of Coparticipation of the Public and Private Sector for the New Housing Operation"	Non Corporate Business	-	(*)
BC- 158	BC- 296	Obligations from the United States Government, any of its states, territories or political subdivisions	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 159	BC- 297	Obligations from the Commonwealth of Puerto Rico	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 160	BC- 399	Exemptions for Donations to the Puerto Rico Police and the Police of the Municipal Governments	Excise Tax	n.c	n.c
BC- 161	BC- 401	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	Excise Tax	0.4	0.1

7. ECONOMIC DEVELOPMENT

BC- 162	TEB - 78	Act 185 - 2014, Private Equity Fund	Regular Corporations	1.7	6.0
BC- 163	TEB - 79	Act 22-2012, Transfer of Investors to Puerto Rico	Individual	264.4	310.7
BC- 164	TEB - 81	Credit for construction investment in urban centers (Act 212-2002, as amended)	Individual	1.4	8.1
BC- 165	TEB - 82	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended) including purchases.	Individual	(*)	0.7
BC- 166	TEB - 88	Purchases: Capital Investment Fund (Act 46-2000)	Individual	n.c.	0.1
BC- 167	TEB - 93	Credit for investment in Tourism Development (Act 78-1993) or Farming (Act 225-1995), , including purchases.	Individual	16.1	7.7
BC- 168	TEB - 94	Credit for: (23) Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997	Individual	1.9	1.0
BC- 169	TEB - 95	Credit for investment in film industry development (Act 27-2011), including purchases.	Individual	8.0	41.5

BC- 170	TEB - 106	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Individual	1.7	2.1
BC- 171	TEB - 156	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	Regular Corporations	(*)	(*)
BC- 172	TEB - 157	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	Regular Corporations	2.8	3.4
BC- 173	TEB - 169	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	Regular Corporations	2.0	2.4
BC- 174	TEB - 170	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Regular Corporations	1.8	2.1
BC- 175	TEB - 178	Credit for increase in investments	Regular Corporations	(*)	(*)
BC- 176	TEB - 179	Credit for investment in film industry development (Act 27-2011), including purchases.	Regular Corporations	6.1	7.3
BC- 177	TEB - 187	Purchase:Tourism Development (Act 78-1993)	Regular Corporations	2.5	2.9
BC- 178	TEB - 189	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Regular Corporations	(*)	(*)
BC- 179	TEB - 191	Act 135 - 1997, Tax Incentives Law of 1998	Incentives Acts	(TEB 182 -TEB 183) 15,691.5	(TEB 182 -TEB 183) 13,809.9
BC- 180	TEB - 192	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	Incentives Acts	-	-
BC- 181	TEB - 193	Act 20 - 2012, Export Services	Incentives Acts	111.3	226.1
BC- 182	TEB - 194	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	Incentives Acts	n.c.	n.c.
BC- 183	TEB - 195	Act 78 - 1993, Tourism Development Law of Puerto Rico	Incentives Acts	n.c.	n.c.
BC- 184	TEB - 196	Act 74 - 2010, Tourism Development Law of Puerto Rico	Incentives Acts	0.2	n.d.a

BC- 185	TEB - 197	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	Incentives Acts	n.d.a	n.d.a
BC- 186	TEB - 199	Act 362 - 1999, Law for the Development of the Film Industry	Incentives Acts	n.d.a	n.d.a
BC- 187	TEB - 200	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	Incentives Acts	0.1	0.1
BC- 188	TEB - 202	Act 148 - 1988, Special Law for the Rehabilitation and Development of Santurce	Incentives Acts	n.c.	n.c.
BC- 189	TEB - 203	Act 75 - 1995, Special Law for the Rehabilitation and Development of Río Piedras	Incentives Acts	n.c.	n.c.
BC- 190	TEB - 205	Act 14 - 1996, Special Law for the Development of Castañer	Incentives Acts	n.c.	n.c.
BC- 191	TEB - 209	Act 52 - 1989 - International Bank Center	Incentives Acts	n.d.a	n.d.a
BC- 192	TEB - 210	Act 273-2012, International Financial Center	Incentives Acts	n.d.a	n.d.a
BC- 193	TEB - 211	Credit for products manufactured in Puerto Rico	Incentives Acts	n.c.	0.2
BC- 194	TEB - 216	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	Incentives Acts	n.c.	(*)
BC- 195	TEB - 217	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Incentives Acts	n.c.	n.c.
BC- 196	TEB - 229	Credit for investment in machinery and equipment	Incentives Acts	n.c.	n.c.
BC- 197	TEB - 230	Credit to reduce the cost of electric power	Incentives Acts	8.3	6.5
BC- 198	TEB - 231	Credit for investment in strategic projects, including purchases.	Incentives Acts	n.c.	n.c.
BC- 199	TEB - 232	Credit for industrial investment, including purchases.	Incentives Acts	n.c.	n.c.
BC- 200	TEB - 235	Purchase: Tourism Development (Act 78-1993)	Incentives Acts	n.c.	n.c.
BC- 201	TEB - 236	Purchase: Film Industry Development (Act 27-2011)	Incentives Acts	n.c.	0.3

BC- 202	TEB - 243	Special credits granted	Incentives Acts	n.c.	n.c.
BC- 203	TEB - 251	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Incentives Acts	-	-
BC- 204	TEB - 252	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Incentives Acts	-	-
BC- 205	TEB - 298	Securities under Agricultural Loans Act	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 206	TEB - 299	Certain Mortgages	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 207	TEB - 300	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 208	TEB - 301	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 209	TEB - 302	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 210	TEB - 303	Loans for the establishment or expansion of small and medium businesses up to \$250,000	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 211	TEB - 304	Loans for the capitalization of small and medium businesses up to \$250,000	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 212	TEB - 305	Other interest reported in Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 213	TEB - 306	Other interest not subject to alternate basic tax reported in a Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 214	TEB - 307	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument' s Patronage and SER of Puerto Rico	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 215	TEB - 308	Other Interest subject to alternate basis tax not reported on a Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9

BC- 216	TEB - 309	Other interests not subject to alternate basic tax not reported on a Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 217	TEB - 310	Industrial development income derived from certain interests	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 218	TEB - 311	International Insurer or Holding Company of the International Insurer	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 219	TEB - 312	Other dividends reported in a Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 220	TEB - 313	Other dividends not reported in a Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 221	TEB - 314	Recapture of bad debts, prior taxes, surcharges and other items	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 222	TEB - 315	Income from news agencies or unions	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 223	TEB - 316	Certain income related to the operation of an employees owned special corporation	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 224	TEB - 317	Income received or earned in relation to the celebration of sports games organized by international associations or federations	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 225	TEB - 318	Income derived by the International Insurer or Holding Company of the International Insurer	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 226	TEB - 319	Rents from the Historic Zone	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 227	TEB - 320	Income from vessels owner's associations and mutual protection and indemnity	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 228	TEB - 321	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)	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9

BC- 229	TEB - 322	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	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 230	TEB - 323	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 231	TEB - 384	Exemption from Payment of the Sales and Use Tax for Concession Holders under the Puerto Rico Tourism Development Laws	SUT	3.3	9.5
BC- 232	TEB - 400	Exemptions on Articles for Manufacturing	Excise Tax	0.2	0.4
BC- 233	TEB - 414	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.	Excise Tax	n.d.a.	n.d.a.

8. EDUCATION

BC- 234	TEB - 9	Educational Contribution Account	Individual	0.7	0.6
BC- 235	TEB - 10	Interest paid on student's loans at university level	Individual	9.1	10.7
BC- 236	TEB - 380	Exemption for Textbooks	SUT	3.3	3.3
BC- 237	TEB - 381	Exemption for Uniforms and Materials	SUT	10.1	-
BC- 238	TEB - 386	Educational services, including tuition costs	SUT	277.0	256.1
BC- 239	TEB - 395	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	Excise Tax	1.3	1.0

9. EMPLOYMENT

BC- 240	TEB - 20	Fringe benefits paid by the employer in relation to a cafeteria plan	Individual	0.1	0.1
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BC- 241	TEB - 40	Certain income related to the operation of an employees-owned special corporation	Individual	(*)	(*)
BC- 242	TEB - 42	Unemployment compensation	Individual	0.1	0.1
BC- 243	TEB - 98	Credit for payment of Membership Certificates by Ordinary and Extraordinary Member of Employees-Owned Special Corporations	Individual	(*)	(*)
BC- 244	TEB - 110	Special Agreement for the Creation of Employments and constitutes a New Business under the provisions of Act 1-2013	Regular Corporations	(*)	(*)
BC- 245	TEB - 135	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	Regular Corporations	n.c.	n.c.
BC- 246	TEB - 136	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	Regular Corporations	n.c.	n.c.
BC- 247	TEB - 137	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	Regular Corporations	(*)	n.d.a.
BC- 248	TEB - 148	Income from news agencies or unions	Regular Corporations	(*)	n.d.a.
BC- 249	TEB - 149	Certain income related to the operation of an employees owned special corporation	Regular Corporations	(*)	n.d.a.
BC- 250	TEB - 207	Act 1 -2013, Employment Now Law	Incentives Acts	n.c.	n.c.
BC- 251	TEB - 246	Credit for job creation	Incentives Acts	n.c.	(*)
BC- 252	TEB - 248	Special deductions, Payroll deduction	Incentives Acts	(TEB 242 - TEB 246) 6.8	(TEB 242 - TEB 246) 6.2
BC- 253	TEB - 249	Special deductions, Human resources training and improvement expenses deduction	Incentives Acts	-	-

BC- 254	TEB - 324	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 255	TEB - 325	Rent of residential property under Act 132-2010	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 256	TEB - 326	Income received by designers and translators up to \$6,000 under Act 516-2004	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 257	TEB - 327	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 258	TEB - 328	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 259	TEB - 329	Other payments reported in a Form 480.6 D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 260	TEB - 330	Other payments not subject to alternate basic tax reported on a Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 261	TEB - 84	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Individual	1.4	1.1
10. ENVIRONMENT					
BC- 261	TEB - 84	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Individual	1.4	1.1
BC- 262	TEB - 87	Purchases: Solid Waste Disposal (Act 159-2011)	Individual	n.c.	n.c.
BC- 263	TEB - 172	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Regular Corporations	2.8	3.3
BC- 264	TEB - 175	Purchase: Solid Waste Disposal (Act 159-2011)	Regular Corporations	(*)	(*)

BC- 265	TEB - 183	Credit for investment Act 83-2010	Incentives Acts	n.d.a.	n.d.a.
BC- 266	TEB - 198	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Incentives Acts	2.6	0.1
BC- 267	TEB - 215	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Incentives Acts	n.c.	n.c.
BC- 268	TEB - 220	Purchase: Solid Waste Disposal (Act 159-2011)	Incentives Acts	n.c.	0.2
BC- 269	TEB - 331	Other exemptions subject to alternate basic tax not reported on a Form 480.6D	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 270	TEB - 332	Other exemptions	Non Corporate Business	-	(TEB 296 - TEB 332) 91.9
BC- 271	TEB - 333	Act 78 - 1993, Tourism Development Law of Puerto Rico	Non Corporate Business	-	17.9
BC- 272	TEB - 334	Act 74 - 2010, Tourism Development Law of Puerto Rico	Non Corporate Business	-	1.5
BC- 273	TEB - 377	Exemption for Solar- Electric Equipment	SUT	17.2	14.1
BC- 274	TEB - 394	Refund of Excise Taxes on Vehicles Powered by Alternative or Combined Energy	Excise Tax	7.6	14.4

11. FAMILIES AND HOUSEHOLDS

BC- 275	TEB - 5	Loss of personal property as a result of certain casualties	Individual	4.9	1.7
BC- 276	TEB - 16	Child support payments	Individual	1.5	1.4
BC- 277	TEB - 371	Exemption on Food Items	SUT	906.8	706.3
BC- 278	TEB - 375	Exemption for Care Services Rendered by Child Care Centers	SUT	0.2	0.1

BC- 279	TEB - 376	Exemption for Funeral Services	SUT	4.8	5.1
BC- 280	TEB - 378	Exemption for Care Services Rendered by Elderly Care Centers	SUT	19.1	18.3
12. HEALTH					
BC- 281	TEB - 3	Medical Expenses	Individual	13.1	18.1
BC- 282	TEB - 8	Contribution to health savings accounts with a high annual deductible medical plan	Individual	n.c.	n.c.
BC- 283	TEB - 11	Life insurance	Individual	2.4	6.2
BC- 284	TEB - 13	Compensation for injuries or sickness	Individual	4.3	3.4
BC- 285	TEB - 35	Stipends received by certain physicians during the intership period	Individual	2.3	2.4
BC- 286	TEB - 50	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) and residential rent under Act 132-2010	Individual	13.1	13.2
BC- 287	TEB - 74	Gain taxable at rate under an Incentives Act 14-2017 (K, L, M, or N) and/or wages (Qualified Physicians)	Individual	127.8	179.1
BC- 288	TEB - 201	Act 168 - 1968, Tax Incentives Law for Hospital Facilities	Incentives Acts	0.2	0.1
BC- 289	TEB - 226	Credit for hospital units over payroll expenses	Incentives Acts	15.0	2.1
BC- 290	TEB - 335	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	Non Corporate Business	-	4.6
BC- 291	TEB - 372	Exemption for Prescription Drugs	SUT	483.2	646.4
BC- 292	TEB - 373	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	SUT	4.4	4.8

BC- 293	TEB - 389	Health or medical hospital services	SUT	727.2	735.8
BC- 294	TEB - 397	Exemptions for Handicapped Persons	Excise Tax	0.2	0.2
BC- 295	TEB - 404	Category III ambulances	Excise Tax	0.2	0.4
13. HOUSING					
BC- 296	TEB - 1	Home mortgage interest	Individual	199.3	207.1
BC- 297	TEB - 2	Casualty loss on your principal residence	Individual	17.2	5.1
BC- 298	TEB - 39	Gain from the sale or exchange of principal residence by certain individuals and qualified property	Individual	4.4	6.5
BC- 299	TEB - 90	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Individual	1.4	0.4
BC- 300	TEB - 91	Purchases: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Individual	2.4	4.5
BC- 301	TEB - 158	Rent of residential property under Act 132-2010	Regular Corporations	1.3	1.5
BC- 302	TEB - 161	Exempt income from rent under Act 165-1996	Regular Corporations	-	n.d.a.
BC- 303	TEB - 167	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	Regular Corporations	(*)	(*)
BC- 304	TEB - 168	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	Regular Corporations	(*)	(*)
BC- 305	TEB - 222	Purchase: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Incentives Acts	n.c.	(*)

BC- 306	TEB - 223	Purchase: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Incentives Acts	n.c.	(*)
BC- 307	TEB - 336	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	Non Corporate Business	-	n.d.a.
BC- 308	TEB - 337	Act 132-2010- "Law of Stimulus to the Real Estate Market" Exemption	Non Corporate Business	-	1.4
BC- 309	TEB - 338	Act 47-1987 - "Law of Coparticipation of the Public and Private Sector for the New Housing Operation"	Non Corporate Business	-	n.d.a.
BC- 310	TEB - 339	Credits carried from previous years of Products Manufactured in Puerto Rico and Tuna Processing	Non Corporate Business	-	n.d.a.
BC- 311	TEB - 340	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Non Corporate Business	-	n.d.a.
14. INCOME SUPPORT					
BC- 312	TEB - 19	Additional Personal Exemption for Veterans	Individual	3.6	3.7
BC- 313	TEB - 38	Christmas Bonus, Summer Bonus and Medicine Bonus	Individual	(*)	7.3
BC- 314	TEB - 41	Cost of living allowance (COLA)	Individual	7.4	7.4
BC- 315	TEB - 43	Compensation received from active military service in a combat zone	Individual	0.4	0.3
BC- 316	TEB - 56	Salaries from Overtime during Emergency Situations	Individual	10.2	4.0
BC- 317	TEB - 61	Qualified payments and transactions due to hurricane María	Individual	14.3	54.0
BC- 318	TEB - 77	Eligible distributions due to hurricane María	Individual	0.3	5.2

