



## GOBIERNO DE PUERTO RICO

Departamento de Hacienda

August 6, 2019

### **Puerto Rico Treasury Reports Closing of FY2019 with Record Revenues Totaling \$11,376 Million**

San Juan, Puerto Rico – Puerto Rico Treasury Secretary Francisco Parés Alicea reported that preliminary net revenues to the General Fund for the recently ended FY2019 totaled \$11,376 million. This is a new record number for revenue collections. On a year-over-year comparison, revenues were up by \$2,063 million, or 22 percent. In addition, revenues exceeded three projections prepared by the Fiscal Oversight Board. The Board projected revenues in the amount of \$8,458 million at the beginning of the fiscal year, then revised the amount to \$10,239 million on October 23, 2018, and to \$10,707 million in the last fiscal plan dated May 9, 2019.

Secretary Parés also highlighted the fact that for the third consecutive fiscal year the Administration exceeded revenue projections. FY2019 revenues are explained by a combination of several factors, mainly: the economic activity associated to recovery and reconstruction efforts after the passage of Hurricanes Irma and María; the New Tax Model that became effective in January 2019; the successful implementation since last December of the second phase of the Internal Revenue Unified System (SURI, by its Spanish acronym), and the Taxpayer Rehabilitation Program. Another important factor, he also pointed out was the outstanding work and commitment of the public servants at the Treasury Department.

The corporate income tax category was the main revenue driver with total revenues in the amount of \$2,492 million, a year-over-year increase of \$716 million, or 40 percent.

Sales and Use Tax (SUT) collections totaled \$2,806 million in FY2019, a year-over-year increase of \$283 million, or 11 percent. The General Fund received \$2,299 million of SUT revenues; that is \$653 million more than the previous year, with \$412 million related to the COFINA Adjustment Plan that was approved in February 2019.

Another category that performed well in FY2019 was the motor vehicle excise tax category. Revenues in this category totaled \$519 million, the highest revenue level in thirteen years, since FY2006.

The total revenue projection for the recently started FY2020 is \$10,405 million. The behavior of revenues in July, the first month of the fiscal year, was positive with respect to projections. The third phase of the SURI system, which includes the individual and corporate income taxes, will be completed by December 2019. The New Tax Model benefits will kick off during this year, including the SUT reduction to 7.0%, from 11.5%, for prepared foods, which will enter into effect on October 1, 2019, the income tax reduction, and the earned income credit. Parés was confident that as a result of these measures and the implementation of better tax administration practices to increase tax compliance, the Treasury Department will once again meet revenue goals in FY2020.





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## General Fund Net Revenue July - June (million of \$)

Items	July - June			Revised	Actual
	2017-18	2018-19	Dif.	Forecast 23/10/2018	Collection vs. Revised
Gross General Fund Net Revenues	9,769.2	11,855.9	2,086.7	10,719.0	1,136.8
Reserve for Refund	(456.0)	(480.0)	(24.0)	(480.0)	-
General Fund Net Revenues	9,313.2	11,375.9	2,062.7	10,239.0	1,136.8
Individual	1,959.6	2,223.8	264.2	2,139.0	84.8
Corporations	1,775.7	2,491.8	716.1	1,914.0	577.8
Non-Resident Withholdings	637.5	630.0	(7.5)	649.0	(19.0)
Sales and Use Tax	1,645.8	2,299.1	653.3	2,220.0	79.1
Foreign (Act. 154)	1,914.7	2,083.0	168.3	1,831.0	252.0
Alcoholic Beverages	264.2	274.6	10.4	263.0	11.6
Cigarettes	155.8	101.0	(54.8)	173.0	(72.0)
Motor Vehicles	407.3	519.1	111.8	377.0	142.1
Excises on Off-Shore Shipment Rum	227.2	230.1	2.9	212.0	18.1
Others	325.4	523.4	198.0	461.0	62.4





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## General Fund Net Revenues

June  
(million of \$)

Items	June Revenues			Revised	Actual
	2017-18	2018-19	Dif.	Forecast	Collection
Gross General Fund Net Revenues	1,180.5	1,177.2	(3.3)	1,113.3	64.0
Reserve for Refund	(38.0)	(35.5)	2.5	(35.5)	-
General Fund Net Revenues	1,142.5	1,141.7	(0.8)	1,077.8	64.0
Individual	159.5	193.5	34.0	165.5	27.9
Corporations	285.8	319.0	33.2	273.3	45.7
Non-Resident Withholdings	79.3	31.1	(48.2)	45.4	(14.3)
Sales and Use Tax	238.7	222.3	(16.4)	223.6	(1.3)
Foreign (Act. 154)	238.7	253.5	14.8	182.4	71.1
Alcoholic Beverages	26.1	24.1	(2.0)	26.9	(2.8)
Cigarettes	13.0	4.7	(8.3)	16.1	(11.3)
Motor Vehicles	47.3	31.5	(15.8)	27.0	4.6
Excises on Off-Shore Shipment Rum	36.0	15.4	(20.6)	16.2	(0.8)
Others	18.1	46.6	28.5	101.3	(54.7)

