

PRESS RELEASE

TRANSLATION



Office of the Secretary

October 14, 2016
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PUERTO RICO TREASURY REPORTS \$1.94 BILLION IN REVENUE FOR FY 2017 Q1

FY Q1 Sales and Use Tax totaled \$625.5 million, up \$102.6 million, or 20%, year-over-year

(San Juan, Puerto Rico) – Treasury Secretary Juan Zaragoza Gómez reported net revenues to the General Fund totaled \$1.94 billion in the first quarter (July-September) of Fiscal Year 2017, which was \$1.8 million above FY 2016 Q1, and 0.8%, or \$14.7 million, below estimates. Zaragoza Gómez pointed out that revenues exceeded estimates in the first two months (July and August) of FY 2017. September revenues registered a decrease, mainly in the non-resident withholdings category, which affected quarterly results.

Individual income tax, corporate income tax and non-resident withholdings registered downward changes in September and in the first quarter. This last category includes patent use royalties paid in manufacturing. Consumption taxes, such as the Sales and Use Tax (“SUT”), and the excise taxes registered upward changes, which offset the decline in other revenue categories.

September SUT revenues totaled \$203.1 million, which was \$25.3 million, or 14.2%, above September 2015 revenues. The 10.5% SUT revenue totaled \$625.5 million in the first quarter, a year-over-year increase of \$102.6 million, or 20%. SUT revenues allocated to the General Fund were \$98 million up year-over-year, and \$20.4 million above estimates. The Officer stated this behavior is the result of several factors, to wit: July 2016 SUT revenues were levied at the 10.5% rate while July 2015 SUT revenues were at 6.0%, the introduction of the 4% tax on designated business-to-business and professional services (known as B2B), which was not in effect at that time last year, and the

Department's fiscal oversight efforts. Lastly, the "Others" category registered a \$56.3 million year-over-year decrease in the first quarter, due mainly to non-recurring revenues.

General Fund Net Revenues
July - September
(million of \$)

Items	Jul - Sep			Estimate	Collections
	2015-16	2016-17	Dif.	Jul - Sep	vs. Estimate
Gross General Fund Net Revenues	2,055.8	2,057.6	1.8	2,072.3	(14.7)
Reserve for Refund	(120.0)	(120.0)	-	(120.0)	-
General Fund Net Revenues	1,935.8	1,937.6	1.8	1,952.3	(14.7)
Individual	449.0	411.4	(37.6)	431.8	(20.4)
Corporations	345.7	328.5	(17.2)	328.7	(0.2)
Non-Resident Withholdings	133.0	91.2	(41.8)	132.9	(41.7)
Sales and Use Tax	170.1	268.1	98.0	247.7	20.4
Foreign (Act. 154)	551.3	543.0	(8.3)	526.6	16.4
Alcoholic Beverages	59.4	57.3	(2.1)	60.4	(3.1)
Cigarettes	11.9	30.1	18.2	29.4	0.7
Motor Vehicles	33.9	59.0	25.1	50.6	8.4
Excises on Off-Shore Shipment Rum	52.8	76.6	23.8	79.1	(2.5)
Others	128.7	72.4	(56.3)	65.1	7.3

General Fund Net Revenues
September
(million of \$)

Items	September			Estimate	Collections
	2015-16	2016-17	Dif.	sep	vs. Estimate
Gross General Fund Net Revenues	799.3	762.5	(36.8)	795.0	(32.5)
Reserve for Refund	(40.0)	(40.0)	-	(40.0)	-
General Fund Net Revenues	759.3	722.5	(36.8)	755.0	(32.5)
Individual	154.7	136.1	(18.6)	152.4	(16.3)
Corporations	208.2	203.9	(4.3)	204.5	(0.6)
Non-Resident Withholdings	73.0	51.7	(21.3)	73.0	(21.3)
Sales and Use Tax	76.3	87.1	10.8	80.5	6.6
Foreign (Act. 154)	114.1	127.7	13.6	132.8	(5.1)
Alcoholic Beverages	16.9	23.0	6.1	18.7	4.3
Cigarettes	0.0	11.4	11.4	9.9	1.5
Motor Vehicles	17.8	26.9	9.1	22.8	4.1
Excises on Off-Shore Shipment Rum	18.7	18.5	(0.2)	29.7	(11.2)
Others	79.6	36.2	(43.4)	30.7	5.5

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