

PRESS RELEASE



Office of the Secretary

December 11, 2014
Contact: María E. Quintero

Email: maru.quintero@hacienda.gobierno.pr
Tel: 787-398-0486 / 724-0290

**TREASURY COLLECTS \$452 MILLION IN NOVEMBER;
INDIVIDUAL INCOME TAX UP BY \$33 MILLION, OR 25%, COMPARED TO
NOVEMBER 2013, AND BY \$20 MILLION COMPARED TO ESTIMATES**

SUT REVENUES INCREASE 9.5%, OR \$10.1 MILLION, YEAR-OVER-YEAR

(San Juan, Puerto Rico) – Treasury Secretary Juan Zaragoza Gómez announced that preliminary General Fund revenues totaled \$452 million in November. This figure is \$3 million, or 0.7 %, below estimates.

The variation in total revenues is explained by the combined effect of the behavior of the main revenue categories. Individual income tax collections came in at \$165 million, a \$33 million, or 25%, increase relative to November 2013, and \$20 million above estimates. This increase is due to the \$27 million collected in connection with Act 77-2014, which granted a temporary period during which certain transactions could be prepaid, such as Individual Retirement Accounts (IRAs), retirement plans and other capital assets. The temporary period ran from July 1, 2014 through October 31, 2014. For annuity contracts, the period runs from July 1, 2014 through December 31, 2014. Revenues from these transactions total \$137 million fiscal year-to-date. The Governor is considering extending the deadline for the transactions related to IRAs and pension plans until January 31, 2015, for the benefit of taxpayers who were previously unable to avail themselves of this law.

There are two main reasons for the \$43 million year-over-year decrease in the foreign corporation excise tax (Act 154). First, in October 2014, one corporation reached the maximum cap for the excise tax for the calendar year, as opposed to last year when it reached the maximum cap in December.

Consequently, this corporation did not make any payments in November. This situation was taken into consideration in the estimates for the month. Second, another corporation, for reasons inherent to its operations, moved forward its production to earlier months. Fiscal year-to-date revenues in this category were up \$34 million year-over-year and \$6 million above estimates.

The 6.0% state Sales and Use Tax (SUT) revenues reached \$116.6 million in November, a \$10.1 million increase, for a 9.5% year-over-year increase. “SUT revenues were the highest for a month of November, since the SUT was implemented in November 2006. Fiscal YTD (July-November) SUT revenues totaled \$568 million, for a year-over-year increase in adjusted revenues of 6.9%, or \$36.9 million, Zaragoza Gómez stated.

Certain excise taxes collections showed a decline. Alcoholic beverage and motor vehicle excise taxes registered \$9 million and \$8 million reductions, respectively. Zaragoza Gómez highlighted the fact that on November 12, 2014, Governor Alejandro Garcia Padilla signed into law Act 186, which lowers the excise tax on motor vehicles to 15%. This bill launched some changes contemplated in the first stage of the tax reform.

General Fund Net Revenues
November
(million of \$)

| Items | November | | Dif. | Estimate November | Collections vs. Estimate |
|-----------------------------------|----------|---------|--------|----------------------|-----------------------------|
| | 2013-14 | 2013-14 | | | |
| Gross General Fund Net Revenues | 522.0 | 490.9 | (31.2) | 494.1 | (3.2) |
| Reserve for Refund | (49.0) | (39.0) | 10.0 | (39.0) | - |
| General Fund Net Revenues | 473.0 | 451.9 | (21.2) | 455.1 | (3.2) |
| Individual | 132.0 | 164.6 | 32.7 | 144.3 | 20.3 |
| Corporations | 29.7 | 28.5 | (1.2) | 31.1 | (2.6) |
| Non-Resident Withholdings | 62.5 | 61.6 | (0.9) | 62.5 | (0.9) |
| Sales and Use Tax | - | - | - | - | - |
| Property Taxes | 0.9 | 2.1 | 1.2 | - | 2.1 |
| Foreign (Act. 154) | 135.3 | 92.8 | (42.5) | 109.0 | (16.2) |
| Alcoholic Beverages | 26.4 | 17.2 | (9.2) | 26.0 | (8.8) |
| Cigarettes | 9.4 | 10.8 | 1.4 | 9.3 | 1.5 |
| Motor Vehicles | 31.2 | 21.7 | (9.5) | 30.0 | (8.3) |
| Excises on Off-Shore Shipment Rum | 14.4 | 20.3 | 5.9 | 21.8 | (1.5) |
| Others | 31.3 | 32.3 | 1.0 | 21.1 | 11.2 |

General Fund Net Revenues
July to November
(million of \$)

| Items | July - November | | Dif. | Estimate | Collections |
|-----------------------------------|-----------------|---------|---------|-----------|--------------|
| | 2013-14 | 2014-15 | | Jul - Nov | vs. Estimate |
| Gross General Fund Net Revenues | 3,278.3 | 3,096.5 | (181.8) | 3,129.0 | (32.5) |
| Reserve for Refund | (245.0) | (195.0) | 50.0 | (195.0) | - |
| General Fund Net Revenues | 3,033.3 | 2,901.5 | (131.8) | 2,934.0 | (32.5) |
| Individual | 706.9 | 867.9 | 161.0 | 833.7 | 34.2 |
| Corporations | 618.2 | 492.3 | (125.9) | 534.9 | (42.6) |
| Non-Resident Withholdings | 358.8 | 235.6 | (123.2) | 224.8 | 10.8 |
| Sales and Use Tax | - | - | - | - | - |
| Property Taxes | 9.3 | 7.9 | (1.4) | 0.0 | 7.9 |
| Foreign (Act. 154) | 724.0 | 757.9 | 34.0 | 752.0 | 5.9 |
| Alcoholic Beverages | 116.7 | 94.9 | (21.9) | 117.5 | (22.6) |
| Cigarettes | 64.8 | 64.0 | (0.8) | 61.4 | 2.6 |
| Motor Vehicles | 154.9 | 111.7 | (43.2) | 152.7 | (41.0) |
| Excises on Off-Shore Shipment Rum | 132.6 | 96.0 | (36.7) | 122.4 | (26.4) |
| Others | 147.1 | 173.4 | 26.3 | 134.6 | 38.8 |

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