



PUERTO RICO

TAX EXPENDITURE REPORT FOR TAX YEAR 2017

Department of Treasury
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INTRODUCTION

This is the first Puerto Rico Tax Expenditure Report (PRTER). There has been strong interest in tax expenditures expressed by both the Puerto Rican public and the Financial Management & Oversight Board of Puerto Rico. Recent revisions to the methods used to estimate and forecast tax revenues have made it possible, for the first time, to provide reasonably accurate estimates of tax expenditures.

This report provides a definition for “tax expenditures”, describes the method used to identify tax expenditures, and provides a list of tax expenditures with estimates of their cost. Estimates are provided for tax expenditures for the tax year 2017 for the major tax regimes in Puerto Rico; including personal income tax, business income tax, sales and use tax and excise taxes. Tax expenditures attributable to Act No. 135 of December 2, 1997, as amended, (the “Tax Incentives Act of 1998”), and to Act No. 73 of May 28, 2008, as amended, (the “Economic Incentives Act for the Development of Puerto Rico”; and together with the Tax Incentives Act of 1998, the “Incentive Acts”) appear in the corporate regime in this Report. However, they are inherently different from other corporate income tax expenditures in some very important ways; as a result, a separate discussion of these tax expenditures is included in Section III, Measurement of The Cost of Tax Expenditures.

The PRTER is an important tool to be used in conjunction with the annual budget of Puerto Rico. As discussed in more detail below, tax expenditures are an alternative to regular expenditures for pursuing policy objectives. However, unlike regular expenditures, tax expenditures are not presented in the annual budget of Puerto Rico. The PRTER complements the budget in that it completes the list of policies pursued and amounts expended. Like the budget itself, the PRTER will be updated annually at approximately the time that the budget is completed and made available to the public.

This Report is divided into five major sections: (i) Section I, The Definition of Tax Expenditures section, describes how a tax expenditure is defined for purposes of the PRTER; (ii) Section II, The Tax Expenditures as Part of the Budget section, explains the importance of this Report as part of the government budget process; (iii) Section III, The Measurement of the Cost of Tax Expenditures section, explains how the cost of tax expenditures is estimated and includes a discussion of taxpayer behavior; (iv) Section IV, The Identification of Tax Expenditures and Benchmarking section, describes the benchmarking process for each of the tax regimes included in this Report; and, (v) Section V, the Tax Expenditures Budget itself, a list of the tax expenditures and their costs in tabular form classified by tax regime, type of tax expenditure and budget category.

The Office of Economic and Financial Affairs, or in Spanish, La Oficina de Asuntos Económicos y Financieros (“OAEF”), of the Puerto Rico Department of Treasury (“Treasury”) developed the tools and methods used to measure tax expenditures and prepared this report. This Report was prepared under the direction of Edwin Ríos, the Assistant Secretary of Treasury for OAEF. Major contributions were made by the staff of OAEF including Aixa Cruz, Waheed Murad, Yecenia Collazo, Nelson López, Blanca Cintrón and Janny Robles. Major contributions were also made by contractors to OAEF including Ana Aparicio and Dimarilys Bruno. Helpful comments were provided by other components of the Government of Puerto Rico. Gerald Silverstein, the United States Treasury Advisor to Treasury, provided both guidance and technical advice.

PUERTO RICO TAX EXPENDITURE REPORT

I. DEFINITION OF TAX EXPENDITURES

Tax expenditures as measured in Puerto Rico are revenue losses attributable to provisions of Act No. 1 of January 31, 2011, as amended, the Internal Revenue Code for a New Puerto Rico (the “PRIRC”) that deviate from the tax structure’s benchmark law. The revenue loss could be due to a special exclusion, deduction, exemption, credit, a preferential rate of tax, or a deferral of tax liability.

For purposes of the PRTER, the benchmark law is characterized only by the most fundamental aspects of a tax; the application of a general tax rate to a broadly defined tax base. Any departure from this benchmark that reduces tax revenues is considered a tax expenditure. This broad approach provides greater transparency by ensuring that information is being disclosed on a wide range of tax measures.

The Treasury staff used its judgment to distinguish those income tax provisions that should be considered part of the benchmark tax law as opposed to those special provisions that result in tax expenditures.

II. TAX EXPENDITURES AS PART OF THE BUDGET

A tax expenditure is the result of the government’s use of the tax system to pursue certain policy goals such as encouraging savings, stimulating employment, stimulating economic activity, encouraging foreign investment and protecting national industries. In such circumstances, the tax system fulfills a role like that of a spending program; however, unlike a spending program in which taxes are collected and spent by the government, a tax expenditure reduces revenues when the taxpayer engages in activities that further the policy goal. These revenue losses or tax expenditures may be viewed as alternatives to other policy instruments such as spending or regulatory programs.

