



Puerto Rico Treasury Department: Net Revenues to the General Fund Exceed Projections by \$141.2 million for FY2018

San Juan, Puerto Rico (August 8, 2018) – Treasury Secretary designee Teresita Fuentes reported that net revenues to the General Fund totaled \$9,313.2 million, exceeded projections for FY2018 by \$141.2 million, or 1.5 percent, and were \$21.7 million below total revenues in FY2017.

“Compared to other years, tax collection levels and behavior during the past fiscal year are atypical within the context of the economic effects of the hurricanes that passed over the island,” Fuentes stated.

The official explained that FY2018 4Q collections (the April to June period) made the difference in surpassing revenue projections for the year.

Raúl Maldonado, Chief of Staff to the Governor, indicated that “to a large extent, the increase is attributed to the temporary economic activity of corporations involved in recovery efforts and to the flow of money from insurance and Federal Government payments following the effects caused by the hurricanes.”

In addition, he stated that in FY2018 there were several specific transactions by corporate taxpayers, which are not recurring in FY2019.

“The category of corporate income taxes, which increased by \$172.8 million year-over-year and was \$250.7 million above projections, was the main revenue driver. Individual income tax collections exceeded projections by \$114.6 million. The motor vehicle category stands out among excise taxes; it was up \$38.2 million year-over-year and \$89.3 million above projections. The cigarette excise tax reflected the effects of the tax increase. The increase in the rum excise tax cover-over revenue is attributed to the fact that, during the year, the U.S. Congress extended the increase of the federal excise tax transferred to Puerto Rico,” Fuentes indicated.

On a year-over-year basis, FY2018 Sales and Use Tax (SUT) collections registered significant monthly fluctuations. Total SUT collections at the state rate of 10.5% were \$2,522.2 million, a \$25.8 million year-over-year reduction. “These results are due to several factors, such as, the fact that after the hurricanes hit Puerto Rico, many businesses shut down or were not fully operational, the sales tax was temporarily reduced in restaurants, and there was an increase in economic activity as sales increased in several business sectors, such as, hardware and department stores, among others, during the last quarter,” the Secretary designee pointed out.



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Lastly, Fuentes stated that, in the recently started FY2019, monthly revenues will continue to be monitored. In addition, she stated that other taxes are expected to be added to the computer-based Unified Internal Revenue System (SURI, by its Spanish acronym), in order to enhance compliance levels.

