



COMMONWEALTH OF  
PUERTO RICO

Government Development Bank  
for Puerto Rico

# Commonwealth of Puerto Rico

## Revenue Estimates

Fiscal Year 2013-2014

As of October 31, 2013





# Disclaimer

*Revenue Estimates for Fiscal Year 2013-2014 include General Fund Revenues and are based on currently available information and expectations of the Department of the Treasury. The Revenue Estimates are subject to certain risks and uncertainties and are preliminary and subject to change. Actual General Fund Revenues of the Commonwealth of Puerto Rico for Fiscal Year 2013-2014 may therefore vary significantly from those set forth in the published estimates. None of Commonwealth of Puerto Rico, the Department of the Treasury nor the Government Development Bank for Puerto Rico undertake to update the Department of the Treasury's projection to reflect the impact of circumstances or events that may arise after the date of publication.*



## Commonwealth of Puerto Rico Actual Results vs Estimates

As of October 31, 2013

<i>Actual Revenue Results (in \$ millions)</i>								
Tax Type	Revenues for October			Revenues Jul-Oct				
	FY 2013	FY 2014	Dif.	FY 2013	FY 2014	Dif.	Estimates	FY 2014 vs Estimates
Individual	\$174	\$160	(\$14)	\$613	\$575	(\$38)	\$611	(\$36)
Corporations*	82	231	149	316	589	272	467	122
Non-Resident Withholdings	28	177	149	170	296	126	306	-10
Sales and Use Tax	-	-	-	-	-	-	-	-
Property Taxes	1	1	0	5	8	4	-	8
Act 154 Excise Tax	176	154	-22	622	589	-34	567	22
Alcoholic Beverages	26	27	1	88	90	3	89	1
Tobacco Products	20	18	-2	63	55	-8	55	0
Motor Vehicles	40	43	4	118	124	5	114	10
Off-Shore Rum Shipment Excise Tax	20	30	10	93	118	25	109	9
Other	28	22	-6	116	116	0	118	-2
<b>General Fund Net Revenues</b>	<b>\$594</b>	<b>\$862</b>	<b>\$268</b>	<b>\$2,205</b>	<b>\$2,560</b>	<b>\$356</b>	<b>\$2,434</b>	<b>\$126</b>

Source: Department of the Treasury

\*The collections during October 2013 were higher compared to both estimates and last year results mainly as a result of the amendment of Act 117 on October 14, 2013 to clarify requirements of estimated tax contributions, which includes the national patents, for corporations that allowed an extension of the payment period until October 25, 2013 for calendar year taxpayers.



## Commonwealth of Puerto Rico Revenue Estimates As of October 31, 2013

### *Monthly Revenue Estimates (in \$ thousands)*

Tax Type	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Individuals	\$145,378	\$144,967	\$157,744	\$162,490	\$150,636	\$167,582	\$170,607	\$137,744	\$166,953	\$375,361	\$155,681	\$152,857	\$2,088,000
Corporations	63,020	31,772	249,700	122,353	25,615	323,319	53,184	20,475	55,620	708,784	53,777	415,381	2,123,000
Non-Resident Withholdings	27,773	41,193	60,708	176,095	44,894	71,100	78,452	60,303	75,265	60,000	43,634	80,583	820,000
Sales and Use Tax (SUT)	-	-	-	-	-	26,021	157,104	131,423	124,027	136,125	135,832	154,468	865,000
Act 154 Excise Tax	123,900	166,417	126,069	150,188	168,733	156,361	143,243	202,097	160,993	182,036	191,334	184,629	1,956,000
Alcoholic Beverages	15,710	21,848	26,255	25,472	26,640	29,659	22,768	19,320	21,524	19,675	23,530	31,599	284,000
Tobacco Products	14,061	8,097	15,791	16,996	16,324	17,529	17,296	13,429	19,092	15,578	14,764	17,043	186,000
Motor Vehicles	9,696	35,205	27,559	41,230	39,071	43,566	41,896	37,145	42,401	37,546	36,789	39,896	432,000
Off-Shore Rum Shipment Excise Tax	30,344	31,445	22,574	24,617	22,657	12,688	4,182	14,357	15,572	12,975	13,867	16,722	222,000
Other	22,027	22,746	46,405	26,403	25,992	63,463	26,697	27,708	118,669	37,519	30,738	100,633	549,000
<b>Total</b>	<b>\$451,909</b>	<b>\$503,690</b>	<b>\$732,805</b>	<b>\$745,844</b>	<b>\$520,562</b>	<b>\$911,288</b>	<b>\$715,429</b>	<b>\$664,001</b>	<b>\$800,116</b>	<b>\$1,585,599</b>	<b>\$699,946</b>	<b>\$1,193,811</b>	<b>\$9,525,000</b>