The budget of Puerto Rico is an accounting tool that shows revenues on the receipts side of the budget and spending on the expenditures side of the budget. In the budget, a spending program created to achieve a policy goal appears on the expenditures side of the budget while revenues that are used to support the policy appear on the receipts side of the budget. A tax expenditure, on the contrary, does not appear in the budget at all. As a result, there is no spending program on the expenditures side of the budget and the amount of foregone revenues due to the tax expenditure is not accounted for on the receipts side of the budget. Therefore, a budget without a list of tax expenditures neither includes the entire set of programs that the government is engaged in nor the total amount of dollars spent on government programs.

For example, the deduction for medical expenditures is an exception to the benchmark income tax structure that reduces taxes. It is a tax expenditure that is a substitute for a spending program. Thus, when a policy goal, such as subsidizing individuals with medical expenses, is achieved through a tax expenditure, such initiative reduces taxes by an amount *unspecified in the budget*. Had there been no deduction for medical expenditures, that same policy could have been pursued through a spending program and there would have been additional revenues on the receipts side of the budget and a spending program showing the subsidies to individuals for medical expenses on the expenditure side of the budget.

The list of tax expenditures and their costs that appears in Section V below is referred to as the Tax Expenditure Budget (“TEB”). As mentioned above, it is important that the TEB be considered along with the regular budget in order to have a complete list of government programs and expenditures. There are

other reasons to produce a TEB. While spending programs are reviewed every year by both the legislature and the administration in order to prepare the regular budget, tax expenditures are embedded in the PRIRC, and since they are outside the budget, they are not considered when the budget is prepared. However, like all other governmental programs, tax expenditures should be continually subject to evaluation. The TEB provides a tool for that evaluation.

The public should be aware of the policies that their government is involved in and the TEB allows the public to better understand these policies. Tax expenditure analysis can help both policymakers and the public to understand the actual size of government, the uses to which government resources are put and the tax and economic policy consequences that follow from the implicit or explicit choices made in legislation.

Consideration of a provision within the TEB is not an evaluation of the appropriateness of the policy but only a recognition that a program exists to pursue a policy goal even though it doesn't appear in the budget. ***Treasury emphasizes that in the process of listing tax expenditures, no judgment is made, nor any implication intended, about the desirability of any special tax provision as a matter of public policy.***

III. MEASUREMENT OF THE COST OF TAX EXPENDITURES

Measurement and Behavior

In this Report, the cost of tax expenditures is measured as “foregone revenue”. Foregone revenue is the method used by most states in the United States and foreign governments, including Latin American governments. Foregone revenue is the loss of revenue that occurs after a tax expenditure has been introduced. Each tax expenditure is measured as the difference between tax liability under present law and the tax liability that would result if the tax expenditure provision were eliminated.

Foregone revenue does not include the impact on tax revenues of behavioral response by the taxpayer to the loss of his tax preference. The foregone revenue method was specifically chosen by Treasury in order to avoid the considerable difficulty of measuring behavioral response to the elimination of the many tax expenditures presented in this Report. However, the omission of behavioural responses generates cost estimates and projections that may exceed the revenue gains that would result if a particular provision were eliminated since in many instances the removal of a tax expenditure would cause taxpayers to change their behaviour to minimize the amount of tax they would have to pay. Treasury understands that for most tax expenditures the impact of behavior is marginal and that it would not affect the ordinal ranking of the tax expenditures. Thus, this Report provides valuable information, even without including behavior in the cost of tax expenditures, by identifying tax expenditures and providing consistent measures of their cost.

The effects of behavior can be illustrated by considering the taxation of capital gains. If the lower tax rate for capital gains under current income tax law were increased, it is likely that taxpayers would react by postponing certain transactions on capital assets in order to reduce the burden of the resulting tax increase. This behavior would reduce the expected revenue gains for the government, an effect that is not taken into account when estimating this tax expenditure. It should be noted that a *revenue estimate* of legislation that would eliminate the lower capital gains tax rates would always take into consideration behavior. Thus, the value of the tax expenditure can be different from the estimated revenue gain that the government would project if it were to pass legislation to eliminate the preferential rate. Unlike the

measures of tax expenditures presented in this report, all revenue estimates produced by Treasury take into consideration the impact of taxpayers' behavior on revenues.

Although behavior is not included in the measurement of tax expenditures in this Report, certain kinds of changes in a taxpayer's position as a result of the elimination of a tax expenditure is included in the measurement of tax expenditures. For example, as a result of the elimination of the deduction for medical expenditures, a taxpayer may move into a higher tax bracket. The methods used to measure the cost of a tax expenditure take this into consideration so that the additional revenues from moving to a higher tax bracket (or similar changes in a taxpayer's position) are included in the cost of a tax expenditure.