BC- 319	TEB - 369	Exemption on Taxable Items from a Transfer of Residence	SUT	18.2	18.5
15. INTERGOVERNAMENTAL TAX ARRANGEMENTS					
BC- 320	TEB - 36	Prize from the Lottery of Puerto Rico and the Additonal Lottery	Individual	2.3	3.2
BC- 321	TEB - 402	Exemption over Articles Acquired by Government Agencies	Excise Tax	9.0	7.5
BC- 322	TEB - 403	Exemption on Articles Belonging to Persons in Government Service	Excise Tax	1.9	2.5
BC- 323	TEB - 406	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.	Excise Tax	n.d.a.	n.d.a.
BC- 324	TEB - 407	Excludes natural gas of "Other Fuel"	Excise Tax	26.2	24.3
BC- 325	TEB - 408	Residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority	Excise Tax	28.7	26.3
BC- 326	TEB - 411	Generation of the Electric Power Authority or Other entity	Excise Tax	225.3	255.8
BC- 327	TEB - 412	Natural gas used to generate electricity sold to the Electric Power Authority or any successor entity	Excise Tax	55.1	25.2
BC- 328	TEB - 413	The Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	Excise Tax	0.4	0.4
BC- 329	TEB - 419	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.	Excise Tax	2.5	1.5

BC- 330	TEB - 420	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	Excise Tax	41.0	42.3
16. INTERNATIONAL					
BC- 331	TEB - 47	Income from overtime worked by a Puerto Rico Police member	Individual	6.0	9.1
BC- 332	TEB - 49	Remuneration received by employees of foreign governments or international organizations	Individual	1.0	0.6
BC- 333	TEB - 123	Net income subject to the 4% tax rate from the operations of an international financial entity that operates as a banking unit	Regular Corporations	n.d.a.	0.3
BC- 334	TEB - 144	International Insurer or Holding Company of the International Insurer	Regular Corporations	(*)	(*)
BC- 335	TEB - 151	Income derived by the International Insurer or Holding Company of the International Insurer	Regular Corporations	0.1	0.2
BC- 336	TEB - 244	Credit for losses of United States parent company	Incentives Acts	1.7	2.6
BC- 337	TEB - 341	Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987	Non Corporate Business	-	0.3
BC- 338	TEB - 342	Credit for increase in investments	Non Corporate Business	-	n.d.a.
BC- 339	TEB - 343	Credit for investment in film industry development (Act 27-2011), including purchases.	Non Corporate Business	-	1.9
BC- 340	TEB - 396	Consular Officers and Employees Exemptions	Excise Tax	n.c	n.c
BC- 341	TEB - 405	Tourists and Residents of Puerto Rico Traveling Abroad	Excise Tax	n.d.a.	n.d.a.

BC- 342	TEB - 410	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)	Excise Tax	0.5	0.5
17. OTHERS					
BC- 343	TEB - 18	Other exclusions	Individual	2.4	3.3
BC- 344	TEB - 62	Other payments subject to alternate basic tax reported in a Form 480.6D	Individual	0.3	0.1
BC- 345	TEB - 63	Other payments not subject to alternate basic tax reported in a Form 480.6D	Individual	5.8	24.1
BC- 346	TEB - 64	Other exemptions subject to alternate basic tax not reported in a Form 480.6D	Individual	0.2	0.1
BC- 347	TEB - 65	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	Individual	406.9	308.9
BC- 348	TEB - 76	Any other income subject to a preferential rates	Individual	38.5	6.3
BC- 349	TEB - 127	Other exclusions	Regular Corporations	0.7	0.9
BC- 350	TEB - 247	Other applicable credits	Incentives Acts	(*)	2.4
BC- 351	TEB - 344	Credit for the purchase or transmission of television programming made in P.R. (Section 1051.14)	Non Corporate Business	-	n.d.a.
BC- 352	TEB - 415	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.	Excise Tax	n.d.a.	n.d.a.

BC- 353	TEB - 416	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.	Excise Tax	n.d.a.	n.d.a.
BC- 354	TEB - 417	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	Excise Tax	37.3	32.5
BC- 355	TEB - 418	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	Excise Tax	n.d.a.	n.d.a.
18. RETIREMENT					
BC- 356	TEB - 6	Contributions to governmental pension or retirement systems	Individual	51.9	49.9
BC- 357	TEB - 7	Contributions to individual retirement accounts	Individual	19.4	20.1
BC- 358	TEB - 37	Income from pensions and annuities, up to the applicable limitation	Individual	86.3	88.6
BC- 359	TEB - 54	Distributions from Non-Deductible Individual Retirement Accounts	Individual	2.3	4.8
BC- 360	TEB - 69	Interest from distributions of IRA to Governmental Pensioners	Individual	(*)	(*)
BC- 361	TEB - 73	Total distributions from qualified retirement plans	Individual	2.5	4.2
19. SAVINGS AND INVESTMENT					
BC- 362	TEB - 15	Income derived from discharge of debts	Individual	4.6	6.8
BC- 363	TEB - 21	Interest upon--Obligations from the United States Government, any of its states, territories or political subdivisions	Individual	4.9	4.7

BC- 364	TEB - 22	Interest upon--Obligations from the Government of Puerto Rico	Individual	22.9	8.0
BC- 365	TEB - 23	Interest upon--Certain Mortgages	Individual	3.0	2.3
BC- 366	TEB - 24	Interest upon--Deposits in Puerto Rico interest bearing accounts up to \$2,000 (\$4,000 for married filing jointly)	Individual	4.0	4.3
BC- 367	TEB - 25	Interest upon--Other interest subject to alternate basic tax reported in a Form 480.6D	Individual	n.c.	n.c.
BC- 368	TEB - 26	Interest upon--Other interest not subject to alternate basic tax reported in a Form 480.6D	Individual	1.0	1.6
BC- 369	TEB - 27	Interest upon--Other interest subject to alternate basic tax not reported in a Form 480.6D	Individual	0.2	0.1
BC- 370	TEB - 28	Interest upon--Other interest not subject to alternate basic tax not reported in a Form 480.6D	Individual	0.5	2.0
BC- 371	TEB - 51	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	Individual	(*)	(*)
BC- 372	TEB - 52	Accumulated Gain in Nonqualified Options	Individual	2.6	(*)
BC- 373	TEB - 53	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	Individual	33.4	39.4
BC- 374	TEB - 66	Net long-term capital gain (or loss) under Act	Individual	32.8	31.4
BC- 375	TEB - 67	Interest from IRA on deposits in accounts from certain financial institutions	Individual	(*)	(*)
BC- 376	TEB - 68	Interest on deposits in accounts from certain financial institutions	Individual	1.4	1.9
BC- 377	TEB - 70	Non-exempt eligible interest paid or credited on bonds, notes, other obligations or mortgage loans	Individual	1.1	0.9

BC- 378	TEB - 71	Eligible distribution of dividends	Individual	8.8	15.3
BC- 379	TEB - 120	Net long-term capital gain	Regular Corporations	26.1	31.3
BC- 380	TEB - 121	Interest subject to preferential rates	Regular Corporations	0.2	0.2
BC- 381	TEB - 128	Obligations from the United States Government, any of its states, territories or political subdivisions	Regular Corporations	27.4	32.7
BC- 382	TEB - 129	Obligations from the Commonwealth of Puerto Rico	Regular Corporations	n.d.a.	n.d.a.
BC- 383	TEB - 131	Certain Mortgages	Regular Corporations	1.0	1.2
BC- 384	TEB - 132	Obligations secured or guaranteed under the Servicemen's Readjustment Act of 1944	Regular Corporations	0.1	0.1
BC- 385	TEB - 133	Securities issued by cooperative associations up to \$5,000	Regular Corporations	(*)	(*)
BC- 386	TEB - 140	Other interest reported in Form 480.6D	Regular Corporations	(*)	(*)
BC- 387	TEB - 141	Other interest not reported in Form 480.6D	Regular Corporations	0.7	0.9
BC- 388	TEB - 142	Industrial development income derived from certain interests	Regular Corporations	(*)	(*)
BC- 389	TEB - 145	Other dividends reported in a Form 480.6D	Regular Corporations	(*)	n.d.a.
BC- 390	TEB - 146	Other dividends not reported in a Form 480.6D	Regular Corporations	(*)	n.d.a.
BC- 391	TEB - 345	Credit for contributions to former governors' foundations	Non Corporate Business	-	n.d.a.
BC- 392	TEB - 346	Credit for contributions to Santa Catalina's Palace Patronage and/or Patronage of the State	Non Corporate Business	-	n.d.a.

		Capitol of the Legislative Assembly			
BC- 393	TEB - 347	Industrial investment Credit (Act 73-2008), including purchases	Non Corporate Business	-	n.d.a.
BC- 394	TEB - 348	Research and Development Credit Green Energy, including purchases	Non Corporate Business	-	0.2
BC- 395	TEB - 349	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	Non Corporate Business	-	n.d.a.
BC- 396	TEB - 350	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	Non Corporate Business	-	n.d.a.
BC- 397	TEB - 351	Solid Waste Disposal	Non Corporate Business	-	n.d.a.
BC- 398	TEB - 352	Santurce Theatrical District	Non Corporate Business	-	n.d.a.
BC- 399	TEB - 353	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (135-1997), including purchases.	Non Corporate Business	-	n.d.a.
BC- 400	TEB - 354	Tourism Investment Credit	Non Corporate Business	-	(*)
BC- 401	TEB - 355	Research and Development Tax Credit (Act 73-2008)	Non Corporate Business	-	0.9
BC- 402	TEB - 356	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Non Corporate Business	-	n.d.a.
BC- 403	TEB - 357	Purchase: Other Credits	Non Corporate Business	-	n.d.a.
BC- 404	TEB - 358	Special credits granted	Non Corporate Business	-	n.d.a.
BC- 405	TEB - 359	Credit for losses of United States parent company	Non Corporate Business	-	n.d.a.

BC- 406	TEB - 360	Credit for taxes withheld on royalty payments	Non Corporate Business	-	n.d.a.
BC- 407	TEB - 361	Credit for purchases of products manufactured in Puerto Rico	Non Corporate Business	-	n.d.a.
BC- 408	TEB - 362	Credit to reduce the cost of electric power	Non Corporate Business	-	n.d.a.
BC- 409	TEB - 363	Credit for job creation	Non Corporate Business	-	n.d.a.
BC- 410	TEB - 364	Research and Development Tax Credit (Act 73-2008)	Non Corporate Business	-	n.d.a.
BC- 411	TEB - 365	Credit for investment in Machinery and Equipment for the generation and efficient use of energy	Non Corporate Business	-	n.d.a.
BC- 412	TEB - 366	Credit for intellectual property transfer	Non Corporate Business	-	n.d.a.
BC- 413	TEB - 367	Credit for investment in strategic projects	Non Corporate Business	-	n.d.a.
BC- 414	TEB - 387	Interest and other charges for the use of money and charges for services provided by financial institutions.	SUT	185.2	184.5
20. SOCIAL					
BC- 415	TEB - 14	Benefits from federal social security for old-age and survivors	Individual	124.5	141.3
BC- 416	TEB - 154	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)	Regular Corporations	0.6	0.7
BC- 417	TEB - 368	Industrial investment Credit (Act 73-2008), including purchases	Non Corporate Business	-	n.d.a.
BC- 418	TEB - 382	Exemption for Sales Made by Churches.	SUT	0.7	0.7

BC- 419	TEB - 388	Insurance services and commissions	SUT	94.5	97.3
BC- 420	TEB - 391	Vehicles	SUT	65.1	95.5
BC- 421	TEB - 392	Gasoline	SUT	195.8	221.6
BC- 422	TEB - 393	Electricity	SUT	125.7	107.2
BC- 423	TEB - 394	Water	SUT	64.6	61.5
BC- 424	TEB - 398	Church Exemptions Vehicles which hold twelve (12) or more passengers	Excise Tax	n.c	n.c

Table 5 Legal Citation for the Law Creating Each Tax Expenditure and Data Source For The Tax Expenditure Estimate By Tax Regime

Table 5 repeats the ordering of Table 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 4 and 5 can be used to cross-reference the foregone revenue with the law citation and description. The descriptions of tax measures contained in this document 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.

Table 5

INDIVIDUAL INCOME TAX

Tax Regime

Individual Tax Expenditure

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
N					
INDIVIDUAL					
<i>Deduction</i>					
TEB - 1	<i>Individual Tax</i>	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	PR Internal Revenue Code, as amended (hereinafter referred to as "PR Internal Revenue Code") Section 1033.15 (1) (A)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual

			interest is paid or accrued, constitutes a qualified residence of the taxpayer.		
TEB - 2	<i>Individual Tax</i>	Casualty loss on your principal residence	Loss of home due to fire, hurricane and other casualties.- For tax years beginning before January 1, 2017: (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 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.	PR Internal Revenue Code Section 1033.15 (10) (A)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 2
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 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	PR Internal Revenue Code Section 1033.15 (a)(4)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 3

			(D) expenses incurred in the purchase of any technological assistance equipment for disabled persons, specialized treatment or chronic illness.		
TEB - 4	<i>Individual Tax</i>	Charitable contributions	(A) General Rule. - In the case of a 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).	PR Internal Revenue Code Section 1033.15 (3) (A)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 4
TEB - 5	<i>Individual Tax</i>	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.	PR Internal Revenue Code Section 1033.15 (10) (B)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 5
TEB - 6	<i>Individual Tax</i>	Contributions to governmental pension or retirement systems	Any cash contribution made by an individual to a pension or retirement system of a general nature established by the U.S. Congress, the Legislative Assembly of Puerto Rico, the Government of the Capital, municipalities and agencies, instrumentalities and public corporations of the Government of Puerto Rico, if and to the extent said contribution is included in the taxpayer's gross income for the tax year.	PR Internal Revenue Code Section 1033.15 (6)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 6

TEB - 7	<i>Individual Tax</i>	Contributions to individual retirement accounts	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), 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 (7) (A-C)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 7
TEB - 8	<i>Individual Tax</i>	Contribution to health savings accounts with a high annual deductible medical plan	For tax years beginning before January 1, 2017, amounts contributed during the tax year to Health Savings Accounts, subject to the provisions of Section 1081.04.	PR Internal Revenue Code Section 1033.15 (9)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 8

TEB - 9	<i>Individual Tax</i>	Educational Contribution Account	Allowable deduction. - For tax years beginning before January 1, 2017, in the case of an individual there shall be allowed as a deduction his cash contributions to an educational contributions account for the exclusive benefit of his children or relatives to the third degree of consanguinity or second degree of affinity under Section 1081.05 of this Subtitle. (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 event that more than one relative contributes to the account created for a beneficiary, the amount of the deduction shall be according to 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 maximum allowed of five hundred (500) dollars for that tax year. There is no limit as to the number of educational contributions accounts to which each individual may contribute, provided the beneficiary of said accounts is described in subparagraph (A) of this paragraph.	PR Internal Revenue Code Section 1033.15 (8) (A-B)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 9
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TEB - 10	<i>Individual Tax</i>	Interest paid on student's 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 shall not be taken by an individual by more than ten (10) year tax.	PR Internal Revenue Code Section 1033.15 (5)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 10
<i>Exclusions</i>					
TEB - 11	<i>Individual Tax</i>	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; 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	PR Internal Revenue Code Section 1031.01 (b) (1)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 1

			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.		
TEB - 12	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part I Line 2
TEB - 13	<i>Individual Tax</i>	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) 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	PR Internal Revenue Code Section 1031.01 (b) (3)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 3

			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.		
TEB - 14	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part I Line 4
TEB - 15	<i>Individual Tax</i>	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) 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. (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	PR Internal Revenue Code Section 1031.01 (b) (10)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 5

			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), 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.		
TEB - 16	<i>Individual Tax</i>	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 (3)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 6
TEB - 17	<i>Individual Tax</i>	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 (33)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 7

