

PRESS RELEASE

TRANSLATION



Office of the Secretary

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**TREASURY REVENUES FOR THE FIRST QUARTER OF FISCAL YEAR 2015-16
TOTAL \$1.936 BILLION, EXCEEDING REVENUES FOR THE SAME QUARTER LAST
YEAR BY \$161.9 MILLION AND THE ESTIMATE FOR THE PERIOD BY \$18.8 MILLION**

***Sales and Use Tax Collections for September Totaled \$177.8 million,
\$62.1 million More than Last Year***

(San Juan, Puerto Rico) – Treasury Secretary, Juan Zaragoza-Gómez, announced that General Fund net revenues for September totaled \$759.3 million. These revenues represent an increase of \$50.3 million, or 7.1%, as compared to September of last year, and are \$17.4 below estimates. “During each of the first three months of this fiscal year, monthly revenues surpassed the collections for the same month of the previous year,” the Secretary pointed out. Total revenues for the first quarter of fiscal year 2015-16 reached \$1.936 billion, which is \$161.9 million, or 9.1%, more than the revenues for the first quarter of the previous year. Revenues for the first quarter exceed estimates for the same period of the previous year by \$18.8 million.

The Secretary highlighted the fact that revenues for the first quarter of the fiscal year exceeded those of the previous year and were in line with the estimates, despite the challenges posed by the Commonwealth’s fragile fiscal situation. Additionally, he noted that this is the second year in the past six years in which first quarter revenues registered above estimates.

Sales and Use Tax (SUT) collections for September were \$177.8 million, approximately \$62.1 million over collections for the same month last year. For the first quarter of fiscal year 2015-16, accrued SUT revenues totaled \$523 million, which represents a \$185.1 million, or 54.8%, increase in collections compared to the same period of the previous year. This increase in SUT collections can

be attributed to the tax rate increase, which has required adjustments to be made by the Department of the Treasury, as well as by merchants and consumers.

\$352.9 million of the SUT revenues for the first quarter were allocated to COFINA for debt service of its bonds. This is \$15 million, or 4%, more than what COFINA received in the same quarter of last year. The General Fund received an additional \$170.1 million, reflecting the 4.5% rate increase.

Sales and Use Tax Collections
(millions \$)

	September 2014-15	September 2015-16	Diff	Jul-Sep 2014-15	Jul-Sep 2015-16	Diff
Total	115.7	177.8	62.1	337.9	523.0	185.1
COFINA	115.7	101.5	(14.2)	337.9	352.9	15.0
General Fund	-	76.3	76.3	-	170.1	170.1

As for the performance of the main revenue categories in September, corporate taxes registered both upward and downward changes. In September, one of the payments of estimated taxes from corporations operating on a calendar year basis was due. Corporate income taxes were the primary revenue driver for the month with \$208.2 million in collections, which is approximately \$17.1 million less than collections for the same month of the previous year. This reduction is attributed to the fact that payments for the previous year included collections from the gross receipts tax, which was eliminated for subsequent tax years. However, an additional \$23.3 million was collected for the nonresident withholdings item. This tax includes patent use royalties paid in manufacturing. Foreign excise tax collections for the month totaled \$114.1 million, representing a \$25.3 million decrease from the same month the previous year. This was mainly due to the reduction in sales experienced by a company because of lack of available inventory. These sales are expected to recover in the coming months.

Consumption excise taxes showed reductions for a number of reasons. In September, alcoholic beverage taxes registered a \$6.7 million reduction, resulting in a decrease of \$1 million for the quarter. Motor vehicle excise taxes showed a reduction of \$8.1 million for the month, which can

mainly be attributed to the fact that several companies have claimed tax credits and registered reduced sales. Cigarette excise tax net revenues totaled \$11.7 million in September. In addition, \$30 million were received from the Electronic Lottery, pursuant to Law.

September (million of \$) General Fund Net Revenues					
Items	September		Dif.	Estimate September	Collections vs. Estimate
	2014-15	2015-16			
Gross General Fund Net Revenues	748.0	799.3	51.3	816.7	(17.4)
Reserve for Refund	(39.0)	(40.0)	(1.0)	(40.0)	-
General Fund Net Revenues	709.0	759.3	50.3	776.7	(17.4)
Individual	168.1	154.7	(13.4)	155.7	(1.0)
Corporations	225.3	208.2	(17.1)	218.4	(10.2)
Non-Resident Withholdings	49.7	73.0	23.3	52.1	20.9
Sales and Use Tax	-	76.29	76.3	85.9	(9.6)
Property Taxes	0.9	0.6	(0.4)	0.1	0.5
Foreign (Act. 154)	139.4	114.1	(25.3)	150.9	(36.8)
Alcoholic Beverages	23.5	16.9	(6.7)	23.8	(6.9)
Cigarettes	9.9	-	(9.9)	6.9	(6.9)
Motor Vehicles	25.8	17.8	(8.1)	22.7	(4.9)
Excises on Off-Shore Shipment Rum	15.5	18.7	3.1	15.7	3.0
Others	50.8	79.2	28.3	44.5	34.7

Items	September		Dif.	Estimate Jul - Sep	Collections vs. Estimate
	2014-15	2015-16			
Gross General Fund Net Revenues	1,890.8	2,055.8	164.9	2,037.0	18.8
Reserve for Refund	(117.0)	(120.0)	(3.0)	(120.0)	-
General Fund Net Revenues	1,773.8	1,935.8	161.9	1,917.0	18.8
Individual	443.9	449.0	5.1	448.4	0.6
Corporations	360.1	345.7	(14.3)	339.0	6.7
Non-Resident Withholdings	107.0	133.0	25.9	112.4	20.6
Sales and Use Tax	0.0	170.1	170.1	167.6	2.5
Property Taxes	2.4	5.7	3.3	4.0	1.7
Foreign (Act. 154)	527.8	551.3	23.5	563.2	(11.9)
Alcoholic Beverages	59.6	59.4	(0.2)	60.4	(1.0)
Cigarettes	38.8	11.9	(26.9)	28.6	(16.7)
Motor Vehicles	56.1	33.9	(22.2)	47.5	(13.6)
Excises on Off-Shore Shipment Rum	57.2	52.8	(4.3)	49.8	3.0
Others	121.0	123.0	2.0	96.1	26.9