The estimates of tax expenditures presented in this report do not take into account their impact on the overall level of economic activity and the potential resulting impact on aggregate tax revenues. These kinds of impacts are frequently referred to as macroeconomic feedback or dynamic effects. Many tax expenditures are policies designed to increase economic activities that are expected to have significant effects on economic growth. The elimination of such tax expenditures may have a negative impact on economic growth fostering a decrease in aggregate tax revenues that may offset a part (or all) of the increase in revenues resulting from elimination of the tax expenditure. For example, eliminating a tax expenditure that encourages investment may decrease the amount of investment that, in turn, may decrease the amount of capital and its productivity and GDP ultimately decreasing tax revenues. Eliminating a tax expenditure would also mean that the government would have more funds available to increase spending, reduce taxes or pay down debt—actions that could have additional dynamic effects on the economy and on tax revenues. These possible dynamic effects from the elimination of tax expenditures are not considered when determining the cost of tax expenditures appearing in this Report.

The Special Case of Foreign Incentive Corporations

The Incentive Acts, like any other tax law, are the result of legislation passed by the Legislative Assembly of Puerto Rico and signed by the Governor. The Incentive Acts generally lower the tax rate applicable to businesses whose operations qualify thereunder and sign an agreement thereof with the Government of Puerto Rico. The Incentive Acts are designed to encourage economic activity in Puerto Rico and the benefits thereof clearly qualify as tax expenditures. The lower tax rates, accelerated deductions and the tax credits granted create a revenue loss in order to achieve the policy of stimulating economic activity. The list of tax expenditures created under the Incentive Acts can be found below in Table 3 of Section V, The Tax Expenditure Budget, while the foregone revenue attributable to the Incentive Acts can be found in the corporate portion of Table 4.

Approximately ninety-eight percent (98%) of the income taxed under the Incentive Acts is income generated by foreign-owned incentive corporations. Foreign-owned incentive corporations are corporations engaged in a trade or business in Puerto Rico pursuant to the provisions of one of the Incentive Acts and owned by foreign individuals or entities. The Incentive Acts provide a myriad of tax incentives for foreign owned corporations to either locate or expand their businesses in Puerto Rico. For example, in return for increasing their economic activity in Puerto Rico, the tax rate applicable to foreign-owned corporations for both income tax and withholding taxes on payments to foreign persons are significantly reduced. The tax rates appearing in the agreement are negotiated and must fall within a range of possible rates specified in the Incentive Acts.

The qualifying corporation must file an Incentive Corporation Income Tax Return which looks much like a regular corporate tax return. Incentive corporations are taxed much like regular corporations but at lower tax rates.

There is a significant difference between the measures of the tax expenditures attributable to the

Incentive Acts and all other tax expenditures appearing in this Report. The difference is in the potential behavior of taxpayers in response to the elimination of the tax expenditure. As mentioned above, for most tax expenditures the behavior has a marginal effect on the cost of the tax expenditure. In the case of Incentive Act corporations, however, the potential behavior in response to elimination of the tax benefits thereof could have an impact that eliminates any potential gain in revenues resulting from elimination of the tax expenditure and may create significant dynamic reductions in the economy.

This behavior may be expected since most incentive corporations have a presence in many countries but choose to locate their operations in Puerto Rico mostly because of the very low tax rates and other tax benefits offered through the Incentive Acts. Were these preferences to be eliminated, the operations currently in Puerto Rico could be moved to other jurisdictions that also offer low tax rates and in which the parent corporations already have a presence; these jurisdictions are already competing with Puerto Rico for those operations. If the qualifying corporations were to move their operations from Puerto Rico, there would be significant dynamic effects felt throughout the economy.

Treasury has decided to include estimates of the cost of tax expenditures for the Incentive Acts in the TEB measured without behavior in the same way as any other tax expenditure. **The amounts shown as tax expenditures attributable to the Incentive Acts represent foregone revenues; however, the elimination of the Incentive Acts would not necessarily reduce the corresponding tax expenditures as a result of the foreign-owned corporations' ability to relocate operations as a result of, for example, an increase in tax rates. Thus, eliminating the Incentive Acts could have an impact that eliminates any potential gain in revenues while creating significant dynamic reductions in the economy.**

The Non-Additive Nature Of Tax Expenditures

There are no totals shown for tax expenditures in this Report. The cost of a tax expenditure shown in this Report is measured assuming that every other tax expenditure remains unchanged. For example, the cost of the deduction for medical expenses is measured assuming that the charitable donations deduction remains intact. Consider a taxpayer that would remain in the same tax bracket if either the medical deduction or the charitable donations deduction was eliminated but would move into a higher income tax bracket if both were eliminated. In that case, the addition of the two independent estimates would be different (smaller) than an estimate if the tax expenditures were eliminated as a group. In general, the cost of a group of tax expenditures may not correspond to the sum of the cost of each tax expenditure in that group. This is true because tax measures interact with one another. For this reason, totals of tax expenditures are generally inaccurate and are not shown in this report.

Data Sources and Measurement Techniques

Listed below are the data sources used and the techniques used to estimate the cost of tax expenditures for each of the tax regimes included in this Report.

Individual Income Taxes

Data – Individual income tax returns.

Technique – A microsimulation model run against the population of individual tax returns.

Business Income Taxes

Data – Business income tax returns.