TEB - 18	<i>Individual Tax</i>	Other exclusions	<p>(4) Death benefits received by heirs or beneficiaries of members of certain retirement systems.- The amounts received by the heirs or beneficiaries of members of the retirement system for employees of the Government of Puerto Rico and its instrumentalities, the Puerto Rico teacher annuity and pension system, the University of Puerto Rico retirement system, the Puerto Rico Electrical Power Authority employee retirement system, or any other system created in the future, and any federal or state retirement system or any retirement system of the instrumentalities or political subdivisions thereof, as a benefit in case of death of the participant or member of any such system.</p> <p>(5) Scholarships.- Amounts received from the Government of Puerto Rico or its agencies, instrumentalities or political subdivisions, as scholarships when the person receiving them is not a public officer or employee or when said amounts do not represent compensation or part of the compensation of an office or employment or are not related to said office or employment.</p> <p>(6) Literary, journalistic, scientific and artistic prizes, and prizes for industrial, agricultural, or professional development.-Income received as literary, journalistic, scientific, and artistic prizes, and prizes for the promotion of industrial, agricultural, or professional progress, obtained in competitions or contests to promote and encourage literature, the arts, journalism, agriculture, industry, the professions, and the sciences.</p> <p>(8) Crop insurance.- The amounts received under any crop insurance, excluding fire insurance, as a result of losses suffered by the insured.</p> <p>(9) Basic subsidies to foster homes.-The amount received by foster homes by way of basic monthly subsidies under the Services for Families with Children Program of the Families and Children Administration.</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</p>	PR Internal Revenue Code Section 1031.01 (b)(4), (5), (6), (8), (9), (11), (12), (13), (14)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 8
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			<p>could receive under Act No. 80 of May 30, 1976, as amended.</p> <p>(12) Sales and Use Tax Inspection Plan prizes. Amounts or articles of any kind received as prizes in drawings held as part of the sales and use tax inspection program.</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. The interests described in this subsection shall also be excluded from any other contribution , tax, fee or dues required by any law of the Legislative Assembly. For purposes of this section the term ""new construction"" means newly built residential property.</p> <p>"</p>		
<i>Exemption</i>					
TEB - 19	<i>Individual Tax</i>	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. 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 2016 (Form 482.0) Part II Line 9

TEB - 20	<i>Individual Tax</i>	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.	PR Internal Revenue Code Section 1031.02 2 (B)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 1
TEB - 21	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 2 A
TEB - 22	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 2 B

TEB - 23	<i>Individual Tax</i>	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</p>	PR Internal Revenue Code Section 1031.02 (a)(3)(D),(E), (F), (G), and (H)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 C
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			Department of Housing and the public housing programs sponsored by the Federal Government; (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.		
TEB - 24	<i>Individual Tax</i>	Interest upon--Deposits in Puerto Rico interest bearing accounts up to \$2,000 (\$4,000 for married filing jointly)	(K) deposits in interest-bearing accounts, cooperatives, savings associations authorized by the Federal Government or by the Government of the Commonwealth 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, then the exemption for each shall not exceed two thousand (2,000) dollars. This provision is applicable to the portion of the interest paid or credited on deposits in interest-bearing accounts belonging to one (1) or more individuals, estates or trusts and that are registered to the name of a brokerage house as nominee. Also, it shall be applied to that part of any amount paid or distributed from an individual retirement account consisting of the type of interest described in Section 1023.04.	PR Internal Revenue Code Section 1031.02 (a)(3)(K)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 D

<p>TEB - 25</p>	<p><i>Individual Tax</i></p>	<p>Interest upon--Other interest subject to alternate basic tax reported in a Form 480.6D</p>	<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</p>	<p>PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)</p>	<p>Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 E</p>
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			<p>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 (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).</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>		
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<p>TEB - 26</p>	<p><i>Individual Tax</i></p>	<p>Interest upon--Other interest not subject to alternate basic tax reported in a Form 480.6D</p>	<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</p>	<p>PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)</p>	<p>Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 F</p>
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			<p>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 (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).</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>		
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TEB - 27	<i>Individual Tax</i>	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>(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</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 G
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			<p>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 (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).</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>		
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TEB - 28	<i>Individual Tax</i>	Interest upon--Other interest not 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>(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</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 H
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			<p>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 (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).</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>		
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TEB - 29	<i>Individual Tax</i>	Dividends of--Subject to alternate basic tax reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(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.</p> <p>(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.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(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.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (A)
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TEB - 30	<i>Individual Tax</i>	Dividends of--Not subject to alternate basic tax reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(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.</p> <p>(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.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(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.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (B)
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TEB - 31	<i>Individual Tax</i>	Dividends of--Subject to alternate basic tax not reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(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.</p> <p>(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.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(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.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (C)
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TEB - 32	<i>Individual Tax</i>	Dividends of--Not subject to alternate basic tax not reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(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.</p> <p>(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.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(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.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (D)
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TEB - 33	<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 2016 (Form 482.0) Schedule IE Individual Part II Line 4
TEB - 34	<i>Individual Tax</i>	Recapture of bad debts, pror 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	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 5
TEB - 35	<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 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 2016 (Form 482.0) Schedule IE Individual Part II Line 6
TEB - 36	<i>Individual Tax</i>	Prize from the Lottery of Puerto Rico and the Additonal Lottery	(12) Prizes from the Puerto Rico Lottery - The amounts received as prizes won in the Puerto Rico Lottery, and prizes from the Additional Lottery.	PR Internal Revenue Code Section 1031.02 (a) 12	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 7

TEB - 37	<i>Individual Tax</i>	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.	PR Internal Revenue Code Section 1031.02 (a) 13	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 8
TEB - 38	<i>Individual Tax</i>	Christmas Bonus, Summer Bonus and Medicine Bonus	(14) The amount 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 2016 (Form 482.0) Schedule IE Individual Part II Line 9
TEB - 39	<i>Individual Tax</i>	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) 15	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 10

TEB - 40	<i>Individual Tax</i>	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.	PR Internal Revenue Code Section 1031.02 (a) 17	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 11

TEB - 41	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 12
TEB - 42	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 13
TEB - 43	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 14

TEB - 44	<i>Individual Tax</i>	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) and (27)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 15
TEB - 45	<i>Individual Tax</i>	Rents from the Historic Zone	(28) Historical Zone rents.- Subject to the requirements of Act No. 7 of March 4, 1955, as amended, and any other superseding or complementary law, up to the limit provided in said laws, rents received for the rental of buildings in the Historical Zone of the City of San Juan Bautista, Puerto Rico, or in any historical zone established in Puerto Rico by the Puerto Rican Cultural Institute or the Planning Board, which have been substantially improved, restored, restructured or rebuilt, or new buildings according to the standards set by the Puerto Rican Cultural Institute in line with the characteristics of the historical zone where they are located, and having obtained the corresponding permits from the relevant agencies and a certificate from the Puerto Rican Cultural Institute certifying its acceptance of the work upon completion.	PR Internal Revenue Code Section 1031.02 (a) 28	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 16

TEB - 46	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 17
TEB - 47	<i>Individual Tax</i>	Income from overtime worked by a Puerto Rico Police member	(34) Income from overtime earned by members of the Puerto Rico Police, as such official is defined in Article 2 of Act 53-1996, as amended, known as the "Puerto Rico Police Act of 1996." This exclusion does not apply to civil employees of the Puerto Rico Police.	PR Internal Revenue Code Section 1031.02 (a) 34	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 18

TEB - 48	<i>Individual Tax</i>	Income from sources outside of Puerto Rico	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 2016 (Form 482.0) Schedule IE Individual Part II Line 19
TEB - 49	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 20

TEB - 50	<i>Individual Tax</i>	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) and residential rent under Act 132-2010	(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 2016 (Form 482.0) Schedule IE Individual Part II Line 21
TEB - 51	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 22

TEB - 52	<i>Individual Tax</i>	Accumulated Gain in Nonqualified Options	<p>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.</p> <p>Section 1023.21 (c) Included assets. The election provided in this section may be made with respect to the following assets: (i) Shares in corporations, limited liability companies or partnerships, whether domestic or foreign, including the option to acquire shares or stock.</p>	PR Internal Revenue Code Section 1040.08(e)(1)(A) and Section 1023.21(c)(i)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 23
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TEB - 53	<i>Individual Tax</i>	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	<p>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.</p> <p>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.</p>	PR Internal Revenue Code Sections 1023.06(j) and Section 1023.25(b)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 24
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TEB - 54	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 25
TEB - 55	<i>Individual Tax</i>	Special Compensation Paid due to a Liquidation or Close of Businesses under Article 10 of Act No. 80 of May 30, 1976	(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.	PR Internal Revenue Code Section 1031.01(b)(11)	Individual Income Tax Return 2018 (Form 482.0) Schedule IE Individual Part I Line 8
TEB - 56	<i>Individual Tax</i>	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	Act 324-2004	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 27

			to work during the emergency to the Secretary of the Treasury.		
TEB - 57	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 28
TEB - 58	<i>Individual Tax</i>	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 2016 (Form 482.0) Schedule IE Individual Part II Line 29
TEB - 59	<i>Individual Tax</i>	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 1T, 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 1U, as applicable.	Instructions Booklet - Individual Income Tax Return 2017 Schedule IE Individual Part II Line 30	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 30

TEB - 60	<i>Individual Tax</i>	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. The excess 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.	PR Internal Revenue Code Section 1031.02 (a)(36)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 31
TEB - 61	<i>Individual Tax</i>	Qualified payments and transactions due to hurricane María	Pursuant to Administrative Determination No. 17-21, any "Qualified Disaster Relief Payment" received by an individual with the purpose of providing assistance and support in the process of repairing, mitigating, or compensating any damages or loss suffered by such individual as a result of the impact of Hurricane María on Puerto Rico, shall be excluded from the definition of "gross income" for Puerto Rico income tax purposes.	Administrative Determination No. 17-21 of October 4, 2017 (AD 17- 21).	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 32
TEB - 62	<i>Individual Tax</i>	Other payments subject to alternate basic tax reported in a Form 480.6D	The amount included in Box 19 (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 2017 Schedule IE Individual Part II Line 33	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 33

TEB - 63	<i>Individual Tax</i>	Other payments not subject to alternate basic tax reported in a Form 480.6D	The amount included in Box 20 (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 2017 Schedule IE Individual Part II Line 34	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 34
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<p>TEB - 64</p>	<p><i>Individual Tax</i></p>	<p>Other exemptions subject to alternate basic tax not reported in a Form 480.6D</p>	<p>(1) Annuities.- (A) Employee annuities (B) Educational policies (C) International Insurer Annuities (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: (A) Life insurance premiums.- (C) Payments for dependent care (D) Contributions to health or accident plans (6) Incentives received by farmers.- (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. (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: (i) name, account number and address of each farmer to whom the incentives have been granted, and (ii) item and amount of the incentives. (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. (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. (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>PR Internal Revenue Code Section 1031.02 (a)</p>	<p>Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 35</p>
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			<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>(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>(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>		
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			<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 subdivisions</p> <p>(D) receipts of vessel owner and mutual protection and indemnity associations</p>		
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<p>TEB - 65</p>	<p><i>Individual Tax</i></p>	<p>Other exemptions not subject to alternate basic tax not reported in a Form 480.6D</p>	<p>(1) Annuities.- (A) Employee annuities (B) Educational policies (C) International Insurer Annuities (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: (A) Life insurance premiums.- (C) Payments for dependent care (D) Contributions to health or accident plans (6) Incentives received by farmers.- (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. (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: (i) name, account number and address of each farmer to whom the incentives have been granted, and (ii) item and amount of the incentives. (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. (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. (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>PR Internal Revenue Code Section 1031.02 (a)</p>	<p>Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 36</p>
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			<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>(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>(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>		
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			<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 subdivisions</p> <p>(D) receipts of vessel owner and mutual protection and indemnity associations</p>		
<i>Preferential Tax Rate</i>					
TEB - 66	<i>Individual Tax</i>	Net long-term capital gain (or loss) under Act	<p>(a) Tax Rate. Any individual, estate or trust shall pay, in lieu of any other taxes levied by this Subtitle, a tax of:</p> <p>(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;</p> <p>(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 but before January 1, 2017; or</p>	PR Internal Revenue Code Section 1023.02	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (a)

			(3) twenty (20) percent of the excess of any net long-term capital gain over any net short-term capital loss arising from any sale or exchange made after December 31, 2016; Or, the taxpayer may elect to pay a tax at the normal tax rates, whichever is most beneficial for the taxpayer.		
TEB - 67	<i>Individual Tax</i>	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.	PR Internal Revenue Code Section 1023.04	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (b)
TEB - 68	<i>Individual Tax</i>	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	PR Internal Revenue Code Section 1023.04	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (c)

			Rico, provided that said taxpayer complies with certain requirements.		
TEB - 69	<i>Individual Tax</i>	Interest from distributions of IRA to Governmental Pensioners	<p>(d) Distribution of Individual Retirement Account Assets.-</p> <p>(1) Taxation of payments or distributions from an individual retirement fund.-</p> <p>(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</p>	PR Internal Revenue Code Section 1081.02(d)(1)(D)	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (d)

			the tax of ten (10) percent on the amount distributed.		
TEB - 70	<i>Individual Tax</i>	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.	PR Internal Revenue Code Section 1023.05	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (e)

TEB - 71	<i>Individual Tax</i>	Eligible distribution of dividends	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.	PR Internal Revenue Code Section 1023.06	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (f)
TEB - 72	<i>Individual Tax</i>	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).	PR Internal Revenue Code Section 1023.07	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (g)

TEB - 73	<i>Individual Tax</i>	Total distributions from qualified retirement plans	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.	PR Internal Revenue Code Section 1081.01 (a)	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (h)
TEB - 74	<i>Individual Tax</i>	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 and/or wages received by a qualified physician who has a decree under Act 14-2017. Include this amount in Columns B through H, as it corresponds, according to the applicable preferential rate.	Instructions Booklet - Individual Income Tax Return 2017 Schedule A2 Individual Line 4 (i)	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (i)
TEB - 75	<i>Individual Tax</i>	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 1071.21.02	Individual Income Tax Return 2018 (Form 482.0)

					Schedule A2 Individual Line 4 (i)
TEB - 76	<i>Individual Tax</i>	Any other income subject to a preferential rates	<p>Any other income subject to a preferential rate:</p> <p>Section 1023.01 -Special Surtax on Separate Accounts</p> <p>Section 1023.02 - Special Tax on Individuals, Estates and Trusts on Net Long-Term Capital Gain</p> <p>Section 1023.08 - Special Tax on Variable Annuities in Separate Accounts</p> <p>Section 1023.09 - Special Tax on Total Distributions of Certain Employee Trusts</p> <p>Section 1023.20 - Election to Prepay the Tax on Accrued Undistributed Amounts in a Variable Annuity Contract</p> <p>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</p> <p>Section 1023.22 - Special Tax on Corporations on the Sale or Excess Prepayment over the Increase in Accrued Value of Capital Assets</p> <p>Section 1023.23 - Prepayment of Individual Retirement Accounts</p> <p>Section 1023.24 - Prepayment [to] Educational Contribution Accounts</p> <p>Section 1023.25 - Special Tax on Distributions of Dividends and Prepayment of the Special Tax on Constructive Distributions</p>	<p>Instructions Booklet - Individual Income Tax Return 2017 Schedule A2 Individual Line 4 (j)</p>	<p>Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (j)</p>

TEB - 77	<i>Individual Tax</i>	Eligible distributions due to hurricane María	Tax Relief measures include the following: (i) The first \$10,000 of the Eligible Distributions are exempt from income taxes, income taxes withholding at source and the alternative basic tax ("ABT") under the PR Code; (ii) Eligible Distributions in excess of \$10,000 up to a maximum of \$100,000 are subject to a fixed preferential tax rate of 10% instead of any other tax imposed under the PR Code, including the ABT ("10% Withholding"). Such 10% Withholding shall be withheld at source upon distribution. In the event the 10% Withholding is not made, the Eligible Individual should be subject to regular income tax rates and applicable early withdrawal penalties under the PR Code with respect to distributions exceeding \$10,000; and (iii) The Eligible Individual can request various Eligible Distributions from one or more Plans or IRAs during the Eligible Period, but up to a combined maximum of \$100,000.	Administrative Determination No. 18-13	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (k)
TEB - 78	<i>Business Tax</i>	Act 185 - 2014, Private Equity Fund	Private Equity Funds not only represent a proven alternative to investment, but also constitute a financing and economic propulsion tool that facilitates the pooling of private capital in order to finance the expansion of companies, restructure businesses at risk and to promote pioneering businesses in full development. In addition, by promoting this investment vehicle used by investors around the world, it promotes the creation of jobs for professionals in the field of securities and financial business in Puerto Rico, as well as the development of the securities industry on our Island. Private equity funds generally pay a 4% tax rate on gains.	Act 185 - 2014	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

