

# PRESS RELEASE

TRANSLATION



## Office of the Secretary

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### **TREASURY DEPARTMENT BEGINS FISCAL YEAR ON A POSITIVE NOTE**

#### **July Revenues Exceed Estimates and Income Tax and Several Consumption Tax Collections Increased**

**(San Juan, Puerto Rico)** – Melba Acosta Febo, Treasury Secretary, announced that the General Fund net revenues for the month of July, the first month of the fiscal year 2013-2014, totaled \$495 million. This number exceeded last year’s collections by \$3 million, even though, in contrast to last year, \$8 million over last year’s amount were transferred this month to special funds, as provided by different laws.

“July’s revenues exceeded budget estimates for the month by \$43 million. If we take into consideration that some of the new revenue enhancement measures will not be in full force until later in the fiscal year, this is a good beginning for the fiscal year. This year we expect to see the results of the new tax legislation and the diverse administrative measures we’re implementing to increase General Fund revenues and thus reduce the fiscal deficit,” Acosta pointed out.

The Secretary added that the main source of General Fund net revenues in July were the income tax collections with \$257 million, which represented 52% of total revenues. On a month-over-month basis, corporate tax collections increased by \$30 million, while individual tax collections decreased by \$6.8 million as a result of a tax rate reduction and certain specific payments that took place in July 2012.

On the other hand, Acosta Febo stated that several excise taxes categories reflected increases in July 2013 when compared to July 2012. For example, alcoholic beverage collections increased by \$4.2 million or 28.3% and cigarettes increased by \$1.8 million or 11.3%.

“The excise tax category that showed the best performance was the motor vehicles excise tax with collections totaling \$38.3 million, representing a 27.0% increase when compared to \$30.2 million

collected in July 2012. This collection level was the highest for a month since July 2006", she stated.

The Secretary also announced that \$25 million from the collection of excise taxes related to motor vehicles were transferred to the Green Energy Fund this month, pursuant to law, \$5 million more than last year. The purpose of this fund is to grant incentives to promote the use of renewable energies.

Revenues from Act 154 excise tax on foreign corporation in July were \$135 million, a \$33 million reduction compared to last year. The difference is mostly due to the fact that the tax rate applied was 2.75% instead of last year's 3.75% (June sales are reported in July 2013, to which the 2.75% tax rate was applied). The Secretary pointed out that Act 154 excise tax collections are expected to increase in the coming months when the new 4% rate kicks off with August payments.

On the other hand, Acosta Febo mentioned that beginning this fiscal year collections related to vehicle registration fees that previously were recorded in the General Fund will be transferred to the Puerto Rico Highway and Transportation Authority, as provided by law, to help solve its financial situation. This month's transfer was in the amount of \$2.7 million.

General Fund Net Revenues  
 July FY 2013-14  
 (millions of \$)

Items	Revenues jul 2012-13	Revenues jul 2013-14	Diff.	Estimate July	Revenues vs. Estimate
Total Gross	541.4	544.0	2.6	500.9	43.1
Reserve	(49.0)	(49.0)		(49.0)	0.0
<b>Total Net</b>	<b>492.4</b>	<b>495.0</b>	<b>2.6</b>	<b>451.9</b>	<b>43.1</b>
Individuals	147.1	140.3	(6.8)	145.3	(5.0)
Corporations Non-Resident	53.1	83.3	30.2	63.0	20.3
Withholdings	29.8	28.7	(1.1)	27.8	0.9
Sales and Use Tax	0.0	0.0	0.0	0.0	0.0
Property Tax	1.0	4.2	3.2	0.0	4.2
Foreign (Act 154)	168.0	134.9	(33.1)	123.9	11.0
Alcoholic Beverages	15.0	19.2	4.2	15.6	3.6
Cigarettes	15.5	17.3	1.8	14.1	3.2
Motor Vehicles*	10.2	13.3	3.1	9.7	3.6
Off-Shore Shipments Rum	21.0	29.2	8.2	30.3	(1.1)
Other	31.7	24.6	(7.1)	22.2	2.4

\* Excludes \$20 m for FY 2012-13 and \$25 m for FY 2013-14 transferred to the Green Energy Fund.

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