Technique – For corporations, a large-scale microsimulation model is run against the population of corporation tax returns.

Sale and Use Taxes

Data – Sales and Use tax returns, importation tax returns and national accounts data.

Technique – A macroeconomic model identifies all of the goods and services in the economy and is used to measure the impact of exemptions.

Excise Taxes

Data - Excise tax return data and national accounts data.

Technique – The dollar amount of the exempt good is multiplied by the appropriate excise tax rate.

IV. IDENTIFICATION OF TAX EXPENDITURES AND BENCHMARKING

Tax expenditures are identified by reference to benchmark tax law. The benchmark law is characterized by four fundamental aspects of the tax system including: the tax base, the tax rate, the unit of taxation and the period of taxation. Any departure from this benchmark that reduces taxes is considered a “tax expenditure”. This broad approach provides greater transparency by ensuring that information is being disclosed on a wide range of tax measures.

Note that this Report does not include tax expenditures under Act 154. This is because there is no underlying economic or tax concept as to the type of economic activity that is taxed under Act 154. Act 154 was designed simply to raise a certain amount of revenues and the base of the tax as well as the credits were chosen to achieve that revenue target. Therefore, there is no benchmark concept from which departures can be identified and there are no tax expenditures.

Appearing below is a description of the benchmark for each of the four tax regimes for which tax expenditures estimates are presented in this Report.

Income Taxes

The tax base for both the individual and business income taxes are patterned on a comprehensive income tax, which defines “income” as the sum of: (i) consumption and, (ii) the change in net wealth in a given period of time. However, there is an exception to this definition of income in order to arrive at the normative baseline from which departures are measured as tax expenditures.

The normative income tax baseline only includes income when it is realized. The unrealized capital gains on both assets and debt are not included in the normative income tax baseline. Thus, the deferral of tax on unrealized capital gains is not regarded as a tax expenditure.

Departures from this normative income tax baseline are tax expenditures for both individual and business income. An example of such a departure is the deductibility of charitable contributions for individuals (See TEB-4 in the tables appearing in Section V. The Tax Expenditure Budget). The normative individual income tax baseline would not allow a deduction for personal expenditures, including charitable contributions. In contrast the PRIRC Section 1033.15(a)(3)(A) allows a deduction in the amount of contributions or gifts made during the tax year to, or for use by, non-profit organizations. This generates a tax expenditure.

Individual Income Taxes

Tax Base - The normative individual income tax baseline allows personal exemptions, a standard deduction, and deduction of expenses incurred in earning income. In addition, individual tax rates, including brackets, standard deduction, and personal exemptions are allowed to vary under the normative baseline and are not tax expenditures.

Rate – The tax rate is the progressive rate structure in existence at the time of the Report. This means that the progressive tax rate structure is not a tax expenditure.

Unit of Taxation – The individual.

Period of Taxation – The calendar year.

Notes on Individual Income Taxes –

Schedule B Credits – Schedule B credits are tax credits available to businesses. A subset of the Schedule B credits are those tax credits generated by businesses that have no tax liabilities and which may transfer such tax credits to third parties. Business entities in a loss position and no tax liabilities but entitled to such tax credits can raise cash by selling the same (at a discount) to other businesses or individuals who may use them to reduce their income tax liabilities. In these cases, the benefit of the tax credit is shared between the business that generated the tax credit and the business or individual purchaser of the credit. In this Report there is no attempt to share out the benefit of the credit between the seller and the acquirer of the tax credit. Instead the Schedule B credits are shown as a tax expenditure in the tax regime (individual or corporate) where the credit was claimed.

Business Income Taxes

Tax Base – The normative business income tax baseline allows expenses incurred in earning income. Expenses incurred in earning income include wages, depreciation deductions and certain other expenses that are incurred in earning income. The separate corporate tax system is considered part of the normative business income tax baseline and does not by itself generate a tax expenditure.

Rate – The tax rate is the progressive rate structure in existence at the time of the Report. This means that the progressive tax rate structure is not a tax expenditure.

Unit of Taxation – The legal business entity.

Period of Taxation – The fiscal year of the taxpayer.

Notes on Business Income Taxes -

Non-Corporate Business - This Report does not include the cost of tax expenditures for non-corporate businesses. The income of non-corporate businesses is attributed to the individual owner and is taxed on his tax return at the individual tax rate. Currently, the data needed to produce tax expenditures for non-corporate business is not available. We hope to include tax expenditures for non-corporate businesses in a future PRTER.

Depreciation – The comprehensive income tax base forming the benchmark allows a deduction for economic depreciation. The current tax law generally allows depreciation under several variants of accelerated depreciation. To the extent that tax law allows more depreciation deductions earlier in the life of depreciable property than economic depreciation does, a deferral of taxes is created. The deferral of taxes is a policy to encourage investment that creates a loss of revenues to the government and, thus, is a tax expenditure. In order to measure the cost of this tax expenditure, it is necessary to know what the rate of economic depreciation is for the several classes of assets under the tax law. We are not aware of any studies of economic depreciation in Puerto Rico and, thus, can not at this time measure the cost of the tax expenditure resulting from the PRIRC accelerated depreciation provisions.