TEB - 79	<i>Business Tax</i>	Act 22-2012, Transfer of Investors to Puerto Rico	Act No. 22 of 2012, Seeks to attract new residents to Puerto Rico by providing a total exemption from Puerto Rico income taxes on all passive income realized or accrued after such individuals become bona fide residents of Puerto Rico. This relocation should result in new local investments in real estate, services and other consumption products, and in capital injections to the Puerto Rico banking sector, all of which will accelerate the economy of the island.	Act 22 -2012	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
<i>Credits</i>					
Subject to Moratorium					
TEB - 80	<i>Individual Tax</i>	Credit attributable to losses or for investment in the Capital Investment Fund, Act - 46 -2000, including purchases.	(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;	PR Internal Revenue Code Section 1051.08 (b) (2)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 1 & Schedule B Part IV Line 2

TEB - 81	<i>Individual Tax</i>	Credit for construction investment in urban centers (Act 212-2002, as amended)	(b) Credits subject to moratorium: (5) 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; except that in the case of those credits allowed under subparagraph (A) of paragraph (6) of subsection (a) of Article 30 of Act No. 7 of March 9, 2009, as amended, the moratorium shall apply as follows: (A) Credits allowed during fiscal year 2009-10; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2009 and before January 1, 2011, and up to 50% may be claimed in tax years ginning after December 31, 2010 and before January 1, 2012; and any remainder in subsequent tax years. (B) Credits allowed during fiscal year 2010-11; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2010 and before January 1, 2012, and up to 50% may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and any remainder in subsequent tax years. (C) Credits allowed during fiscal year 2011-12; only up to fifty (50) percent of said credit may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and up to fifty (50) percent may be claimed in tax years beginning after December 31, 2012 and before January 1, 2014; and any remainder in subsequent tax years.	PR Internal Revenue Code Section 1051.08 (b) (5)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 2
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TEB - 82	<i>Individual Tax</i>	Credit for merchants affected by urban centers revitalization (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 2016 (Form 482.0) Schedule B Part II Line 3 & Schedule B Part IV Line 7
TEB - 83	<i>Individual Tax</i>	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products.	Any eligible business that purchases eligible products manufactured in Puerto Rico, including components and accessories, shall be entitled to claim a credit against the taxes provided in this Subtitle A, as provided in subsection (c) of this Section.	PR Internal Revenue Code Section 1051.09 (a)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 4
TEB - 84	<i>Individual Tax</i>	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	(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;	PR Internal Revenue Code Section 1051.08 (b) (4)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 5 & Schedule B Part IV Line 6

TEB - 85	<i>Individual Tax</i>	Other credits subject to moratorium not included on the preceding lines	<p>(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;</p> <p>(3) Subparagraph (a) of Article 11 of Act No. 178 of August 18, 2000, as amended, known as the Act to Create a Theater District from Calle Bolívar to Calle Ernesto Cerra in Santurce;</p> <p>(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>(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.</p>	PR Internal Revenue Code Section 1051.08 (b)	In 2018 the credit is available on a single line. There is no distinction between credit subject to not subject to moratorium.
TEB - 86	<i>Individual Tax</i>	Credits carried from previous years	The total amount of carry forward credits determined on line 29, Part II of Schedule B Individual of the income tax return filed for the previous year that are 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 2017 Schedule B Part II Line 8	In 2018 the credit is available on a single line. There is no distinction between credit subject to not subject to moratorium.

TEB - 87	<i>Individual Tax</i>	Purchases: Solid Waste Disposal (Act 159-2011)	Subject to the provisions of sections (b), (c) and (e) of this Article, all investors shall be entitled to a credit for investment in exempt facilities equal to fifty percent (50%) of their eligible investment. , to be taken in no less than two (2) terms: up to half of said credit in the year in which the exempt facility obtained the necessary financing for its total construction, and the balance of said credit in the year (s)) following (s), as established by the Secretary in the administrative determination approving the granting of said credit. If an escrow account is established and it is dissolved because the necessary financing for the total construction of the exempt facility has not been obtained, the participants will not be entitled to the credit.	Art. 4 Act 159 - 2011 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 1	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 1
TEB - 88	<i>Individual Tax</i>	Purchases: Capital Investment Fund (Act 46-2000)	(a) Tax Credit. - 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, which may only be used as provided in section (b)) and (d) of this Article.	Art. 14 Act 46 - 2000 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 2	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 2
TEB - 89	<i>Individual Tax</i>	Purchases: : Theatrical District of Santurce (Act 178-2000)	(a) Subject to the provisions of subsection (e) of this section, any investor, including a participant in a fund, shall be entitled to a credit for investment in theatrical business up to a limit of five (5) million dollars (\$ 5,000,000) per fiscal year, and two (2) million dollars (\$ 2,000,000) per fiscal year in rehabilitations of existing structures of your eligible investment or your investment in securities of a Securities Fund, or Funds to be claimed in two (2) terms : up to half of said credit in the year in which the theatrical business obtained the necessary financing for its operation, to require financing, and the balance	Art. 11 Act 178 - 2000 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 3	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 3

			of said credit, in the next two (2) following years.		
TEB - 90	<i>Individual Tax</i>	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	(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 equivalent to one hundred percent (100%) of the investment made, to carry out the design, development and the construction of the Regional or Municipal Impact Infrastructure to be transferred to the Commonwealth of Puerto Rico.	Art. 4 Act 98 - 2001 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 4	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 4
TEB - 91	<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)	(a) General Rule - Subject to the provisions of this Act and the regulations promulgated thereunder, except as provided in subsection (b) of this Section, any owner of a rental housing project may qualify to a tax credit of fifty cents (\$ 0.50) for every dollar (\$ 1.00) of Eligible Investment used in the new construction or substantial rehabilitation of housing units for rent to low or moderate income families.	Art. 1.2 Act 140 - 2001 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 5	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 5

TEB - 92	<i>Individual Tax</i>	Purchases: Others	Select the oval corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided 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 included on line 9 of Part II of this Schedule, and not to each credit included in this part.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 8	In 2018 the credit is available on a single line. There is no distinction between credit subject to not subject to moratorium.
Not subject to Moraratorium					
TEB - 93	<i>Individual Tax</i>	Credit for investment in Tourism Development (Act 78-1993) or Farming (Act 225-1995), , including purchases.	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.	Art. 5(f)Act 78-1993 Art. 14 Act 225-1995|Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 12	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 12 & Schedule B Part IV Line 10

TEB - 94	<i>Individual Tax</i>	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. You must select the oval that identifies the act or acts under which your investment was made, and with respect to dividends under Act 8 of 1987, provide the required information of Box 9, Form 480.6B with the return.	Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997 }Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 13	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 13
TEB - 95	<i>Individual Tax</i>	Credit for investment in film industry development (Act 27-2011), including purchases.	(b) Amount of the credit. - (1) In the case of Film Projects, the credit granted in Article 7.3 (a) 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.	Section 7.3 Act 27-2011 | Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 14	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 14 & Schedule B Part IV Line 11

TEB - 96	<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) |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 15	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 15
TEB - 97	<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 \$1,000,000 in aggregate, for any tax year.	Art. 2(a) Act 302 - 2012 PR Internal Revenue Code Section 1051.10 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 16	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 16

TEB - 98	<i>Individual Tax</i>	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 EmployeesOwned 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 1013.14 (a) |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 17	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 17
TEB - 99	<i>Individual Tax</i>	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	The amount of credit for investment in an exempt business that is in the process of closing its operations in Puerto Rico. Every investor can claim a credit for industrial investment equal to 50% of its eligible investment.	Art. 2(a) Act 109 - 2001}Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 18	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 18 & Schedule B Part IV Line 12

TEB - 100	<i>Individual Tax</i>	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) 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	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 19
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TEB - 101	<i>Individual Tax</i>	Other credits not included on the preceding lines	The amount of other tax credits not subject to moratorium 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	PR Internal Revenue Code Section 1051.08 (d) Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 23	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 23
TEB - 102	<i>Individual Tax</i>	Credits carried from previous years	The total amount of carry forward credits determined on line 29, Part II of Schedule B Individual of the income tax return filed for 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 2017 Schedule B Part II Line 24	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 24
TEB - 103	<i>Individual Tax</i>	Credit for investment Act 73-2008, including purchases.	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	Section 6(b) Act 73 -2008 | Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 20	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 20 & Schedule B Part IV Line 15

			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.		
TEB - 104	<i>Individual Tax</i>	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) Act 83 - 2010 | Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 21	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 21 & Schedule B Part IV Line 16

TEB - 105	<i>Individual Tax</i>	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	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.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line13	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 13
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TEB - 106	<i>Individual Tax</i>	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Any exempt business that holds a decree granted under this Act or under previous laws may claim an investment credit equal to fifty percent (50%) of the eligible investment in strategic projects made in Puerto Rico after the approval of this Law by the exempt business or by any affiliated entity of the exempt business. Any eligible investment made prior to the date to file the income tax return, as provided by the Internal Revenue Code of Puerto Rico, including any extension granted by the Secretary of the Treasury to render the same, will qualify for the tax credit of this Section in the taxable year for which the aforementioned form is being filed. Said credit may be applied, at the option of the exempted business, against the fixed industrial development income tax provided in paragraph (a) of Section 3 of this Act, or the income tax applicable under the previous incentive law under which the decree was granted to the exempt business, and / or against the operating costs of the exempt business related to electricity, water or sewerage.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line14	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 14
TEB - 107	<i>Individual Tax</i>	Purchase: Other	Select the oval corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided 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 included on line 9 of Part II of this Schedule, and not to each credit included in this part.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line17	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 17

<i>Deferrals</i>					
TEB - 108	<i>Individual Tax</i>	Individual Deferrals	PR-TER 2018 estimates the deduction for the tax regime.		Depreciation Model

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					
<i>Deduction</i>					
TEB - 109	<i>Business Tax</i>	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	Sec. 3 of Act 135, 2014	Corporate Income Tax Return 2018 (Form 480.2) Part I Line 28

			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.		
TEB - 110	<i>Business Tax</i>	Special Agreement for the Creation of Employments and constitutes a New Business under the provisions of Act 1-2013	Nevertheless, a corporation that has granted an Agreement for the Creation and Retention of Employments and constitutes an Eligible New Small and Medium Business under the provisions of Act 120-2014, will be subject to a 5% normal tax during the first operating year. For the second taxable year following the year in which the Agreement is signed, the tax rate will be 10% and for the third taxable year it will be 15%.	Sec. 2.2 (b) of Act 120, 2014	Corporate Income Tax Return 2018 (Form 480.2) Part IV Line 38

TEB - 111	<i>Business Tax</i>	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	PR Internal Revenue Code Section 1033.10	Corporate Income Tax Return 2018 (Form 480.2) Part VI Line 50
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			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.		
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TEB - 112	<i>Business Tax</i>	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	Corporate Income Tax Return 2018 (Form 480.2) Part VI Line 50
<i>Deferrals</i>					
TEB - 113	<i>Business Tax</i>	Corporation Deferrals	PR-TER 2018 estimates the deduction for the tax regime.		Depreciation Model

TEB - 114	<i>Business Tax</i>	Current Depreciation	(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.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2018 (Form 480.2) Schedule E Corporation Line a
TEB - 115	<i>Business Tax</i>	Flexible Depreciation	Flexible Depreciation Deduction.- (1) General rule.- In the case of flexibly depreciable property with respect to which the option provided in subsection (b) is effective for the tax year, a taxpayer, in computing his net income for said tax year, may deduct the whole or any part, or no part, of the flexibly adjusted basis of said property, except that the amount of the deduction under this subsection shall not exceed the net benefit (determined without taking into consideration the deduction provided herein, but after taking into consideration the deduction provided in Section 1033.07) of the business or commercial activity in which the flexibly depreciable property is used.	PR Internal Revenue Code Section 1040.11 (a)	Corporate Income Tax Return 2018 (Form 480.2) Schedule E Corporation Line b
TEB - 116	<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	PR Internal Revenue Code Section 1040.12 (a)	Corporate Income Tax Return 2018 (Form 480.2) Schedule E Corporation Line c

			1033.07) during tax years beginning after June 30, 1995.		
TEB - 117	<i>Business Tax</i>	Amortization (i.e. Goodwill)	(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.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2018 (Form 480.2) Schedule E Corporation Line d
TEB - 118	<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.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2018 (Form 480.2) Schedule E Corporation Line e
TEB - 119	<i>Business Tax</i>	Vehicles under financial lease	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.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2018 (Form 480.2) Schedule E Corporation Line f

<i>Preferential Tax Rate</i>					
TEB - 120	<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. .</p>	PR Internal Revenue Code Section 1023.03	Corporate Income Tax Return 2018 (Form 480.2) Schedule D1 Corporation Line 2a
TEB - 121	<i>Business Tax</i>	Interest subject to preferential rates	<p>(a) Tax Rate</p> <p>(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</p>	PR Internal Revenue Code Section 1023.05 (a)	Corporate Income Tax Return 2018 (Form 480.2) Schedule D1 Corporation Line 2b

			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.		
TEB - 122	<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) and Section 1023.06 (b)	Corporate Income Tax Return 2018 (Form 480.2) Schedule D1 Corporation Line 2c
TEB - 123	<i>Business Tax</i>	Net income subject to the 4% tax rate from the operations of an international	The net income subject to the 4% tax rate, generated by an international financial entity that operates as a banking unit, as reported on line 20, Part I of the return.	Puerto Rico Insurance Code Article 61.240 International Financial	Corporate Income Tax Return 2018 (Form 480.2) Schedule D1 Corporation Line 2d

		financial entity that operates as a banking unit		Center Regulatory , Act 273-2012	
TEB - 124	<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: (8) Special tax on variable annuities in separate accounts.- Income subject to the special tax on variable annuities under Section 1023.08.	PR Internal Revenue Code Section 1032.01 (a) (7)	Corporate Income Tax Return 2018 (Form 480.2) Schedule D1 Corporation Line 2e

<i>Exclusions</i>					
TEB - 125	<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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part I Line 1
TEB - 126	<i>Business Tax</i>	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</p>	PR Internal Revenue Code Section 1031.01 (b) (10)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part I Line 2

			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), 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.		
TEB - 127	<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. (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	PR Internal Revenue Code Section 1031.01 (b)(1), (2), (3), (4), (5), (6), (7), (9), (11), (12), (13), (14)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part I Line 4

			<p>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>		
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<i>Exemptions</i>					
TEB - 128	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1A
TEB - 129	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1B
TEB - 130	<i>Business Tax</i>	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	PR Internal Revenue Code Section 1031.02 (a) (3) (C)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1C

			of loans or discounts of notes previously granted.		
TEB - 131	<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. 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	PR Internal Revenue Code Section 1031.02 (a) (3) (D) (E) (F) (G) (H)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1D

			Bankhead-Jones Farm Tenant Act of 1937, as amended.		
TEB - 132	<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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1E
TEB - 133	<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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1F

TEB - 134	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1G
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TEB - 135	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1H
TEB - 136	<i>Business Tax</i>	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1I

		owned special corporation			
TEB - 137	<i>Business Tax</i>	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 employeesowned special corporation.	PR Internal Revenue Code Section 1031.02 (a) (3) (O)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1J
TEB - 138	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1K

