

# PRESS RELEASE



## Office of the Secretary

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**THE TREASURY DEPARTMENT REPORTS THAT NET INCOME TO THE GENERAL FUND FOR FISCAL YEAR 2015-16 TOTALLED \$9.175 BILLION, A \$214.4 MILLION OR 2.4% YEAR-TO-YEAR INCREASE OVER THE PREVIOUS FISCAL YEAR, AND 98.7% OF THE REVISED TOTAL ESTIMATE**

**SUT Revenues for FY 2015-16 were \$2.37 billion, \$959.8 million more than in FY 2014-15**

**(San Juan, Puerto Rico)** –Treasury Secretary Juan Zaragoza-Gómez informed that net income registered in the General Fund for FY 2015-16 totaled \$9.175 billion. This level of revenues exceeded FY 2014-15 revenues by \$214.4 million or 2.4%. Increment in the revenue base for net income to the General Fund in FY 2015-16 was much greater considering that the previous year there were revenues from legislative measures of nearly \$468 million that were not recurrent for FY 2015-16. In comparing the revenues registered for the year to the revised total estimate of \$9,292 million, a 98.7% was achieved. The 1.3% differences represented a shortfall of some \$117 million.

Tax legislation was a determining factor in the level of revenues collected during FY 2015-16. Act 72 of May 29, 2015 made several important changes to the Puerto Rico Internal Revenue Code of 2011, as amended, which affected fiscal revenue collections. The primary change was the increase in the Sales and Use Tax (SUT) rate from 6% to 10.5%, effective July 1, 2015. Another change was the elimination of SUT exemptions for business to business services (B2B) and designated professional services, for which a 4% tax rate was established, to enter in effect on October 1, 2015.

SUT total revenues collected in FY 2015-16 were \$2.376 billion, which represented a year-to-year

increase of \$959.8 million. Of this total, revenues from the collection of the 4% tax over business to business (B2B) services and designated professional services were \$89.4 million.

From the SUT total revenues, \$1.559.6 billion went to the General Fund, which is \$933.4 million more than last year. SUT revenues represented 17.0 percent of the total revenues of the General Fund. The rest of the SUT revenues were distributed as follow: \$696.3 million to Cofina, \$117.7 million to the Municipal Administration Fund, corresponding to 0.5%, and \$3.2 million to the Film Industry Fund.

The Treasury Secretary highlighted that another legislation that affected revenues was Act 159 of September 30, 2015. This act amended the provisions of the Revenue Code to limit the powers of the Treasury Secretary to formalize final agreements. This law put an end to the practice that was used for decades in the Treasury Department, particularly during the month of June of each year, of conducting transactions and setting up preferential tax agreements with companies and individuals to collect revenues and balance the budget in lieu of compromising future income. For the first time, in June of the fiscal year that just ended this kind of agreements were not done, Zaragoza-Gomez commented.

Lastly, as for the revenues distribution for FY 2015-16, the principal item was individual and corporate income taxes, which totaled \$4,551.7 million, or 49.2% of total revenues. Foreign corporation excise tax revenues were \$1,862.3 million, for 20.3 percent, and excise taxes associated to consumption expenses amounted \$742 million or 8.1 percent.

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

Items	Jun-Jul 2014-15	Jun-Jul 2015-16	Dif.	Revised Estimated	Diff. Actual vs. Revised
Gross General Fund Net Revenues	9,428.9	9,655.3	226.4	9,772.0	(116.7)
Reserve for Refund	(468.0)	(480.0)	(12.0)	(480.0)	0.0
General Fund Net Revenues	8,960.9	9,175.3	214.4	9,292.0	(116.7)
Individual	2,295.3	2,003.3	(292.0)	2,026.0	(22.7)
Corporations	1,735.8	1,663.6	(72.2)	1,692.0	(28.4)
Non-Resident Withholdings	784.1	808.8	24.8	849.0	(40.2)
Sales and Use Tax	626.3	1,559.6	933.4	1,533.0	26.6
Property Taxes	21.4	11.3	(10.1)	10.0	1.3
Foreign (Act. 154)	1,942.9	1,862.3	(80.6)	1,878.0	(15.7)
Alcoholic Beverages	258.2	264.7	6.5	259.0	5.7
Cigarettes	170.9	100.3	(70.6)	102.0	(1.7)
Motor Vehicles	298.5	285.6	(12.9)	279.0	6.6
Excises on Off-Shore Shipment Rum	189.2	199.6	10.4	164.0	35.6
Others	638.4	416.1	(222.3)	500.0	(83.9)

General Fund Net Revenues  
**June**  
(million of \$)

Items	June 2014-15	June 2015-16	Dif.	Revised Estimated	Diff. Actual vs. Revised
Gross General Fund Net Revenues	1,017.7	968.5	(49.2)	1,084.5	(116.0)
Reserve for Refund	(39.0)	(40.0)	(1.0)	(40.0)	0.0
General Fund Net Revenues	978.7	928.5	(50.2)	1,044.5	(116.0)
Individual	189.2	149.0	(40.2)	161.3	(12.3)
Corporations	257.7	229.6	(28.1)	311.6	(82.0)
Non-Resident Withholdings	50.8	39.3	(11.5)	53.9	(14.6)
Sales and Use Tax	115.3	203.8	88.5	204.3	(0.5)
Property Taxes	7.8	0.9	(7.0)	0.4	0.5
Foreign (Act. 154)	201.7	186.6	(15.1)	177.5	9.1
Alcoholic Beverages	24.5	33.8	9.3	25.8	8.0
Cigarettes	28.1	11.8	(16.2)	10.2	1.6
Motor Vehicles	30.1	33.2	3.1	31.6	1.6
Excises on Off-Shore Shipment Rum	18.5	23.2	4.7	16.4	6.8
Others	55.0	17.3	(37.7)	51.5	(34.2)