Sale and Use Taxes

Tax Base - The normative tax base for sales and use taxes is total personal consumption occurring in Puerto Rico. Any departure from this normative tax base is considered a tax expenditure. For example, the Exemption for Prescription Drugs (See TEB-251 in the tables appearing in Section V. The Tax Expenditure Budget) is a tax expenditure. The sales and use tax normative baseline is personal consumption expenditures which includes the purchase by individuals of prescription drugs. In contrast, the PRIRC Section 4030.12 exempts medicines for human consumption that may be acquired solely or exclusively under a medical prescription (Rx products) including the jars and lids security tags and bags inherent to the office of prescription drugs from the sales and use tax. This departure from the normative tax base generates a tax expenditure.

Rate – The benchmark tax rate is 10 percent.

Unit of Taxation – The burden of the tax falls on the consumer.

Period of Taxation – Taxes are due either when the good or service is imported or when it is sold to the consumer.

Notes on Sales and Use Taxes –

Since the benchmark tax base for the Sales and Use Tax is personal consumption, the taxation of business to business transactions, such as the tax on services sold from one business to another, is not part of the benchmark tax base. Such sales and use taxes are an addition to the benchmark tax base that would yield additional tax revenues. Thus, the general exemption of business to business sales from the tax base is not a tax expenditure. This contrasts with, for example, an exemption for food items, whose consumption is, part of the benchmark tax base; making their exemption a tax expenditure.

Excise Taxes

Tax Base - The normative tax base is the total production and importation of the goods being taxed.

Rate – The benchmark tax rate differs by product and is the standard rate under the law for that product.

Unit of Taxation – The burden of the tax falls on the consumer.

Period of Taxation – Taxes are due at the time that the goods enter inventory.

V. The Tax Expenditure Budget

The Tax Expenditure Budget (“TEB”) is a list of tax expenditures along with the revenue foregone due to each tax expenditure. The TEB also includes a description of each tax expenditure and a legal citation for the statutory provision that created the tax expenditure.

Each tax expenditure is identified by a TEB number that uniquely identifies that tax expenditure. For example, the mortgage interest deduction available to individuals for income tax purposes is TEB-1. There are 302 tax expenditures included in this Report each uniquely identified by its TEB number.

Each tax expenditure is classified into three major categories including the tax regime, the type of tax expenditure and the budget category.

The tax regime classification is one of the four tax regimes appearing in Section V above, they include:

1. Individual Income Tax;
2. Corporate Income Tax;
3. Sales and Use Tax;
4. Excise Taxes.

The type of tax expenditure refers to the accounting form that the tax expenditure takes. Six types of tax expenditures are included in this Report including:

1. Credit
2. Deduction
3. Exclusion
4. Exemption
5. Preferential Rate
6. Deferral of Taxes

The budget category refers to a policy grouping that is similar to the groupings shown in the Budget of Puerto Rico on a more detailed basis. The budget categories include:

- | | |
|--|--|
| 1. Art, culture, sport & recreation | 2. Business farming and fishing |
| 3. Business research and development | 4. Business – small business |
| 5. Business – other | 6. Donation, gifts, charities and non-profit organizations |
| 7. Economic development | 8. Education |
| 9. Employment | 10. Environment |
| 11. Families and households | 12. Health |
| 13. Housing | 14. Income support |
| 15. Intergovernmental tax arrangements | 16. International |

17.Others
19.Savings and Investment

18.Retirement
20.Social

FUTURE EDITIONS OF THE PRTER

Hacienda plans to publish the PRTER once a year during the first few months of the calendar year. Each edition will include tax expenditures for an additional taxable year. This edition, published in September 2019 includes tax expenditures for taxable year 2017. The next edition will likely be published in March 2020 and include tax expenditures for tax years 2017 and 2018. It is expected that the 2020 edition of the PRTER will include revised tax expenditures for 2017. Revisions most often occur as a result of revised or new source data. New legislation may affect the future list of tax expenditures. The normative baseline for each of the tax regimes included in the report will be reviewed at the time of compilation of future editions of the PRTER. Changes to the normative baseline may impact the list of tax expenditures and their measurement.

Hacienda is now incorporating a new tax administration system called SURI. It is expected that better quality and additional data will be available as the new IT system becomes operational. This too may have an affect on the estimates of tax expenditures.

Hacienda is considering producing projections of tax expenditures in future editions of the PRTER.

Finally, in future editions of the PRTER Hacienda hopes to be able to provide estimates of foregone revenues for tax expenditures that for a variety of reasons were not included in this Report. Examples of such tax expenditures include non-corporate business and depreciation.

Five tables appear in this Report. Tables 1, 2 and 3 are summary tables that show the count of tax expenditures cross-classified among the three major classification categories.