TEB - 139	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1L
TEB - 140	<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.	PR Internal Revenue Code Section 1031.02 (a) (3) |Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule IE Corporation Part II Line 1M	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1M
TEB - 141	<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) |Instructions Booklet Income Tax Return 2018	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 1N

				of Taxable Corporations Schedule IE Corporation Part II Line 1N	
TEB - 142	<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 2018 of Taxable Corporations Schedule IE Corporation Part II Line 2A	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 2A
TEB - 143	<i>Business Tax</i>	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 2018 (Form 480.2) Schedule IE Corporation Part II Line 2B

TEB - 144	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 2C
TEB - 145	<i>Business Tax</i>	Other dividends reported in a Form 480.6D	Paid dividends that are not included in the other boxes of this form and that are subject to alternate basic tax, as provided in Section 1021.02 of the Code. The amount of other exempt dividends reported in Box 16 of Form 480.6D	PR Internal Revenue Code Section 1031.02 (a) (4) |Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule IE Corporation Part II Line 2D	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 2D
TEB - 146	<i>Business Tax</i>	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 2018	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 2E

				of Taxable Corporations Schedule IE Corporation Part II Line 2E	
TEB - 147	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 3
TEB - 148	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 4

TEB - 149	<i>Business Tax</i>	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	PR Internal Revenue Code Section 1031.02 (a) (17)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 5
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			withheld by the special employeeowned 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.		
TEB - 150	<i>Business Tax</i>	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	PR Internal Revenue Code Section 1031.02 (a) (21)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 6

			teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico.		
TEB - 151	<i>Business Tax</i>	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 7
TEB - 152	<i>Business Tax</i>	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.	PR Internal Revenue Code Section 1031.02 (a) (28)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 8
TEB - 153	<i>Business Tax</i>	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 2018 (Form 480.2) Schedule IE Corporation Part II Line 9
TEB - 154	<i>Business Tax</i>	Income from buildings rented to the Commonwealth of Puerto Rico for public hospitals or schools, or health homes (Contracts in	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)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 10

		force as of November 22, 2010)			
TEB - 155	<i>Business Tax</i>	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 2018 (Form 480.2) Schedule IE Corporation Part II Line 11

TEB - 156	<i>Business Tax</i>	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>	PR Internal Revenue Code Section 1023.06 (j) and 1023.25(b)	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 12
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			<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>		
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TEB - 157		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	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 13
TEB - 158	<i>Business Tax</i>	Rent of residential property under Act 132-2010	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	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 13
TEB - 159	<i>Business Tax</i>	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	(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	Sec. 2(a) of Act 132, 2010	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 15

			entered into at the time of the approval of this Act.		
TEB - 160	<i>Business Tax</i>	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	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).	Sec. 3 of Act 135, 2014	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 16
TEB - 161	<i>Business Tax</i>	Exempt income from rent under Act 165-1996	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 2018 of Taxable Corporations Schedule IE Corporation	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 17

TEB - 162	<i>Business Tax</i>	Exempt income of bonafide farmer Act 225-1995	The Act establishes the requirements to qualify as a "bona fide" farmer and provide a 90% exemption from the payment of all kinds of taxes on movable and real property, municipal license tax, taxes, income taxes, excise taxes and all municipal and/or state taxes or fees.	Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule IE Corporation	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 18
TEB - 163	<i>Business Tax</i>	0	The amount received from the distributable share in the exempt income from pass-through entities as informed in Forms 480.60 EC, Part III, line 13	Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule IE Corporation Part II Line 16	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 19
TEB - 164	<i>Business Tax</i>	Other payments not reported in a Form 480.6 D	Total amount of income reported in Box 19 of Form 480.6D. (Box 19 of Form 480.6D - Any other exempt income received during the year that is not included in the other boxes of 480.6D and that is not subject to alternate basic tax, as provided by Section 1021.02 of the Code.)	Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule IE Corporation	Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 20

TEB - 165	<i>Business Tax</i>	Other exemptions	<p>(a) 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>(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,</p>	<p>Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule IE Corporation Part II Line 18</p>	<p>Corporate Income Tax Return 2018 (Form 480.2) Schedule IE Corporation Part II Line 18</p>
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			<p>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; (C)</p>		
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			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.		
<i>Credits</i>					
Subject to Moratorium					
TEB - 166	<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 105 1.08 (b) (2)	Corporate Income Tax Return 2018 (Form 480.2) Schedule B Part II Line 1

TEB - 167	<i>Business Tax</i>	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	<p>PR Internal Revenue Code Section 1051.08 (b) 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.</p> <p>Act 98-2001: Section 4.- Credit for Investment in Infrastructure.- (a) General rule – 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>	PR Internal Revenue Code Section 1051.08 (b) (7)	Corporate Income Tax Return 2018 (Form 480.2) Schedule B Part II Line 2
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TEB - 168	<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 1051.08 "(b) 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>Act 140-2001: Section 3.- Tax Credit for Investment in Construction or Rehabilitation of Rental Housing for Low or Moderate Income Families. – (a) General rule - Subject to the provisions of this Act and the regulations promulgated thereby, 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.</p>	PR Internal Revenue Code Section 1051.08 (b) (6)	Corporate Income Tax Return 2018 (Form 480.2) Schedule B Part II Line 3
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TEB - 169	<i>Business Tax</i>	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	PR Internal Revenue Code Section 1051.08 (b) Credits subject to moratorium: (5) 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; except that in the case of those credits allowed under subparagraph (A) of paragraph (6) of subsection (a) of Article 30 of Act No. 7 of March 9, 2009, as amended, the moratorium shall apply as follows: (A) Credits allowed during fiscal year 2009-10; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2009 and before January 1, 2011, and up to 50% may be claimed in tax years beginning after December 31, 2010 and before January 1, 2012; and any remainder in subsequent tax years. (B) Credits allowed during fiscal year 2010-11; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2010 and before January 1, 2012, and up to 50% may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and any remainder in subsequent tax years. (C) Credits allowed during fiscal year 2011-12; only up to fifty (50) percent of said credit may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and up to fifty (50) percent may be claimed in tax years beginning after December 31, 2012 and	PR Internal Revenue Code Section 1051.08 (b) (5)	Corporate Income Tax Return 2018 (Form 480.2) Schedule B Part II Line 4
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			<p>before January 1, 2014; and any remainder in subsequent tax years.</p> <p>Act 212-2002: Section 4.03.- Incentives - Credits and Exceptions. A. Incentive for Creation of Jobs Every business or industry existing on the date of approval of this Act, or a subsequent date, that meets the requirements established in this Act, or that carries out an activity or is in harmony with the development plan promulgated for the urban center in which it is established, and generates new jobs, it shall be entitled to an additional special deduction from the gross income subject to taxation, for the purpose of the computing its income tax, equivalent to 5% of the total minimum wage applicable to each new job created by said industry or business. B. Exemption for Job Transfers Any person who transfers his/her offices with a minimum of 50 employees to an urban center, shall be entitled to a special additional deduction of the gross income subject to taxation equivalent to 15% of the payroll expense incurred. C. Deduction for Development of Parking Spaces Any natural or juridical person who builds a parking structure in an urban center, that meets the requirements of Act No. 120 of June 7, 1973, known as the "Act to Regulate the Business of Public Parking Areas for Motor Vehicles" and the regulations promulgated thereunder, and completes the work in a term of 5</p>		
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			<p>years, counted from the designation of the Area as located in an urban center, shall be entitled for the purposes of computing income taxes, to exclude from the gross income subject to taxation, 10% of the net income originating from the operation of said parking structure. D. Special Income Tax Exemption on Interest Generated by Loans Any financial entity that grants private loans for the financing of urban centers revitalization projects, shall be entitled to a special exemption of 100% of the interest received on said loans. E. Tax Credit for Infrastructure Investment The Office of the Director may recommend to the Secretary of the Department of Housing and the Secretary of the Department of the Treasury to grant credits for special housing investments, to urban center revitalization projects that qualify under the provisions of Act No. 98 of August 10, 2001, known as the "Tax Credits for Special Investments in Housing Infrastructure Act," provided, that the Department of Housing may be recommended to grant up to a maximum 100% tax credit for investment in infrastructure, in urban center revitalization projects that include housing components of any kind. F. Excise Tax Exemption Products sold in businesses established in Urban Centers in which improvements are being performed, pursuant to this Act, shall be exempted from the payment of excise taxes provided in Section 85 of</p>		
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			<p>Act No. 223 of November 30, 1995, and in Section 2015 of the Internal Revenue Code of 1994. G. Tax Credit for Investments in Construction Projects in Urban Centers Any person who carries out a construction or improvement project in an urban center pursuant to the provisions of this Act shall be entitled to a tax credit of one 100% of the invested amount on his/her income tax return.</p>		
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TEB - 170	<i>Business Tax</i>	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	The amount of Tax Credit for Merchants Affected by 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 from 50% of the gross sales generated during the construction period.	Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule B Part II Line 5	Corporate Income Tax Return 2018 (Form 480.2) Schedule B Part II Line 5
TEB - 171	<i>Business Tax</i>	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	<p>PR Internal Revenue Code Section 1051.09: (a) Any eligible business that purchases eligible products manufactured in Puerto Rico, including components and accessories, shall be entitled to claim a credit against the taxes provided in this Subtitle A, as provided in subsection (c) of this Section.</p> <p>(c) The credit granted under this section shall be computed as follows: (1) First, the amount of purchases of eligible products manufactured in Puerto Rico, made by the eligible business during the tax year shall be determined. (2) Then, the average purchases of eligible products manufactured in Puerto Rico made by the eligible business for the 3 of the 10 preceding tax years, reflecting minor purchases, shall be determined; i.e., excluding the 7 years when the amount of purchases was highest. (3) Amount of the Credit. (A) In general. The credit for purchases of eligible products shall be 10% of the</p>	PR Internal Revenue Code Section 105 1.09	Corporate Tax Return 2018 (Form 480.2) Schedule B Part II Line 6

			<p>excess purchases of said eligible products, as determined in paragraph (1), over the average determined in paragraph (2).</p> <p>(B) In the case of products manufactured in Puerto Rico by tuna processing plants, the credit shall be 10% of the total purchases of said eligible products, as determined in paragraph (1), without applying the limitations provided in subsection (b)(2)(B) of this Section. (C) Credit limitation. The credit provided by this section may be used to reduce the tax of the eligible business levied under Subtitle A, by up to 25%. Any credit not used by the eligible business may be carried forward to subsequent tax years until used in full, subject to the preceding limitation.</p>		
TEB - 172	<i>Business Tax</i>	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>Line 7 – Enter the 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 1051.08 (b) (4)	Corporate Tax Return 2018 (Form 480.2) Schedule B Part II Line 7

TEB - 173	<i>Business Tax</i>	Credits carried from previous years	The total of carryforward credits determined on line 27, 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 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 2018 of Taxable Corporations Schedule B Part II Line 9	Corporate Tax Return 2018 (Form 480.2) Schedule B Part II Line 9
TEB - 174	<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 (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 2018 of Taxable Corporations Schedule B Part II Line 10	Corporate Tax Return 2018 (Form 480.2) Schedule B Part II Line 10

TEB - 175	<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>	PR Internal Revenue Code Section 105 1.11 (b) (1)	Corporate Tax Return 2018 (Form 480.2) Schedule B Part IV Line 1
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TEB - 176	<i>Business Tax</i>	Purchase: Santurce Theatrical District (Act 178-2000)	<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 178-2000: Section 11.- Tax credit for investing in theatrical businesses.- (a) Subject to the provisions of subsection (c) of this Section, all investors, including participants in a fund, 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 of their eligible investment or their investment in securities of a Securities Fund, or Funds to be claimed in 2 installments: for up to half of said credit in the year in which the theatrical business obtained the necessary financing for its operation, should such a financing be required, and the balance of said credit, within the next 2 subsequent years.</p>	PR Internal Revenue Code Section 105 1.08 (b) (3)	Corporate Tax Return 2018 (Form 480.2) Schedule B Part IV Line 3
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TEB - 177	<i>Business Tax</i>	Purchase: Other Credits	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 2018 of Taxable Corporations Schedule B Part IV Line 8	Corporate Tax Return 2018 (Form 480.2) Schedule B Part IV Line 8
Not subject to Moraratorium					
TEB - 178	<i>Business Tax</i>	Credit for increase in investments	(a) The tax levied by this Subtitle on the dividends derived from industrial development income received by corporations organized under the laws of any U.S. state engaged in trade or business in Puerto Rico shall be credited by three (3) percent of the investment made by the subsidiary before January 1, 1993 in the acquisition, construction and enlargement of buildings and other structures used in the manufacture in excess of the investment in such properties possessed by the subsidiary as of March 31, 1977. In the case of corporations that have not enjoyed a tax exemption under Act No. 73 of May 28, 2008, known as the ""Puerto Rico Economic Development Incentives Act,"" or any similar prior law or any	PR Internal Revenue Code Section 105 1.05	Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 14

			<p>other superseding or complementary law, for two (2) tax years, this credit shall be allowed to the parent corporation for the increase in investments made by the subsidiary after the termination of its second year of tax exemption. This credit may be carried forward to subsequent tax years. (b) Investments in real property made for the purpose of qualifying for the dispensation provided in paragraph (6) of subsection (a) of Section 4 of the Puerto Rico Tax Incentives Act, as amended, may not be used for purposes of this section.</p>		
TEB - 179	<i>Business Tax</i>	Credit for investment in film industry development (Act 27-2011), including purchases.	<p>(b) Amount of the credit. - (1) In the case of Film Projects, the credit granted in Article 7.3 (a) 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</p>	<p>Section 7.3 Act 27-2011 Instructions Booklet Income Tax Return 2018 of Taxable Corporatio ns Schedule B Part II Line 15</p>	<p>Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 15</p>

			<p>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.</p>		
TEB - 180	<i>Business Tax</i>	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	<p>Reduces the costs of acquiring exempted businesses covered under the industrial tax incentives laws which are undergoing the process of closing their operations in Puerto Rico by granting a tax credit of up to 50% of the amount of the cash investment. (a) General rule.—All investors may claim an industrial investment credit equal to 50% of their eligible investment made after the approval of this Act, to be taken in 2 installments: the first half of said credit, in the year in which the eligible investment is made; the second half, in subsequent years.</p>	Art. 2(a) Act 109 - 2001 | Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule B Part II Line 16	Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 16

TEB - 181	<i>Business Tax</i>	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) 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	Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 17
TEB - 182	<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	Section 6 Act 73-2008 | Instructions Booklet Income Tax Return 2018 of Taxable	Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 18

			credit, in the year in which the eligible investment is completed, and the balance of said credit, in the following years.	Corporations Schedule B Part II Line 18	
TEB - 184	<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) Act 83 - 2010 | Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule B Part II Line 19	Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 19
TEB - 185	<i>Business Tax</i>	Credits carried from previous years	The total of carryforward credits determined on line 27, 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	Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule B Part II Line 21	Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 21

			balance of credit available for the current taxable year.		
TEB - 186	<i>Business Tax</i>	Other credits 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" | 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	PR Internal Revenue Code Section 1051.08 (d) | Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule B Part II Line 22	Corporate Income Tax Return 2018 (Form 482.0) Schedule B Part II Line 22

			<p>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>		
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TEB - 187	<i>Business Tax</i>	Purchase: Tourism Development (Act 78-1993)	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. (a) General Rule. 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.	Art. 5 Act 78 - 1993	Corporate Tax Return 2018 (Form 480.2) Schedule B Part IV Line 10
TEB - 188	<i>Business Tax</i>	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	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.	Sec. 5(c) of Act 73, 2008	Corporate Tax Return 2018 (Form 480.2) Schedule B Part IV Line 13

TEB - 189	<i>Business Tax</i>	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Credit for Investment in Strategic Projects.— (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 taxexempt business.	Sec. 5(g) of Act 73, 2008	Corporate Tax Return 2018 (Form 480.2) Schedule B Part IV Line 14
TEB - 190	<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) |Instructions Booklet Income Tax Return 2018 of Taxable Corporations Schedule B Part IV Line 17	Corporate Tax Return 2018 (Form 480.2) Schedule B Part IV Line 17

