

PRESS RELEASE

TRANSLATION



Office of the Secretary

August 15, 2016
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PUERTO RICO TREASURY REVENUES TOTAL \$665.1 MILLION IN JULY, \$38.6 MILLION, OR 6.2% ABOVE JULY 2015 REVENUES AND \$7.4 MILLION ABOVE ESTIMATES

Sales and Use Tax Revenues total \$209.5 million, a \$55.2 million, or 35.7%, year-over-year increase

(San Juan, Puerto Rico) – Puerto Rico Treasury Secretary Juan Zaragoza Gómez reported General Fund net revenues for the month of July, the first month of Fiscal Year 2016-17, totaled \$665.1 million, a \$38.6 million, or 6.2%, increase compared with July 2015 revenues, and \$7.4 million above estimates.

Main revenue categories registered upward and downward year-over-year changes. These changes can be attributed mainly to the effect of the changes in the tax legislation. Sales and Use Tax (SUT) revenues totaled \$209.5 million in July, \$55.2 million, or 35.7%, above July 2015. The 10.5% SUT revenue was allocated as follows: revenues corresponding to 6.0%, or \$119.7 million, went to COFINA, and revenues corresponding to 4.5%, equal to \$89.8 million, went to the General Fund. July 2016 SUT revenues allocated to the General Fund were \$78.1 million up year-over-year. Zaragoza Gómez indicated that this difference was attributed to the fact that the increase in the SUT rate came into effect on July 1, 2015; therefore, July 2015 revenues were mainly from June 2015 imports and retail sales at the 6.0% rate while this year these revenues were taxed at the 10.5% rate.

Zaragoza Gómez also pointed out that individual income tax registered a \$28.1 million decrease while corporate income tax increased by \$2.2 million. The Official attributed these results to non-recurring revenues in the amount of \$27 million related to the tax amnesty that ended June 30, 2015.

“In July 2015 there were some revenues from certain transaction that took place at the last hour in June and were deposited the next business day, and were therefore credited as July revenues. These revenues were mainly from individual and corporate income taxes, which explains the year-over-year differences in these categories,” Zaragoza Gómez said.

Zaragoza Gómez also reported that foreign excise taxes were the main revenue driver with \$256.2 million in collections, which represented 38.5% of all revenues for the month. Other excise taxes showed mixed results: revenues from alcoholic beverages decreased while revenues from cigarette and motor vehicle increased. Motor vehicle excise taxes totaled \$25.2 million, with \$20 million transferred to the Green Energy Fund pursuant to law. Off-shore shipments of rum collections were \$23.9 million. In fiscal year 2015-16, revenues from this category began to flow in August 2015.

General Fund Net Revenues
July
(million of \$)

| Items | July | | Dif. | Estimate | Collections |
|-----------------------------------|---------|---------|--------|----------|--------------|
| | 2015-16 | 2016-17 | | July | vs. Estimate |
| Gross General Fund Net Revenues | 666.5 | 705.1 | 38.6 | 697.7 | 7.4 |
| Reserve for Refund | (40.0) | (40.0) | 0.0 | (40.0) | 0.0 |
| General Fund Net Revenues | 626.5 | 665.1 | 38.6 | 657.7 | 7.4 |
| Individual | 163.5 | 135.4 | (28.1) | 150.4 | (15.0) |
| Corporations | 96.3 | 98.5 | 2.2 | 88.2 | 10.3 |
| Non-Resident Withholdings | 30.3 | 20.7 | (9.6) | 30.3 | (9.6) |
| Sales and Use Tax | 11.6 | 89.8 | 78.1 | 86.6 | 3.2 |
| Property Taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Foreign (Act. 154) | 258.9 | 256.2 | (2.7) | 228.3 | 27.9 |
| Alcoholic Beverages | 22.8 | 10.3 | (12.4) | 20.7 | (10.4) |
| Cigarettes | 9.7 | 10.3 | 0.5 | 9.7 | 0.6 |
| Motor Vehicles | 1.4 | 5.2 | 3.8 | 7.8 | (2.6) |
| Excises on Off-Shore Shipment Rum | 0.0 | 23.9 | 23.9 | 18.8 | 5.1 |
| Others | 31.9 | 14.7 | (17.2) | 16.9 | (2.2) |

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