Table 1

This table classifies the number of tax expenditures in each regime into its type of tax expenditure. For example, reading across the first line of Table 1, corporations can claim 141 different tax expenditures, 91 of which are the credit type of tax expenditure.

Table 1

Tax Expenditure by Type Regime and Type of Expenditure
Tax Year 2017, Counts of units

Tax Regime | Type of Expenditures	Credits	Deductions	Exclusions	Exemptions	Preferential Tax Rate	Deferrals	Grand Total
1-Individual	28	10	8	47	11		104
2- Corporations	62	9	3	35	27	6	142
3- SUT			4	23			27
4- Excise Tax	1		16	12			29
Grand Total	91	19	31	117	38	6	302

Table 2

Table 2 classifies the number of tax expenditures in each budget category into its tax regime. For example, reading across the first line of Table 2, there are 17 tax expenditures in the budget category of “Art, culture, sport & recreation”, 7 of which can be claimed by corporations.

Table 2

Tax Expenditure by Tax Regime and Budget Category
Tax Year 2017, Counts of units

Tax Regime / Budget Category	1-Individual	2-Corporations	3-SUT	4-Excise Tax	Grand Total
1 Art, Culture, Sport & Recreation	8	7	1		16
2 Business farming and fishing	1	6	1		8
3 Business research and development	2	6		1	9
4 Business- small business	1	2	1		4
5 Business-other	20	41	4	2	67
6 Donation, gifts, charities and non-profit organization	3	2		2	7
7 Economic development	7	36	1	2	46
8 Education	2		3	1	6
9 Employment	4	10			14
10 Environment	2	5	1	1	9
11 Families and households	2		4		6
12 Health	7	2	3	2	14
13 Housing	5	5			10
14 Income support	7		1		8
15 Intergovernmental tax arrangements	1			10	11
16 International	2	4		3	9
17 Others	6	3		4	13
18 Retirement	6				6
19 Savings and investment	17	12	1		30
20 Social	1	1	6	1	9
Grand Total	104	142	27	29	302

Table 3

Table 3 is similar to Table 1 but provides detail below the tax regime level showing the cross-classification by type of tax expenditure for each of the Incentive Acts and Excise Taxes. For example, reading across the first line of Table 3, there are 82 tax expenditures that can be claimed by regular corporations, 25 of which are credits.

Table 3

Tax Expenditure by Type Tax Regime (Detail) and Type of Expenditures
Tax Year 2017, Counts of units

Tax Regime / Budget Category	Credits	Deductions	Exclusions	Exemptions	Preferential Tax Rate	Deferrals	Grand Total
1-Individual	28	10	8	47	11		104
2-Corporations	62	9	3	35	27	6	142
<i>Regular Corporate</i>	24	4	3	35	5	6	77
<i>Incentive Acts</i>							
Film Industry	1				2		3
Finance/Investment					4		4
Green Energy					1		1
Industrial Development	19	3			3		25
Tourism Development	1				4		5
Hospital Facilities					1		1
Community Rehabilitation	5				4		9
Farm Incentives	1				2		3
Encourage Employment	3	2			1		6
Others	6						6
Environment	2						2
3-SUT			4	23			27
4-Excise Tax	1		16	12			29
Cigarretes				2			2
Crude oil and petroleum products			6				6
Distilled Spirits and Alcoholic Beverages			3				3
Fuel			4				4
Other related Fuel and petroleum products			3				3
Vehicles	1			10			11
Grand Total	91	19	31	117	38	6	302

Table 4

This table can be considered the main table in this Report. It shows the foregone revenue for each of the 302 tax expenditures ordered by TEB number and organized by tax regime, and within tax regime organized by type of tax expenditure. The columns also show the type of expenditure. For example, the first line of the report shows that the revenue foregone from tax expenditure TEB-1, mortgage interest deduction, is \$201.3 million dollars.

Table 4

Tax Regime

INDIVIDUAL INCOME TAX

(Millions of dollars, Each Tax Expenditure is Independently Estimated. Due to Interactions, Tax Expenditures Can Not be Added To a Meaningful Total)

TEB ID	Tax expenditures	Budget Category	Revenue Forgone 2017
INDIVIDUAL			
<i>Deductions</i>			
TEB - 1	Home mortgage interest	Housing	201.3
TEB - 2	Casualty loss on your principal residence	Housing	17.0
TEB - 3	Medical Expenses	Health	13.2
TEB - 4	Charitable contributions	Donation, gifts, charities and non-profit organization	29.1
TEB - 5	Loss of personal property as a result of certain casualties	Families and households	5.0
TEB - 6	Contributions to governmental pension or retirement systems	Retirement	52.2
TEB - 7	Contributions to individual retirement accounts	Retirement	19.7
TEB - 8	Contribution to health savings accounts with a high annual deductible medical plan	Health	n.c.
TEB - 9	Educational Contribution Account	Education	0.7
TEB - 10	Interest paid on student's loans at university level	Education	9.3
<i>Exclusions</i>			
TEB- 11	Life insurance	Health	1.8
TEB- 12	Donations, legacies and inheritances	Donation, gifts, charities and non-profit organization	9.8

