

PRESS RELEASE



Office of the Secretary

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PUERTO RICO TREASURY DEPARTMENT OBTAINS HIGHEST MONTHLY PRELIMINARY SUT REVENUES FOR SEPTEMBER

FIRST MONTH OF IMPLEMENTATION OF SUT COLLECTION AT PORTS DRIVES HIGHER COLLECTIONS

*September SUT revenues exceed prior year period by 8.5%
YTD collections up 5.4% compared to prior year period*

San Juan – Melba Acosta Febo, Puerto Rico Treasury Secretary, announced the Sales and Use Tax (SUT) revenue numbers for the month of September, which include transactions made in August, the first month that the Treasury Department began charging the SUT at local ports.

Acosta Febo stated that gross preliminary SUT collections totaled \$124.2 million, the highest level for a month of September since the SUT was implemented in November 2006. This figure will be reduced by \$4.7 million in ACH transactions that were processed but were returned for different reasons, which brings the number down to \$119.5 million. The Treasury Department has already identified the nearly 50 merchants whose ACH transactions were returned and will follow up to collect them. \$115.7 million of these funds were already transferred to COFINA; the rest will be transferred during the month of October.

“If we compare what was already transferred to COFINA, \$115.7 million, with September 2013 SUT revenues, we see an increase of \$9.1 million, or 8.5%. SUT revenues for the 1st Quarter of FY2015 (July to September) totaled \$337.8 million, for a \$17.3 million, or 5.4%, increase compared to the same period in FY2014,” she pointed out.

Acosta Febo emphasized that these positive results are even stronger given certain setbacks with the initial implementation of the Integrated Merchant Portal (PICO, by its Spanish acronym) system and with the filing of electronic returns under the new system.

The Official attributed these strong results to the Treasury Department's ongoing efforts to increase collections, tackle tax evasion and enforce tax compliance through the collection of the SUT at the island's ports.

She further explained that these collections are allocated to COFINA for debt service: "In FY2015, COFINA will receive the first \$670 million collected in SUT revenues to service the debt, a 4% increase over last year's payment of \$643.7 million to COFINA. In the first quarter of FY2014, 47.4 % of this payment had been transferred to COFINA, while 50.4% has already been transferred in the first quarter of FY2015. The revenue increase we are announcing today has resulted in higher allocations to COFINA and a higher relative share of revenue already transferred," she explained.

"As we have mentioned before, the company in charge of creating and programming PICO was initially unable to make it work up to the standards for merchants' ease of access and use that we had demanded. Most of the complications that occurred have been addressed at this point, though the Treasury Department did not stop collecting the SUT—as has been mistakenly said—due to these technical complications. Rather, the Department implemented mechanisms and processes so to ensure revenue capture would continue, and today we see the results," the Official pointed out. "As the system is further refined, we expect even greater growth in SUT collections during the coming months," she affirmed.

On this subject, Acosta Febo further explained that the Treasury Department established an alternate method, through Administrative Decision No. 14-15, to release Imported Goods from the ports, and other processes and related due dates were made more flexible through other administrative decisions. Moreover, one of these decisions established a process, in addition to PICO electronic filing, to allow merchants to temporarily file paper Monthly SUT Returns. However, she mentioned that the volume of paper returns was low despite the problems since the inception of the system. As of today, only 660 paper returns have been filed. 3,215 SUT returns for imported goods and 44,557 regular SUT returns were electronically filed through PICO. There are 52,981 users registered in PICO.

Finally, Acosta Febo stated that total government revenues for September, including comparisons with estimates, will be reported in a press release at the closing of the accounting period, as is done every month.

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