BUSINESS TAX*Business Tax Expenditure*

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INCENTIVE ACT					
<i>Preferential Tax Rate</i>					
TEB - 191	<i>Business Tax</i>	Act 135 - 1997, Tax Incentives Law of 1998	Tax-exempt businesses that have had operations exempted under Act No. 135 of December 2, 1997, as amended, and which have enjoyed a fixed income tax rate not greater than four percent (4%), but of not less than two percent (2%), may enjoy a fixed rate on their net industrial development income under this Act that is equal to the rate levied under said preceding decree, provided the Secretary of Development, with the previous favorable recommendation of the Secretary of the Treasury and the Executive Director, determines that said rate serves to benefit the best economic and social interests of Puerto Rico.	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

TEB - 192	<i>Business Tax</i>	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	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.	Act 73 - 2008	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI) Schedule X Incentives
TEB - 193	<i>Business Tax</i>	Act 20 - 2012, Export Services	Act No. 20 of 2012, known as the Act to promote the exportation of services, provides attractive tax incentives for companies that establish and expand their export services businesses in the island. In addition, the law promotes investments on research and development and initiatives from the academic and private sectors by granting credits and exemptions for these activities. Furthermore, it helps to decrease operational and energy spending for companies moving to the island in order to help their operations remain profitable and efficient.	Act 20 - 2012	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI) Schedule AA Incentives
TEB - 194	<i>Business Tax</i>	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	To determine Tourism Activities (hotels, condohotels, Puertorican inns, tourist seaports, theme parks, port facilities and other tourist facilities) eligible for temporary tax incentives	Act 52 - 1983	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule L Incentives

TEB - 195	<i>Business Tax</i>	Act 78 - 1993, Tourism Development Law of Puerto Rico	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 ten (10) years.	Act 78 - 1993	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule L Incentives
TEB - 196	<i>Business Tax</i>	Act 74 - 2010, Tourism Development Law of Puerto Rico	The Act for Tourism Development, offered through the Puerto Rico Tourism Company, provides incentives for the development of world-class tourist industry. The benefits granted under this law 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. Act 74 is most commonly used by large hotel projects, but a variety of projects can qualify.	Act 74 - 2010	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule L Incentives
TEB - 197	<i>Business Tax</i>	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	Businesses engaged in eligible activities may elect to benefit from incentives provided by Act No. 118 of 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	Act 118 - 2010	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule Z Incentives

			<p>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:</p> <p>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.</p>		
TEB - 198	<i>Business Tax</i>	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Establishes standards to promote renewable energy, in accordance with short, medium and long-term compulsory targets, known as the Renewable Energy Portfolio	Act 83 - 2010	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Green Energy (Form 480.30(II)EV) Schedule Y Incentives

TEB - 199	<i>Business Tax</i>	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.	Act 362 - 1999	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Film Industry (Form 480.30(II)C) Schedule W Incentives
TEB - 200	<i>Business Tax</i>	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	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); b) 100% tax exemption on dividend distributions; c) 90% tax exemption from personal property taxes. The taxable portion will be subject to the regular tax rate, that currently can be up to 8.83%; therefore, after considering the 90% exemption, the effective tax rate would be up to 0.883%; d) 90% tax exemption from real property taxes. The taxable portion will be subject to the regular tax rate, that currently can be up to 10.83%; therefore,	Act 27 -2011	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Film Industry (Form 480.30(II)C) Schedule W Incentives

			after considering the 90% exemption, the effective tax rate would be up to 1.083%; e) 100% tax exemption on municipal license taxes, construction taxes and other municipal taxes; and f) 100% tax exemption on excise taxes on articles imported by the grantee to be used in the eligible activities.		
TEB - 201	<i>Business Tax</i>	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 168 - 1968	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB - 202	<i>Business Tax</i>	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	Act 148 - 1988	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

			paid for the premises it occupies, for a period of ten (10) years.		
TEB - 203	<i>Business Tax</i>	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	Act 75 - 1995	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

			on income generated from activities in the Rio Piedras Urban Center, for a period of 10 years.		
TEB - 204	<i>Business Tax</i>	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	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, taxes, income taxes, excise taxes and all municipal and/or state taxes or fees.	Act 225 - 1995	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB - 205	<i>Business Tax</i>	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. ,	Act 14 - 1996	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

			equivalent to fifteen percent (15%) of the rent paid. This deduction will be in addition to any other granted by any law.		
TEB - 206	<i>Business Tax</i>	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.	Act 178 - 2000	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

TEB - 207	<i>Business Tax</i>	Act 1 -2013, Employment Now Law	Act 1 of 2013 creates the "Jobs Now Act" in order to allow for the creation of fifty thousand (50,000) new jobs within a term of eighteen (18) months; establish an incentives program geared toward ensuring the permanence, stability, and continuity of existing businesses; foster economic opportunities to encourage the creation of small- and medium-sized businesses by giving them preferential treatment in the incentives program; grant an energy credit to participating businesses as a strategy to incentivize job creation and counteract the high operating expenses related to electric power consumption; create an alternate process to streamline the granting of permits without undermining environmental protection or the safety of our constituents; stimulate capital investment and economic development; revert the deterioration in economic indicators of both labor force participation and unemployment rates; set forth a wage subsidy for any business that hires employees who were laid off as a result of the application of Act No. 7-2009, as amended; establish the minimum content of the Special Job Creation Agreement so that businesses may benefit from the provisions of this Act.	Act 1 -2013	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB - 208	<i>Business Tax</i>	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico	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.	Act 72 - 1962	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

TEB - 209	<i>Business Tax</i>	Act 52 - 1989 - International Bank Center	<p>This Act intends to expand the potential market of the International Banking Center of Puerto Rico and the promotion and knowledge of Puerto Rico through financial circles around the world will be significantly increased.</p> <p>The main benefits of an international banking center for Puerto Rico are the expansion of the service sector, the direct and indirect creation of jobs and the growth of economic activity. Among the Incentives provided in the law, the income from eligible activities derived from International Banking entities will be exempt for Income Tax purposes.</p>	Act 52 - 1989	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB - 210	<i>Business Tax</i>	Act 273-2012, International Financial Center	<p>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.</p>	Act 273 - 2012	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

*Credits***Subject to Moraratorium**

TEB - 211	<i>Business Tax</i>	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	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 1
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TEB - 212	<i>Business Tax</i>	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 mended); Allowed credit percentage 50% 3. agriculture, under the Puerto Rico Agricultural Tax Incentives Act (Act 225 of December 1, 1995, as mended); 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 2 & 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 2, From Schedule Q
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TEB - 213	<i>Business Tax</i>	Credit for increase in investments	Credits attributable to dividends received from industrial development income corresponding to 3% of the investment made by the subsidiary in the acquisition, construction and expansion of buildings and other structures used in manufacture, in excess of the investment in such properties owned by the subsidiary as of March 31, 1977. In those cases of corporations which have not benefited from tax exemption under Act No. 8 of 1987 for two taxable years, this credit will be granted to the parent company for the increase in investments made by the subsidiary after the end of its second year of tax exemption. To be entitled to the credit, the investment should have been made prior to January 1, 1993. This credit can be carried forward to the following taxable years. Nevertheless, investments made in real property to obtain the waiver indicated in paragraph 6, subsection (a) of Section 4 of Act No. 8 of 1987, cannot be used for purposes of this credit.	Act No. 8 of 1987	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 3
TEB - 214	<i>Business Tax</i>	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Section 1051.07: The credit provided by this Section shall be not less than five (5) percent and up to a maximum of twenty (20) percent of the increase in the value of purchases of agricultural products harvested, produced and processed in Puerto Rico during the taxable year particular in which the credit is claimed, on the purchases of said products during the base period Section 1051.09 The credit for purchases of eligible products will be ten (10) percent of the excess of purchases of those eligible products	PR Internal Revenue Code Section 1051.07 & 1051.09	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 4

TEB - 215	<i>Business Tax</i>	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	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. 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.	Act 183 - 2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 5 & 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 6
TEB - 216	<i>Business Tax</i>	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	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. 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.	Act 212 - 2002	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 7

TEB - 217	<i>Business Tax</i>	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	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. Among the benefits to the private sector are the following: (i) Tax Credit for Investment in Infrastructure (ii) Tax Credit for Investment in Construction in Urban Centers	Act 212 - 2002	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 8 & 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
TEB - 218	<i>Business Tax</i>	Other credits not included on the preceding lines	Including, but not limited to, the credit for extraordinary investment in housing infrastructure, and credit for investment in new construction or substantial rehabilitation of rental housing units for low or moderate income families. Act 98-2001 grants a tax credit for infrastructure investment to developers of housing projects, recommended by the designated officials of the Housing department and the Department of the Treasury. It will be subject to the taxpayer's request and the approval by the Secretary of the Treasury of 2017 an administrative determination under Act 98-2001 and the applicable regulations. Act 212-2002, as amended, and Regulation No. 7777 of November 30, 2009. Act 140-2001 provides that every owner of a rental housing project for low or moderate income families may qualify for a tax credit for investment in a new construction for substantial rehabilitation of such housing units.	Act 98-2001, Act 98-2001 and Act 140-2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 9

TEB - 219	<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 Tax Credits, Part II, Credits subject to Moratorium, Line 10
TEB - 220	<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.</p> <p>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

TEB - 221	<i>Business Tax</i>	Purchase: Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	<p>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.</p> <p>Any investor, including a participant in a fund, will be entitled to a credit for investment in theatrical businesses up to a limit of five (5) million dollars (\$ 5,000,000) per fiscal year, and two (2) million dollars (\$ 2,000,000) per fiscal year in rehabilitations of existing structures of the eligible investment or investment in securities of a Securities Fund, or Funds to be claimed in two (2) terms:</p> <ol style="list-style-type: none"> 1. Up to half of said credit in the year in which the theatrical business obtained the financing necessary for its operation, if needed and 2. The balance of said credit, in the next two (2) following years. 	Act 178 - 2000	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 3
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TEB - 222	<i>Business Tax</i>	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, Line 4
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TEB - 223	<i>Business Tax</i>	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) 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 5
TEB - 224	<i>Business Tax</i>	Purchase: : Other	<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>	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 8

<i>Not subject to Moratorium</i>					
TEB - 225	<i>Business Tax</i>	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	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.	PR Internal Revenue Code Section 1051.06	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 15
TEB - 226	<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 Tax Credits, Part II, Credits Not subject to Moratorium, Line 16
TEB - 227	<i>Business Tax</i>	Credit for purchases of products manufactured in Puerto Rico	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.	Section 5(a)(1), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 17

TEB - 228	<i>Business Tax</i>	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	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 18
TEB - 229	<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), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 19
TEB - 230	<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 - 231	<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
TEB - 232	<i>Business Tax</i>	Credit for industrial investment, including purchases.	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.	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
TEB - 233	<i>Business Tax</i>	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 ade and the balance in subsequent years.	ACT 109-2001 and other credits	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 24

			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 reated 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.		
TEB - 234	<i>Business Tax</i>	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 and 1051.12	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 25
TEB - 235	<i>Business Tax</i>	Purchase: Tourism Development (Act 78-1993)	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: 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 10

TEB - 236	<i>Business Tax</i>	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
TEB - 237	<i>Business Tax</i>	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 12
TEB - 238	<i>Business Tax</i>	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

TEB - 239	<i>Business Tax</i>	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 15
TEB - 240	<i>Business Tax</i>	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 16
TEB - 241	<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 III, Line 17	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

Credits - Other Incentives Acts

TEB - 242	<i>Business Tax</i>	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 FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives, Part III, Line 4 (d)
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TEB - 243	<i>Business Tax</i>	Special credits granted	<p>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.</p> <p>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."</p> <p> 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</p>	Act 109-2001 / Act 290-2000 / Act 302-2012 / Among Others	<p>INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives, Part III, Line 4 (a)</p>
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			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 .		
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TEB - 244	<i>Business Tax</i>	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 135-1997 (Section 5(a))	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives, Part III, Line 4 (c)
TEB - 245	<i>Business Tax</i>	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,	Act 73 - 2008 (Section 5(c))	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule X Incentives, Part IV, Line 5(f)

			infrastructure, renewable energy or intangible property (including intellectual property).		
TEB - 246	<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	
TEB - 247	<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 / Act 302-2012	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives, Part III, Line 4 (n)

<i>Deductions</i>					
TEB - 248	<i>Business Tax</i>	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), Act 135 - 1997	Schedule N Incentives & Schedule V Incentives , Partially Exempt Income Under Act 8 of 1987 & Income Tax for Exempt Business Act 135-1997, Part I & Part II, Special deductions Line 4 a
TEB - 249	<i>Business Tax</i>	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 .	Section 4(b), Act 135 - 1997	Schedule N Incentives & Schedule V Incentives , Partially Exempt Income Under Act 8 of 1987 & Income Tax for Exempt Business Act 135-1997, Part I & Part II, Special deductions Line 4 b

TEB - 250	<i>Business Tax</i>	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.	Section 4(c), Act 135 - 1997	Schedule N Incentives & Schedule V Incentives , Partially Exempt Income Under Act 8 of 1987 & Income Tax for Exempt Business Act 135-1997, Part I & Part II, Special deductions Line 4 c
TEB - 251	<i>Business Tax</i>	Special deductions, Investment on buildings, structures, machinery and equipment deduction	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: (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), Act 135 - 1997	Schedule N Incentives, Schedule V Incentives & Schedule X, Partially Exempt Income Under Act 8 of 1987 , Income Tax for Exempt Business Act 135-1997 & Income Tax for Exempt Business under Act 73-2008, Part I & Part II, Special deductions Line 4 d & Part III (Sch X) Line 8,

TEB - 252	<i>Business Tax</i>	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.	Section 4(f), Act 135 - 1997	Schedule V Incentives, Income Tax for Exempt Business Act 135-1997, Part II, Line 8
<i>Deferrals</i>					
TEB - 253	<i>Business Tax</i>	Incentives corporations - Deferrals	PR-TER 2018 estimates the deduction for the tax regime.		Depreciation Model

B ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
NON CORPORATE BUSINESS					
<i>Deduction</i>					
TEB - 254	<i>Business Tax</i>	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.	Sec. 8 of Act 135- 2014	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Part VIII Line 27

TEB - 255	<i>Business Tax</i>	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.	Puerto Rico Internal Revenue Code of 2011, Section 1033.10 and Section 1031.04(a)(10)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Part VIII Line 31
TEB - 256	<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	Puerto Rico Internal Revenue Code of 2011, as amended Section 1033.10 Section 1031.04(a)(10)	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part XII Line 50 (Special partnetships and Corporations of Individuals), Part II Line 22 (Partnerships)

			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.		
TEB - 257	<i>Business Tax</i>	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), Act 135 - 1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-

					Through, Part II, Line 6(a)
TEB - 258	<i>Business Tax</i>	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), Act 135 - 1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-Through, Part II, Line 6(b)
TEB - 259	<i>Business Tax</i>	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), Act 135 - 1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-Through, Part II, Line 6(c)

TEB - 260	<i>Business Tax</i>	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), Act 135 - 1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-Through, Part II, Line 6(d)
TEB - 261	<i>Business Tax</i>	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), Act 135 - 1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-Through, Part II, Line 8

TEB - 262	<i>Business Tax</i>	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), Act 73 - 2008 and Art. 2.10(b) Act 83 - 2010	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 73-2008, Schedule X Pass-Through, Part II, Line 6 and Schedule Y Pass-Through, Part I, Line 4
<i>Deferrals</i>					
TEB - 263	<i>Business Tax</i>	Non Corporate Business - Deferrals	PR-TER 2018 estimates the deduction for the tax regime.		Depreciation Model
TEB - 264	<i>Business Tax</i>	Current Depreciation	Section 1031.04(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. Section 1033.07(a) Current Depreciation.- There shall be allowed as a reasonable allowance for depletion, wear and tear, including a reasonable allowance for	PR Internal Revenue Code Section 1031.04(a)(7) and 1033.07	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule E, Line 1 (a)

			obsolescence, (1) of property used in trade or business.		
TEB - 265	<i>Business Tax</i>	Flexible Depreciation	(a) Flexible Depreciation Deduction.- (1) General rule.- In the case of flexibly depreciable property with respect to which the option provided in subsection (b) is effective for the tax year, a taxpayer, in computing his net income for said tax year, may deduct the whole or any part, or no part, of the flexibly adjusted basis of said property, except that the amount of the deduction under this subsection shall not exceed the net benefit (determined without taking into consideration the deduction provided herein, but after taking into consideration the deduction provided in Section 1033.07) of the business or commercial activity in which the flexibly depreciable property is used.	PR Internal Revenue Code Section 1040.11(a)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule E Line 1. (b)
TEB - 266	<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) during tax years beginning after June 30, 1995.	PR Internal Revenue Code Section 1040.12(a)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule E Line 1. (c)