TEB- 13	Compensation for injuries or sickness	Health	4.3
TEB- 14	Benefits from federal social security for old-age and survivors	Social	124.9
TEB- 15	Income derived from discharge of debts	Savings and investment	4.4
TEB- 16	Child support payments	Families and households	1.5
TEB- 17	Amounts paid by an employer as reimbursement of expenses related to trips, meals, lodging, entertainment and others	Business-other	38.2
TEB- 18	Other exclusions	Others	2.5
<i>Exemptions</i>			
TEB- 19	Additional Personal Exemption for Veterans	Income support	3.6
TEB- 20	Fringe benefits paid by the employer in relation to a cafeteria plan	Employment	0.1
TEB- 21	Interest upon--Obligations from the United States Government, any of its states, territories or political subdivisions	Savings and investment	4.6
TEB- 22	Interest upon--Obligations from the Government of Puerto Rico	Savings and investment	22.1
TEB- 23	Interest upon--Certain Mortgages	Savings and investment	4.8
TEB- 24	Interest upon--Deposits in Puerto Rico interest bearing accounts up to \$2,000 (\$4,000 for married filing jointly)	Savings and investment	4.2
TEB- 25	Interest upon--Other interest subject to alternate basic tax reported in a Form 480.6D	Savings and investment	n.c.
TEB- 26	Interest upon--Other interest not subject to alternate basic tax reported in a Form 480.6D	Savings and investment	1.0
TEB- 27	Interest upon--Other interest subject to alternate basic tax not reported in a Form 480.6D	Savings and investment	0.2

TEB- 28	Interest upon--Other interest not subject to alternate basic tax not reported in a Form 480.6D	Savings and investment	0.4
TEB- 29	Dividends of--Subject to alternate basic tax reported in a Form 480.6D	Business-other	2.2
TEB- 30	Dividends of--Not subject to alternate basic tax reported in a Form 480.6D	Business-other	n.d.a.
TEB- 31	Dividends of--Subject to alternate basic tax not reported in a Form 480.6D	Business-other	(*)
TEB- 32	Dividends of--Not subject to alternate basic tax not reported in a Form 480.6D	Business-other	7.3
TEB- 33	Expenses of priests or ministers	Donation, gifts, charities and non-profit organization	(*)
TEB- 34	Recapture of bad debts, pror taxes, surcharges and other items	Business-other	(*)
TEB- 35	Stipends received by certain physicians during the internship period	Health	2.3
TEB- 36	Prize from the Lottery of Puerto Rico and the Additonal Lottery	Intergovernmental tax arrangements	2.3
TEB- 37	Income from pensions ar annuities, up to the applicable limitation	Retirement	86.8
TEB- 38	Christmas Bonus, Summer Bonus and Medicine Bonus	Income support	(*)
TEB- 39	Gain from the sale or exchange of principal residence by certain individuals and qualified property	Housing	4.4
TEB- 40	Certain income related to the operation of an employees-owned special corporation	Employment	(*)
TEB- 41	Cost of living allowance (COLA)	Income support	7.4
TEB- 42	Unemployment compensation	Employment	(*)
TEB- 43	Compensation received from active military service in a combat zone	Income support	0.4

TEB- 44	Compensation received by an eligible researcher or scientist	Business research and development	0.4
TEB- 45	Rents from the Historic Zone	Art, Culture, Sport & Recreation	0.8
TEB- 46	Compensation to citizens and alien's nonresidents of Puerto Rico for the production of film projects	Business-other	(*)
TEB- 47	Income from overtime worked by a Puerto Rico Police member	International	6.0
TEB- 48	Income from sources outside of Puerto Rico	Business-other	82.1
TEB- 49	Remuneration received by employees of foreign governments or international organizations	International	0.5
TEB- 50	Income from buildings rented to the Government of Puerto Rico for public hospitals, health or convalescent homes, public schools (Contracts in force at November 22, 2010) and residential rent under Act 132-2010	Health	13.1
TEB- 51	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	Savings and investment	(*)
TEB- 52	Accumulated Gain in Nonqualified Options	Savings and investment	2.6
TEB- 53	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	Savings and investment	33.1
TEB- 54	Distributions from Non-Deductible Individual Retirement Accounts	Retirement	2.2
TEB- 55	Special Compensation Paid due to a Liquidation or Close of Businesses under Article 10 of Act No. 80 of May 30, 1976	Business-other	22.8
TEB- 56	Salaries from Overtime during Emergency Situations	Income support	10.2
TEB- 57	Income from copyrights up to \$10,000 under Act 516-2004	Art, Culture, Sport & Recreation	(*)
TEB- 58	Income received by designers and translators up to \$6,000 under Act 516-2004	Art, Culture, Sport & Recreation	(*)