Source: Department of the Treasury



# Revenue Estimates Description\*

- **Seasonality/Monthly Revenue Distribution** - Estimated monthly revenues are calculated based on the statutory seasonality of taxes, past revenue performance and general historical trends. For purposes of FY 2014 revenues, such revenues take into account the times of the year in which the fiscal initiatives budgeted for such fiscal year are expected to come into effect.
- **Individuals** - April experiences the highest collections each fiscal year, as personal income tax filings are due in April. FY2014 estimates reflect the impact of certain measures imposed by Act 40-2013, including a 2% top-line tax on sole proprietorships and self-employed professionals earning over \$200,000 and a limit on mortgage interest deductions.
- **Corporations** - Most corporations make estimated tax payments four times each Fiscal Year: on September, December, April, and June. April historically receives the highest allocation of monthly corporate revenues because corporations must pay estimated taxes for such calendar year and also file the last income tax returns for the prior calendar year. For fiscal year FY 2014, corporate tax revenues are estimated to increase significantly as a result of, among other things, a gross receipts tax, an adjustment to the corporate AMT and the reinstatement of 2010 corporate tax rates. April FY 2014 revenues also reflect a moratorium on certain tax credits with questionable economic impact.
- **Sales and Use Tax** - SUT revenues flow to COFINA until COFINA receives the “Pledged Sales Tax Base Amount” for such fiscal year. Revenue estimates includes the effect of SUT base expansion.
- **Non-Resident Withholdings** - October estimates include the effect of two one time payments related to a federal audit.
- **Act 154 Excise Tax** - Reflects an increase for FY 2014 in the Act 154 excise tax to 4%. For FY 2013, the Act 154 excise tax was 3.75% until December 31, 2012 and 2.75% for the remaining months of FY 2013. The Act 154 excise tax is collected and accrued by the Treasury Department one month in arrears.
- **Alcoholic Beverages** - Subject to seasonal factors, including higher consumption during summer months and holidays.
- **Tobacco Products** - Reflects effect of legislated increase in cigarette excise tax.
- **Motor Vehicles** - July FY 2014 estimate reflects a decrease of \$25 million as a result of a green energy initiative.
- **Off-Shore Rum Shipment Excise Tax** - Imposed on shipments of rum from Puerto Rico to the United States mainland. During the first half of the fiscal year, revenues include monies used to make debt service payments on approximately \$117 million of bonds secured by such excise tax. Revenues for the second half of the fiscal year reflect the net effect of incentive payments for local rum production.
- **Other** - Includes, among other things, (i) lottery revenues, which are expected to increase during FY 2014 as a result of new lottery revenue initiatives (electronic lottery revenues are received in September, December, March and June), (ii) casino revenues, which are estimated to increase as a result of an increase in the maximum amount of legally authorized slot machines, (iii) a new 1% tax on insurance premiums, which is expected to be received during the month of March, (iv) certain other income tax revenues arising from partnerships, tollgate taxes and interest and dividend payments, (v) inheritance and gift taxes, (vi) certain other miscellaneous excise taxes, and (vii) other miscellaneous non-tax revenues.

\* For a more detailed description of Commonwealth revenues, including new revenue measures adopted for the FY 2014 budget, see “Commonwealth of Puerto Rico, Financial Information and Operating Data Report - Puerto Rico Taxes, Other Revenues, and Expenditures”, dated October 18, 2013.