

PRESS RELEASE

TRANSLATION



Office of the Secretary

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PUERTO RICO TREASURY REPORTS GENERAL FUND NET REVENUES TOTALED \$670.8 MILLION IN JANUARY 2016, \$28.7 MILLION BELOW JANUARY 2015, \$59.4 MILLION BELOW REVISED ESTIMATES AND \$162.4 MILLION BELOW ORIGINAL ESTIMATES

Sales and Use Tax collections totaled \$247.2 million, a \$105.1 million y-o-y increase

(San Juan, Puerto Rico) – Treasury Secretary Juan Zaragoza Gómez, reported net revenues recorded by the General Fund in January 2016 totaled \$670.8 million, a \$28.7 million decrease compared to January 2015. This difference can mainly be attributed to \$62.2 million of non-recurring revenues from January 2015 that were associated with Act 77-2014, which granted a temporary period during which certain transactions, such as those involving Individual Retirement Accounts (IRAs), retirement plans and other capital assets, could be prepaid at preferential rates.

January revenues showed a \$162.4 million reduction compared to original budget estimates. The difference compared to revised estimates is \$59.4 million. The categories of individual income tax, non-resident withholdings and foreign corporations registered the most significant changes.

Individual income taxes registered a \$57.1 million year-over-year decrease. \$35.2 million of this reduction can be attributed to non-recurring revenues from last year's tax pre-payment alternatives. In addition, employers' withholdings were down by \$11 million in January 2016, causing monthly revenues to be below estimates. In contrast, corporate income taxes registered an increase of \$94.8 million.

Revenues from non-resident withholdings, a category mainly associated with royalties from the use of manufacturing patents, were \$102.7 million below January 2015 revenues and \$16.4 million below revised estimates. This decrease is due, in part, to the fact that a payment that was received

in January last year, is expected to be received in March this year. This category registers atypical monthly changes because it mainly depends on corporate tax planning.

Foreign excise tax collections showed a \$16.9 million decrease compared to revised estimates. This difference can mainly be attributed to decreased sales reported by two corporations, one of which reported that it expects to recover part of its sales in the coming months.

January 2016 Sales and Use Tax (SUT) receipts totaled \$247.2 million, approximately \$105.1 million above January 2015 receipts. This difference is the result of the increase in the state SUT rate to 10.5% from 6%, and the 4% tax on designated business-to-business and professional services (known as B2B). B2B collections were \$11.4 million in January and \$26.4 million since its implementation in October 2015.

SUT revenues were allocated as follows: \$7.6 million to COFINA, which completed the remainder of the \$696.3 million transfer to COFINA for this fiscal year; \$69.2 million, or 0.5%, to the Municipal Administration Fund; \$1.9 million to the Film Industry Fund; and \$168.5 million to the General Fund.

Zaragoza Gómez also reported that fiscal year-to-date (July-January) SUT collections totaled approximately \$1.36 billion, compared to \$832.0 million in the same period of FY 2015, representing a \$525.9 million increase.

Motor vehicle excise taxes registered a decrease of less than \$1 million. Even though revenues from the total number of units were down, revenues from high-end motor vehicles were up.

Fiscal year-to-date revenues totaled approximately \$4.57 billion, a year-over-year increase of \$111.6 million or 2.5%, \$59.4 below revised estimates and \$183.8 million below estimates included in the original \$9.8 billion budget for FY 2016.

General Fund Net Revenues
January
(million of \$)

Items	2014-15	2015-16	Dif.	Original Estimated	Diff.	Revised Estimated	Diff.
					Actual vs Original		Actual vs. Revised
Gross General Fund Net Revenues	738.5	710.8	(27.7)	873.2	(162.4)	770.2	(59.4)
Reserve for Refund	(39.0)	(40.0)	(1.0)	(40.0)	0.0	(40.0)	0.0
General Fund Net Revenues	699.5	670.8	(28.7)	833.2	(162.4)	730.2	(59.4)
Individual	222.2	165.1	(57.1)	189.2	(24.1)	180.7	(15.6)
Corporations	54.1	148.9	94.8	86.6	62.3	157.1	(8.2)
Non-Resident Withholdings	152.6	49.9	(102.7)	158.9	(109.0)	66.3	(16.4)
Sales and Use Tax	91.35	168.5	77.1	218.1	(49.6)	161.1	7.4
Property Taxes	0.7	0.4	(0.3)	0.1	0.3	0.4	0.0
Foreign (Act. 154)	81.9	57.5	(24.3)	76.1	(18.6)	74.4	(16.9)
Alcoholic Beverages	29.6	22.8	(6.8)	30.8	(8.0)	22.1	0.7
Cigarettes	9.5	8.1	(1.4)	11.6	(3.5)	10.1	(2.0)
Motor Vehicles	25.6	24.6	(1.0)	28.5	(3.9)	26.9	(2.3)
Excises on Off-Shore Shipment Rum	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	32.1	25.0	(7.0)	33.3	(8.3)	31.1	(6.1)

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

Items	2014-15	2015-16	Dif.	Original Estimated	Diff.	Revised Estimated	Diff.
					Actual vs Original		Actual vs. Revised
Gross General Fund Net Revenues	4,728.0	4,846.6	118.6	5,030.4	(183.8)	4,906.0	(59.4)
Reserve for Refund	(273.0)	(280.0)	(7.0)	(280.0)	0.0	(280.0)	0.0
General Fund Net Revenues	4,455.0	4,566.6	111.6	4,750.4	(183.8)	4,626.0	(59.4)
Individual	1269.2	1,073.9	(195.3)	1141.4	(67.5)	1,089.5	(15.6)
Corporations	882.1	867.4	(14.7)	805.6	61.8	875.6	(8.2)
Non-Resident Withholdings	466.6	404.0	(62.6)	488.6	(84.6)	420.4	(16.4)
Sales and Use Tax	91.35	590.6	499.2	653.7	(63.1)	583.2	7.4
Property Taxes	9.7	7.9	(1.8)	4.5	3.4	7.8	0.0
Foreign (Act. 154)	939.7	906.2	(33.5)	926.2	(20.0)	923.1	(16.9)
Alcoholic Beverages	156.3	149.2	(7.1)	161.1	(11.9)	148.4	0.7
Cigarettes	93.3	50.1	(43.2)	75.5	(25.4)	52.0	(2.0)
Motor Vehicles	165.9	137.5	(28.4)	157.6	(20.1)	139.8	(2.3)
Excises on Off-Shore Shipment Rum	123.2	117.0	(6.2)	117.0	(0.0)	117.0	0.0
Others	257.8	263.0	5.2	219.2	43.8	269.1	(6.1)

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