

PRESS RELEASE

TRANSLATION



Office of the Secretary

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PUERTO RICO TREASURY REPORTS GENERAL FUND NET REVENUES TOTALED \$844.8 MILLION IN DECEMBER 2015, \$9.2 MILLION BELOW DECEMBER 2014 REVENUES AND \$2.5 MILLION ABOVE ESTIMATES

Sales and Use Tax collection totaled \$215.4 million, a \$93.9 million year-over-year increase

(San Juan, Puerto Rico) – Treasury Secretary Juan Zaragoza Gómez reported net revenues recorded by the General Fund in December totaled \$844.8 million, which represents a decrease of \$9.2 million compared to December 2014 revenues and a \$2.5 million increase compared to estimates included in the original budget for FY 2016.

Revenue categories registered significant upward and downward changes. Corporate income taxes totaling \$231.2 million were the principal source of revenue in December. This amount represents a \$104.5 million year-over-year reduction. This decrease can be attributed to the fact that December 2014 revenues in this category included the last estimated gross receipts tax (*patente nacional*) payment, which was eliminated for subsequent tax years.

In contrast, non-resident withholdings, another category mainly associated with corporations, which includes royalties from the use of manufacturing patents, registered a \$62.8 million rise. This increase can mainly be attributed to a special payment from a corporation in connection with a U.S. Internal Revenue Service audit adjustment. Foreign excise tax collections showed a \$21.9 million decrease compared to December 2014. Individual income taxes registered a \$5.4 million decrease year-over-year.

December Sales and Use Tax (SUT) receipts increased by \$215.4 million, which is \$93.9 million above December 2014 collections. This difference is the result of the increase in the SUT rate to

10.5% from 6%. “Nevertheless, the monetary value of the amount subject to the sales tax was similar for both periods. This means that even with the higher rate, the consumption value remained at the same level. This consumption behavior can be explained by several factors. First, in economic terms, as a result of the reduction in costs associated with petroleum-based fuels, which increased consumers’ purchasing power. It can also be explained as a result of the fiscal oversight efforts—namely the recent interventions in businesses that were not remitting the sales tax—and a broadened tax base,” Zaragoza Gómez pointed out. He stated that the Treasury Department will intensify these efforts and implement new strategies going forward.

The Treasury Secretary also reported that SUT revenues totaled approximately \$1.11 billion in the first semester of FY 2016, compared to \$690 million in the same period of FY 2015, reflecting an increase of \$420.8 million recorded in the General Fund. This increase can be mainly be attributed to the rise in the SUT rate from 6% to 10.5%.

Consumption excise taxes showed mixed results in December. Alcoholic beverages and cigarettes excise taxes decreased by \$6.9 million and \$7.8 million, respectively. In contrast, motor vehicle excise taxes were up by \$4.5 million. This is the second consecutive year-over-year monthly increase for this category. Fiscal year-to-date motor vehicle excise taxes registered a \$27.4 million decrease. This can be attributed to the fact that a number of corporations claimed approximately \$32 million in tax credits.

Fiscal year-to-date (July-December) revenues totaled approximately \$3.9 billion, an increase of \$140.3 million year-over-year, and a decrease of \$21.5 million compared to estimates included in the original \$9.8 billion budget for FY 2016. Sixty percent (60%) of original estimates were received during the second semester of the fiscal year. Zaragoza Gómez indicated that the original revenue estimates were recently revised to approximately \$9.29 billion, a \$508 million reduction. The effect of this reduction will be observed during the second half of FY 2016, particularly during the last quarter of the fiscal year. The Treasury Secretary reported that fiscal year-to-date revenues are in line with revised estimates.

General Fund Net Revenues
December
(million of \$)

Items	December		Dif.	Estimate December	Collections vs. Estimate
	2014-15	2015-16			
Gross General Fund Net Revenues	893.0	884.8	(8.2)	882.3	2.5
Reserve for Refund	(39.0)	(40.0)	(1.0)	(40.0)	-
General Fund Net Revenues	854.0	844.8	(9.2)	842.3	2.5
Individual	179.1	173.7	(5.4)	189.0	(15.3)
Corporations	335.7	231.2	(104.5)	250.0	(18.8)
Non-Resident Withholdings	78.4	141.2	62.8	82.3	58.9
Sales and Use Tax	-	92.34	92.3	92.5	(0.2)
Property Taxes	1.1	0.7	(0.5)	0.1	0.6
Foreign (Act. 154)	99.9	78.0	(21.9)	77.0	1.0
Alcoholic Beverages	31.8	24.9	(6.9)	33.3	(8.4)
Cigarettes	19.8	12.1	(7.8)	16.8	(4.7)
Motor Vehicles	28.6	33.0	4.5	31.7	1.3
Excises on Off-Shore Shipment Rum	27.3	22.9	(4.3)	27.5	(4.6)
Others	52.3	34.7	(17.6)	42.1	(7.4)

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

Items	December		Dif.	Estimate Jul - Dec	Collections vs. Estimate
	2014-15	2015-16			
Gross General Fund Net Revenues	3,989.5	4,135.8	146.3	4,157.3	(21.5)
Reserve for Refund	(234.0)	(240.0)	(6.0)	(240.0)	-
General Fund Net Revenues	3,755.5	3,895.8	140.3	3,917.3	(21.5)
Individual	1047.0	908.8	(138.3)	952.2	(43.4)
Corporations	828.0	718.5	(109.5)	719.1	(0.6)
Non-Resident Withholdings	314.0	354.1	40.1	329.7	24.4
Sales and Use Tax	0.0	422.1	422.1	435.6	(13.5)
Property Taxes	9.0	7.4	(1.6)	4.4	3.0
Foreign (Act. 154)	857.8	848.7	(9.1)	850.1	(1.4)
Alcoholic Beverages	126.7	126.3	(0.4)	130.2	(3.9)
Cigarettes	83.8	41.9	(41.9)	63.9	(22.0)
Motor Vehicles	140.3	112.9	(27.4)	129.1	(16.2)
Excises on Off-Shore Shipment Rum	123.2	117.0	(6.2)	116.9	0.1
Others	225.7	238.0	12.3	186.1	51.9

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