TEB - 267	<i>Business Tax</i>	Amortization (i.e. Goodwill)	<p>Section 1031.04(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.</p> <p>Section 1033.07(a)(1) (C) constituting goodwill acquired by purchase during tax years beginning after June 30, 1995, using the straight-line method and a useful life of fifteen (15) years, or</p> <p>(D) constituting intangible property, other than goodwill, acquired by purchase or developed, using the straight-line method and a useful life of fifteen (15) years or the useful life of such intangible property, whichever automobile.</p>	<p>PR Internal Revenue Code Section 1031.04(a)(7) or 1033.07(a)(1)(c) and (d)</p>	<p>Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule E Line 1. (d)</p>
TEB - 268	<i>Business Tax</i>	Automobiles	<p>Section 1031.0(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.</p> <p>Section 1033.07(a)(3) (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 useful life of the automobile.</p> <p>(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 automobile.</p>	<p>PR Internal Revenue Code Section 1031.04(a)(7) and Section 1033.07(a)(3)</p>	<p>Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule E Line 1. (e)</p>

			(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.		
TEB - 269	<i>Business Tax</i>	Vehicles under financial lease	<p>(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:</p> <p>(i) if title to the property is transferred to the lessee under the lease contract.</p> <p>(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.</p> <p>(iii) if the lease term is equal to or more than seventy-five (75) percent of the useful life of the leased automobile.</p>	PR Internal Revenue Code Section 1031.04(a)(7) and 1033.07(a)(3)(D)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule E Line 1. (f)

			(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.		
<i>Preferential Tax Rate</i>					
TEB - 270	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule D, Part I Line 5
TEB - 271	<i>Business Tax</i>	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) and (9)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule D, Part II Line 10
TEB - 272	<i>Business Tax</i>	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 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 2018 (Form 480.2 (EC)) Schedule D, Part III Line 11-13

TEB - 273	<i>Business Tax</i>	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-Through Entity 2018 (Form 480.2 (EC)) Schedule D, Part IV Line 14
TEB - 274	<i>Business Tax</i>	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.	Instructions Booklet Income Tax Return Pass Through Entity 2018 Schedule D Pass- Through Entity Part V Line 15	Informative Income Tax Return Pass-Through Entity 2018 (Form 480.2 (EC)) Schedule D, Part V Line 15
TEB - 275	<i>Business Tax</i>	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-Through Entity 2018 (Form 480.2 (EC)) Schedule D, Part VI Line 16
TEB - 276	<i>Business Tax</i>	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.	Act 135-1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under

					ACT 135-1997 2017, Schedule V Pass-Through Entity, Part III, Line 4
TEB - 277	<i>Business Tax</i>	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	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 tax rates: 4% fixed income tax rate on income derived from film production and 6% to 10% in the case of studio operators.	Act 27 -2011	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Film Entity Under Act 362-199 or Act 27-2011 Schedule W Pass-Through, Part II, Line 5
TEB - 278	<i>Business Tax</i>	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Establishes standards to promote renewable energy, in accordance with short, medium and long-term compulsory targets, known as the Renewable Energy Portfolio. It provides a fixed 4% income tax rate on green energy income.	Act 83 - 2010	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax For Exempt Businesses Under Act 83-2010, Schedule Y Pass-Through Entity Part II, Line 9

TEB - 279	<i>Business Tax</i>	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	<p>Businesses engaged in eligible activities may elect to benefit from incentives provided by Act No. 118 of 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:</p> <p>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</p>	Act 118 - 2010	<p>Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax For Exempt Businesses Under Act 118-2010, Act 120-2014, Act 14-2017 and other Special Acts, Schedule Z Pass-Through Entity Part II, Line 5</p>
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			d) Investments of \$1,250,000,000 or more shall be granted a fixed, 8% tax rate.		
TEB - 280	<i>Business Tax</i>	Act 14 - 1996, Special Law for the Development of Castañer	Any business or industry established in Castañer will be entitled to an additional deduction for wages paid, for the purposes of computing their income tax, equivalent to 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 for a term of 15 years. Any business or industry that is established in a Special Planning Zone in Castañer within a period of 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 15% of the rent paid. This deduction will be in addition to any	Act 14 - 1996	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax For Exempt Businesses Under Act 118-2010, Act 120-2014, Act 14-2017 and other Special Acts, Schedule Z Pass-Through Entity, Part II, Line 5

			other granted by any law. It also provides for a 90% tax exemption on income generated from the sale of tickets for activities performed within the a specified zone and that meet certian requirements.		
TEB - 281	<i>Business Tax</i>	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 480.2 (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 - 282	<i>Business Tax</i>	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	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. The Act provides the following tax exemptions: 4% fixed income tax rate; 1% fixed income tax rate for innovative firms introducing "pioneer" activities or operations; a reduction of 0.5% in the fixed income tax rate, when the business is located in an industrial area of low or intermediate development; 12% fixed income tax rate, withheld at source, on royalties paid to foreign entities with respect to intangible property	Act 73 - 2008	Informative Income Tax Return 2018 (Form 480.2(EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008 Schedule X Pass-Through, Part III, Line 3

			used in the exempt business; 100% tax exemption on dividend distributions; 4% fixed income tax rate on gains derived from the sale of ownership interests or substantially all the assets of the exempt business, in lieu of any other Puerto Rico income tax imposed on such gains.		
TEB - 283	<i>Business Tax</i>	Act 20 - 2012, Export Services	Act No. 20 of 2012, known as the Act to promote the exportation of services, provides attractive tax incentives for companies that establish and expand their export services businesses in the island. It provides for a fixed income tax rate of 4%, which under certain circumstances can be reduced to 3%.	Act 20 - 2012	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 20-2012 Schedule AA Pass-Through, Part III, Line 3
TEB - 284	<i>Business Tax</i>	Act 185 - 2014, Private Equity Fund	Accredited investors may claim a deduction for their initial investment in a private equity fund or in a Puerto Rico private equity fund. 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.	Act 185 - 2014	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part VIII Line 31.

<i>Exclusions</i>					
TEB - 285	<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)(a)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part I Line 1
TEB - 286	<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 2018 (Form 480.2 (EC)) Schedule (Sch) IE, Part I L-2, Sch L Part IV-L-47, Sh V Part V L-38, Sch W Part IV L-28, Sch X Part VI L-38, Sch Y Part IV L-38, Sch Z Part IV L-28, Sch AA Part V L-35
TEB - 287	<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 2018 (Form 480.2 (EC))

					Schedule IE, Part I Line 3
TEB - 288	<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</p>	<p>PR Internal Revenue Code Section 1031.01 (b), (4), (5), (6), (7), (9), (11), (12), (13), (14)</p>	<p>Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part I Line 5</p>

			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.		
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TEB - 289	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part I Line 6
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TEB - 290	<i>Business Tax</i>	Act 78 - 1993, Tourism Development Law of Puerto Rico	Act 78 provides 90% exemption on income from eligible tourism activities, including benefits and dividends distributed from the exempt business to his shareholders or partnes, as well as distributions in liquidation. The exemption period will be for a period of ten (10) years.	Act 78 - 1993	Informative Income Tax Return 2018 (Form 480.2 (EC)) Partially Exempt Income Schedule L Pass-Through, Part I, Line 4
TEB - 291	<i>Business Tax</i>	Act 74 - 2010, Tourism Development Law of Puerto Rico	Act 74 provides 90% exemption on income from eligible tourism activities, including benefits and dividends distributed from the exempt business to his shareholders or partnes, 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 2018 (Form 480.2 (EC)) Partially Exempt Income, Schedule L Pass-Through, Part I, Line 4
TEB - 292	<i>Business Tax</i>	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	The Act establishes the requirements to qualify as a "bona fide" farmer and provide a 90% exemption from the payment of all kinds of taxes on movable and real property, municipal license tax, taxes, income taxes, excise taxes and all municipal and/or state taxes or fees.	Act 225 - 1995	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule L Pass-Through, Part I, Line 4
TEB - 293	<i>Business Tax</i>	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	To determine Tourism Activities (hotels, condohotels, Puertorican inns, tourist seaports, theme parks, port facilities and other tourist facilities) eligible for temporary tax incentives. In the case of an entity operating under Act 52 of 1983 or Act 78-1993, and has made the election under Article 5(b) or 3(a)(1)(D) respectively.	Act 52 - 1983	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule L Pass-Through, Part I, Line 4
TEB - 294	<i>Business Tax</i>	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	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule L Pass-Through, Part I, Line 4

TEB - 295	<i>Business Tax</i>	Act 47-1987 - "Law of Coparticipation 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 2018 (Form 480.2 (EC)) Schedule L Pass-Through, Part I, Line 4
<i>Exemptions</i>					
TEB - 296	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1
TEB - 297	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 A)

TEB - 298	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 C)
TEB - 299	<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. 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	PR Internal Revenue Code Section 1031.02(a)(3)(D), (E) (F), (G) and (H)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 D)

			housing; and secured under the Bankhead-Jones Farm Tenant Act of 1937, as amended.		
TEB - 300	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 E)
TEB - 301	<i>Business Tax</i>	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 F)

		an employee owned special corporation			
TEB - 302	<i>Business Tax</i>	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of 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 purchase or investment in itself and for itself of preferred shares of an employeesowned special corporation.	PR Internal Revenue Code Section 1031.02(a)(3)(N)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 F)
TEB - 303	<i>Business Tax</i>	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)(O)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 G)

TEB - 304	<i>Business Tax</i>	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)(P)	Informative Income Tax Return Pass-Through Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 H)
TEB - 305	<i>Business Tax</i>	Other interest reported in Form 480.6D	Schedule IE, Part II Line 1 J)The amount of other interests reported in Box 9 of Form 480.6D. Submit Form 480.6D. Items subject to alternate basic tax. (Form 480.6D- Box 9 – 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.)	PR Internal Revenue Code Section 1031.02(a)(3)(Q)	Informative Income Tax Return Pass-Through Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 I)
TEB - 306	<i>Business Tax</i>	Other interest not subject to alternate basic tax reported in a Form 480.6D	Schedule IE, Part II Line 1 K) – Total amount of other interests not subject to alternate basic tax reported in Box 10 of Form 480.6D. Provide Form 480.6D. (Box 10 – Other Interest Not Subject to Alternate Basic Tax: Includes 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.)	PR Internal Revenue Code Section 1031.02 (a) (3) |Instructions Booklet Pass Through Entity 2018 Schedule IE Pass- Through Part II Line 1(K)	Informative Income Tax Return Pass-Through Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 K)

TEB - 307	<i>Business Tax</i>	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)	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 k)
TEB - 308	<i>Business Tax</i>	Other Interest subject to alternate basis tax not reported on a Form 480.6D	Schedule IE, Part II Line 1 L) – 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. 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	Instructions Booklet Pass Through Entity 2018 Schedule IE Pass- Through Part II Line 1(L)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 L)

			interests received during the year which are subject to the payment of alternate basic tax and were not reported on a Form 480.6D.		
TEB - 309	<i>Business Tax</i>	Other interests not subject to alternate basic tax not reported on a Form 480.6D	Schedule IE, Part II Line 1 M)-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.	Instructions Booklet Pass Through Entity 2018 Schedule IE Pass- Through Part II Line 1(M)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 1 M)
TEB - 310	<i>Business Tax</i>	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).	Act 73-2008 and Act 135-1997	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line13
TEB - 311	<i>Business Tax</i>	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)	Informative Income Tax Return Pass-Trough 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 7

TEB - 312	<i>Business Tax</i>	Other dividends reported in a Form 480.6D	The amount of other exempt dividends reported in a Form 480.6D	PR Internal Revenue Code Section 1031.02 (a) (4) |Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 2 A, C
TEB - 313	<i>Business Tax</i>	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 2017 of Taxable Corporations Schedule IE Corporation	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 2 B, D
TEB - 314	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 3

TEB - 315	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 4
TEB - 316	<i>Business Tax</i>	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.	PR Internal Revenue Code Section 1031.02(a)(17)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 5

			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.		
TEB - 317	<i>Business Tax</i>	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)	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 6
TEB - 318	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 7
TEB - 319	<i>Business Tax</i>	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.	PR Internal Revenue Code Section 1031.02(a)(28)	Informative Income Tax Return Pass-Trough 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 8

TEB - 320	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 9
TEB - 321	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 10
TEB - 322	<i>Business Tax</i>	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)	Informative Income Tax Return Pass-Trough 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 11

TEB - 323	<i>Business Tax</i>	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,</p>	PR Internal Revenue Code Section 1023.06 (j) and 1023.25(b)	Informative Income Tax Return Pass-Trough 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 12
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			<p>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>		
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TEB - 324	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 13
TEB - 325	<i>Business Tax</i>	Rent of residential property under Act 132-2010	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 14
TEB - 326	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 15

TEB - 327	<i>Business Tax</i>	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	Act 135-2014 Instructions Booklet Income Tax Return Pass Through Entity 2018 Schedule IE Pass- Through	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 16
TEB - 328	<i>Business Tax</i>	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,	PR Internal Revenue Code Sections 1071.02, 1114.06 and 1115.04	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 17

			losses, or credits to be included separately as determined in subsections (b) and (d) that may affect the tax liability of any shareholder.		
TEB - 329	<i>Business Tax</i>	Other payments reported in a Form 480.6 D	Any other exempt income received during the year that is not included in the other boxes of this form and that is subject to alternate basic tax, as provided by Section 1021.02 of the Code.	PR Internal Revenue Code Section 1021.02	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 18
TEB - 330	<i>Business Tax</i>	Other payments not subject to alternate basic tax reported on a Form 480.6D	Total amount of income reported in Box 19 of Form 480.6D. (Box 19 of Form 480.6D - Any other exempt income received during the year that is not included in the other boxes of 480.6D and that is not subject to alternate basic tax, as provided by Section 1021.02 of the Code.)	PR Internal Revenue Code Section 1021.02 Instructions Booklet Income Tax Return Pass-Trough Entity 2018 Schedule IE Pass-Trough Entity Part II Line 20	Informative Income Tax Return Pass-Trough Entity 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 19
TEB - 331	<i>Business Tax</i>	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 Form 480.6D. Provide the form or document in which they were reported.	PR Internal Revenue Code Section 1021.02 Instructions Booklet Income Tax Return Pass-Trough Entity 2018 Schedule IE Pass-Trough Entity	Informative Income Tax Return Pass-Trough 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 20

TEB - 332	<i>Business Tax</i>	Other exemptions	<p>Line 21 – 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>(a) 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>(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>Instructions Booklet Income Tax Return Pass Through Entity 2018 Schedule IE Pass- Through Part II Line 21 PR Internal Revenue Code Sections 1021.02, 1031.02(a)(6), 1031.02(a)(7), 1031.02(a)(22) and 1031.02(a)(35)</p>	<p>Informative Income Tax Return Pass-Trough 2018 (Form 480.2 (EC)) Schedule IE, Part II Line 21</p>
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			<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. No aparece excluida bajo la Seccion 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</p>		
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			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.		
<i>Credits</i>					
<i>Subject to Moratorium</i>					
TEB - 333	<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 1051.1 2(b)(2) Act 46-2000	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 1 and Part VI Line 2
TEB - 334	<i>Business Tax</i>	Credit for construction investment in urban centers (Act 212-2012, as amended), incl	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 1051.1 2(b)(5) Act 212-2012	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 2 and Part VI Line 7

		uding purchases.			
TEB - 335	<i>Business Tax</i>	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Act 212-2002: Section 4.04 - The amount of Tax Credit for Merchants Affected by 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 from 50% of the gross sales generated during the construction period.	Act 212-2012, Section 4.04	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 3
TEB - 336	<i>Business Tax</i>	Credits carried from previous years, Total of Credits for Agricultural Products	Section 1051.07 credit not used in prior years to due to the 25% limitation of the tax liability	Section 1051.07	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule B1 Pass Through Part I Line 2
TEB - 337	<i>Business Tax</i>	Credit for Increase in Purchases of Puerto Rican Agricultural Products (Section 1051.07), Total credit for purchases of Puerto Rican agricultural products	This credit was available for taxable years commenced before January 1, 2018. Any amount claimed is related to the carryforward of the credit generated in prior years.	PR Internal Revenue Code Section 1051.07	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule B1 Pass-Through Entity Part I Line 1

TEB - 338	<i>Business Tax</i>	Credit for Purchase of Products Manufactured in Puerto Rico and Tuna Processing (Section 1051.09)	<p>PR Internal Revenue Code Section 1051.09:</p> <p>(a) Any eligible business that purchases eligible products manufactured in Puerto Rico, including components and accessories, shall be entitled to claim a credit against the taxes provided in this Subtitle A, as provided in subsection (c) of this Section.</p> <p>(c) The credit granted under this section shall be computed as follows:</p> <p>(1) First, the amount of purchases of eligible products manufactured in Puerto Rico, made by the eligible business during the tax year shall be determined.</p> <p>(2) Then, the average purchases of eligible products manufactured in Puerto Rico made by the eligible business for the 3 of the 10 preceding tax years, reflecting minor purchases, shall be determined; i.e., excluding the 7 years when the amount of purchases was highest.</p> <p>(3) Amount of the Credit.</p> <p>(A) In general. The credit for purchases of eligible products shall be 10% of the excess purchases of said eligible products, as determined in paragraph (1), over the average determined in paragraph (2).</p> <p>(B) In the case of products manufactured in Puerto Rico by tuna processing plants, the credit shall be 10% of the total purchases of said eligible products, as determined in paragraph (1), without applying the limitations provided in subsection (b)(2)(B) of this Section. (C) Credit limitation. The credit provided by this section may be used to reduce the tax of the eligible business levied under Subtitle A, by up to 25%. Any credit not used by the eligible business may be carried</p>	PR Internal Revenue Code Section 1051.09 9	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule B1 Pass-Through, Part III, Line 2 and Line 3
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			forward to subsequent tax years until used in full, subject to the preceding limitation.		
TEB - 339	<i>Business Tax</i>	Credits carried from previous years of Products Manufactured in Puerto Rico and Tuna Processing	Section 1051.09 credit not used in prior years to due to the 25% limitation of the tax liability.	PR Internal Revenue Code Section 1051.09	Informative Income Tax Return 2018 (Form 480.2 (EC)) Schedule B1 Pass-Through Part III Line 4
<i>Credits</i>					
Subject to Moratorium					
340	<i>Business Tax</i>	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(b)(4) Act 183-2001	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 5 and Part VI Line 6

341	<i>Business Tax</i>	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 2018 (Form 480.2 (EC)) Part IV Line 6
342	<i>Business Tax</i>	Credit for increase in investments	This credit was available for taxable years commenced before January 1, 2018. Any amount claimed is related to the carryforward of the credit generated in prior years. Credit against the tax imposed to dividends received from industrial development income corresponding to 3% of the investment made by the subsidiary in the acquisition, construction and expansion of buildings and other structures used in manufacture, in excess of the investment in such properties owned by the subsidiary as of March 31, 1977. In the case of corporations that have not benefited from tax exemption under Act No. 73 -2008 for two taxable years, this credit will be granted to the parent company for the increase in investments made by the subsidiary after the end of its second year of tax exemption. To be entitled to the credit, the investment should have been made prior to January 1, 1993. This credit can be carried forward to the following taxable years. Nevertheless, investments made in real property to obtain the waiver indicated in paragraph 6, subsection (a) of Section 4 of Act No. 8 of 1987, cannot be used for purposes of this credit.	Act No. 8 of 1987 - PR Internal Revenue Code, Section 1051.05	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 7

343	<i>Business Tax</i>	Credit for investment in film industry development (Act 27-2011), 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	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 8 and Part VI Line 8
344	<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	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 9

345	<i>Business Tax</i>	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 Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in aggregate, for any taxable year.	PR Internal Revenue Code Section 1051.10 Act 290-2000 and Act 302-2012	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 10
346	<i>Business Tax</i>	Credit for contributions to Santa Catalina's Palace Patronage and/or Patronage of the State Capitol of the Legislative Assembly	This credit was available for taxable years commenced before January 1, 2018. Any amount claimed is related to the carryforward of the credit generated in prior years. Credit was for donations to the Santa Catalina's Palace Patronage or to the Patronage of the State Capitol of the Legislative Assembly. The amount of this credit was 100% of the amount donated during the taxable year.	PR Internal Revenue Code Section 1051.06	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 12
347	<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	Section 6 Act 73-2008	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 13 and Part VI Line 13

			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.		
348	<i>Business Tax</i>	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) Act 83 - 2010	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 14
349	<i>Business Tax</i>	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	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.	PR Internal Revenue Code Section 1051.1 2(b)(7) Act 98- 2001	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 15

			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.		
350	<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.	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 1051.1 2(b)(6) Act 140-2001	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 16

351	<i>Business Tax</i>	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.	Act 159-2011 Section 4 PR Internal Revenue Code Section 1051.1 2 (a)(1)	Informative Income Tax Return 2015 (Form 480.2 (EC)) Part VI Line 1
352	<i>Business Tax</i>	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 1051.1 2(a)(3) Act 178-2000, Section 11.	Informative Income Tax Return 2015 (Form 480.2 (EC)) Part VI Line 3

<i>Not subject to Moratorium</i>					
TEB - 172	<i>Business Tax</i>	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (135-1997), 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 5A Act 135-1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part IV Line 11 and Part VI Line 10
TEB - 178	<i>Business Tax</i>	Tourism Investment Credit	Any person who acquires an equity interest in an entity that develops an exempt tourism business, or who invests in a condohotel, 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) • 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	Art. 5 Act 74 - 2010	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part VI Line 8

			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.		
TEB - 179	<i>Business Tax</i>	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 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 2018 (Form 480.2 (EC)) Part VI Line 11 and Part VI Line 11 and Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008 Schedule X Pass Through, Part IV, Line 3(c) and Part VI Line 11
TEB - 180	<i>Business Tax</i>	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Credit for Investment in Strategic Projects.— 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.	Sec. 5(g) of Act 73 2008	Informative Income Tax Return 2018 (Form 480.2 (EC)) Part VI Line 12

TEB - 181	<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 2018 (Form 480.2 (EC)) Part VI Line 15
<i>Credits - Other Incentives Acts</i>					
TEB - 236	<i>Business Tax</i>	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	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-Through, Part III, Line 3(a)

TEB - 237	<i>Business Tax</i>	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) Act 135-1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-Through, Part III, Line 3(b)
TEB - 235	<i>Business Tax</i>	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) Act 135-1997	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule V Pass-Through, Part III, Line 3(c)
TEB - 221	<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	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under ACT 135-1997, Schedule X Pass-Through, Part III, Line 3(a), Schedule V Pass-Through, Part III, Line 3(d) and

					Schedule Y Pass-Through, Part II, Line 3(a)
TEB - 238-223	<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. The total credit for energy costs not used in the taxable year in which it was originated may</p>	Section 5(e) Act 73 - 2008	<p>Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Schedule X Pass-Through Part IV, Line 3(e) and Schedule V Pass-Through, Part III, Line 3(g)</p>

			be carried forward to subsequent taxable years.		
TEB - 239	<i>Business Tax</i>	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) Act 83 - 2010	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 73- 2008 Schedule X Pass Through Part IV, Line 3(b) and Schedule Y Pass-Through, Part II, Line 3(b)
TEB - 240	<i>Business Tax</i>	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 Art. 2.11(c) Act 83 - 2010	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 73- 2008 Schedule X Pass- Through, Part IV, Line 3(c), Schedule V Pass- Through, Part III, Line 3(e) and Schedule Y Pass-Through, Part II, Line 3(c)

<p>TEB - 238-222</p>	<p><i>Business Tax</i></p>	<p>Credit for investment in Machinery and Equipment for the generation and efficient use of energy</p>	<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>	<p>Section 5(d) Act 73 - 2008</p>	<p>Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008 Schedule X Pass-Through, Part IV, Line 3(d) and Schedule V Pass-Through, Part III, Line 3(f)</p>
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TEB - 238	<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) Act 73 - 2008 and Art. 2.11(d) Act 83 - 2010	<p>Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008</p> <p>Schedule X Pass-Through, Part IV, Line 3(f) and Schedule Y Pass-Through, Part II, Line 3(d)</p>
TEB - 224	<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 taxexempt business.</p>	Sec. 5(g) of Act 73, 2008	<p>Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008</p> <p>Schedule X Pass-Through, Part IV, Line 3(g) and Schedule V Pass-Through, Part III, Line 3(h)</p>

TEB - 225	<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 Act 73-2008	Informative Income Tax Return 2018 (Form 480.2 (EC)) Determination of Net Income and Income Tax for Exempt Business Under Act 73-2008 Schedule X Pass-Through, Part IV, Line 3(h) and Schedule V Pass-Through, Part III, Line 3(i)
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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
SUT					
<i>Exemption</i>					
TEB - 368	<i>SUT</i>	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	Tax on Imports Monthly Return. Form AS 2915.1 D Line 3. P. Giveaways (Section 4030.05)

TEB - 369	<i>SUT</i>	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	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.H. Change of residence (Section 4030.09)
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TEB - 370	<i>SUT</i>	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 Monthly Return. Form AS 2915.1 Line 16. Exempt Admissions (NAICS 61 Educational Services)
TEB - 371	<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)
TEB - 372	<i>SUT</i>	Exemption for Prescription Drugs	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)

TEB - 373	<i>SUT</i>	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	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	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.I. Items and equipment to compensate for physical deficiencies (Section 4030.13)
TEB - 374	<i>SUT</i>	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 Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 531)
TEB - 375	<i>SUT</i>	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 Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 62441)

TEB - 376	<i>SUT</i>	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 Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 81221)
TEB - 377	<i>SUT</i>	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	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.J. Solar equipment (Section 4030.17)
TEB - 378	<i>SUT</i>	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 Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 62331)
TEB - 379	<i>SUT</i>	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used	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	PR Internal Revenue Code Section 4030.19	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.K. Articles, equipment and technology used to render health services (Section 4030.19)

		in the Performance of Health Services	health services in the process of diagnosing and treating illness in human beings.		
TEB - 380	<i>SUT</i>	Exemption for Textbooks	Exemption for printed books. All printed books are exempt from payment of the sales and use tax. 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 in the month of August, on the retail sale of uniforms and materials as defined herein.	PR Internal Revenue Code Section 4030.20	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 451211)
TEB - 381	<i>SUT</i>	Exemption for Uniforms and Materials	Exemption for printed books. All printed books are exempt from payment of the sales and use tax. 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 in the month of August, on the retail sale of uniforms and materials as defined herein.	PR Internal Revenue Code Section 4030.20	Canasta 2010 Departamento del Trabajo y Recursos Humanos

TEB - 382	<i>SUT</i>	Exemption for Sales Made by Churches.	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 Monthly Return. Form AS 2915.1 15. Exempted Sales (NAICS 81311)
TEB - 383	<i>SUT</i>	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	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.L. Bona fide farmer (Section 4030.22)
TEB - 384	<i>SUT</i>	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	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.M. Tourism development concessionary (Section 4030.23)

TEB - 385	<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	PR Internal Revenue Code Section 4010.01 (nn)(3)(B) and 4010.01 (ll)	n.d.a.

			Rico by said person. (11) 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.		
TEB - 386	<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 Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 61100, 61111, 61121, 61131, 61141, 61142, 61143, 61151, 61160, 61161, 61162, 61163, 61169, 61171)
TEB - 387	<i>SUT</i>	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)
TEB - 388	<i>SUT</i>	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 Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 52400, 52411, 52412, 52421, 52429)

TEB - 389	<i>SUT</i>	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 Monthly Return. Form AS 2915.1 15. Sale of Exempt Services
TEB - 390	<i>SUT</i>	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)	SC 2914, APPLICATION FOR REGISTRATION CERTIFICATE OF MERCHANT, Line 10
<i>Exclusions</i>					
TEB - 391	<i>SUT</i>	Vehicles	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 - 392	<i>SUT</i>	Gasoline	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 - 393	<i>SUT</i>	Electricity	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 - 394	<i>SUT</i>	Water	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

Table 5

EXCISE TAX*Excise Tax Expenditure*

EXC ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
VEHICLES					
<i>Credits</i>					
394	<i>Excise</i>	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.	PR Internal Revenue Code Section 3030.03	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

<i>Exemptions</i>					
TEB - 395	<i>Excise</i>	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	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
TEB - 396	<i>Excise</i>	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 - 397	<i>Excise</i>	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 - 398	<i>Excise</i>	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 of Chapter 2 of this Subtitle	PR Internal Revenue Code Section 3030.08	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 399	<i>Excise</i>	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 - 400	<i>Excise</i>	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.	PR Internal Revenue Code Section 3030.10	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 401	<i>Excise</i>	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	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 - 402	<i>Excise</i>	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	PR Internal Revenue Code Section 3030.16	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

TEB - 403	<i>Excise</i>	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, 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 - 404	<i>Excise</i>	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

CIGARRETES

Exemptions

TEB - 405	<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.
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TEB - 406	<i>Excise</i>	<p>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>	<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,</p>	PR Internal Revenue Code Section 3030.18	n.d.a.
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			<p>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 the Law 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>		
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FUEL					
<i>Exemptions</i>					
TEB - 407	<i>Excise</i>	Excludes natural gas of "Other Fuel"	(b) 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. To the 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 - 408	<i>Excise</i>	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 - 409	<i>Excise</i>	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)	Tax on Imports Monthly Return Form AS 2915.1 D: B. Raw material, machinery, and equipment (Manufacturing process) (Section 4030.06)

TEB - 410	<i>Excise</i>	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, Oficina Asuntos Tarifarios y Estudios Económicos Puerto Rico, Port Authority of Puerto Rico
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CRUDE OIL AND PETROLEUM PRODUCTS

Exclusions

TEB - 411	<i>Excise Tax</i>	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
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TEB - 412	<i>Excise Tax</i>	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 - 413	<i>Excise Tax</i>	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 - 414	<i>Excise Tax</i>	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.
TEB - 415	<i>Excise Tax</i>	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 - 416	<i>Excise Tax</i>	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.
TEB - 417	<i>Excise Tax</i>	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)	Tax on Imports Monthly Return Form AS 2915.1 D: B. Raw material, machinery, and equipment Manufacturing process), Section 4030.06), Branch Business Analysis & Integration Division DLA Finance-Energy (F8FWD) 2017. PREPA Fuels Office.

TEB - 418	<i>Excise Tax</i>	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 - 419	<i>Excise Tax</i>	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

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DISTILLED SPIRITS AND ALCOHOLIC BEVERAGES

Exclusions

TEB - 420	<i>Excise</i>	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.
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TEB - 421	<i>Excise</i>	Distilled Spirits and Alcoholic Beverages Used in the Process of Manufacture, Research, Development or Experimentation in Laboratories or for Medicinal Purposes	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.	PR Internal Revenue Code Section 5023.02	n.d.a.
TEB - 422	<i>Excise</i>	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.

Bibliography

This bibliography lists the books and articles that form the source material that Hacienda referenced during the development of the PRTER. Much of the discussion in Sections I through IV of the PRTER was drawn from these sources and altered to apply to the tax law specific to Puerto Rico.

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