TEB- 59	Distributable share on exempt income from pass-through entities	Business-other	55.2
TEB- 60	Income derived by young people from wages, services rendered, self-employment or new business with special agreement (Act 135-2014)	Business- small business	42.5
TEB- 61	Qualified payments and transactions due to hurricane María	Income support	14.4
TEB- 62	Other payments subject to alternate basic tax reported in a Form 480.6D	Others	0.3
TEB- 63	Other payments not subject to alternate basic tax reported in a Form 480.6D	Others	5.8
TEB- 64	Other exemptions subject to alternate basic tax not reported in a Form 480.6D	Others	0.2
TEB- 65	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	Others	n.d.a.
<i>Preferential Tax Rate</i>			
TEB- 66	Net long-term capital gain (or loss) under Act	Savings and investment	26.5
TEB- 67	Interest from IRA on deposits in accounts from certain financial institutions	Savings and investment	(*)
TEB- 68	Interest on deposits in accounts from certain financial institutions	Savings and investment	1.2
TEB- 69	Interest from distributions of IRA to Governmental Pensioners	Retirement	(*)
TEB- 70	Non-exempt eligible interest paid or credited on bonds, notes, other obligations or mortgage loans	Savings and investment	0.8
TEB- 71	Eligible distribution of dividends	Savings and investment	7.2
TEB- 72	Income paid by sport teams of international associations or federations	Art, Culture, Sport & Recreation	(*)
TEB- 73	Total distributions from qualified retirement plans	Retirement	2.5

TEB- 74	Gain taxable at rate under an Incentives Act 14-2017 (K, L, M, or N) and/or wages (Qualified Physicians)	Health	126.6
TEB- 75	Any other income subject to a preferential rates	Others	37.8
TEB- 76	Eligible distributions due to hurricane María	Income support	0.3
<i>Credits</i>			
Subject to Moratorium			
TEB- 77	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 -2000, including purchases.	Business-other	n.c.
TEB- 78	Credit for construction investment in urban centers (Act 212-2002, as amended)	Economic development	1.2
TEB- 79	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended) including purchases.	Economic development	(*)
TEB- 80	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products.	Business farming and fishing	(*)
TEB- 81	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Environment	1.1
TEB- 82	Other credits subject to moratorium not included on the preceding lines	Business-other	(*)
TEB- 83	Credits carried from previous years	Business-other	1.3
TEB- 84	Purchases: Solid Waste Disposal (Act 159-2011)	Environment	n.c.
TEB- 85	Purchases: Capital Investment Fund (Act 46-2000)	Economic development	n.c.
TEB- 86	Purchases: : Theatrical District of Santurce (Act 178-2000)	Art, Culture, Sport & Recreation	n.c.
TEB- 87	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Housing	1.1
TEB- 88	Purchases: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Housing	1.3

TEB- 89	Purchases: Others	Business-other	0.5
Not subject to Moratorium			
TEB- 90	Credit for investment in Tourism Development (Act 78-1993) or Farming (Act 225-1995), , including purchases.	Economic development	11.1
TEB- 91	Credit for: (23) Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997	Economic development	1.7
TEB- 92	Credit for investment in film industry development (Act 27-2011), including purchases.	Economic development	6.0
TEB- 93	Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)	Art, Culture, Sport & Recreation	n.c.
TEB- 94	Credit for contribution to former governors' foundations	Art, Culture, Sport & Recreation	(*)
TEB- 95	Credit for payment of Membership Certificates by Ordinary and Extraordinary Member of Employees-Owned Special Corporations	Employment	(*)
TEB- 96	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	Business-other	n.c.
TEB- 97	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Art, Culture, Sport & Recreation	n.c.
TEB- 98	Other credits not included on the preceding lines	Business-other	0.2
TEB- 99	Credits carried from previous years	Business-other	3.7
TEB- 100	Credit for investment Act 73-2008, including purchases.	Business-other	3.3
TEB- 101	Credit for investment Act 83-2010 (Green Energy), including purchases.	Business-other	(*)
TEB- 102	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Business research and development	22.5
TEB- 103	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Economic development	1.6

TEB- 104	Purchase: Other	Business-other	19.7

Tax Regime

CORPORATE INCOME TAX [Millions of dollars]

Tax expenditures		Budget Category	2017
REGULAR CORPORATE			
<i>Deductions</i>			
TEB - 105	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	Business-other	2.0
TEB - 106	Special Agreement for the Creation of Employments and constitutes a New Business under the provisions of Act 1-2013	Employment	(*)
TEB - 107	Charitable contributions	Donation, gifts, charities and non-profit organization	4.5
TEB - 108	Deduction under Act 185-2014 ("Private Equity Funds Act")	Business-other	n.d.a.
<i>Deferrals</i>			
TER -109	Current Depreciation	Business-other	....
TER -110	Flexible Depreciation	Business-other	....
TER -111	Accelerated Depreciation	Business-other	....
TER -112	Amortization (i.e. Goodwill)	Business-other	....
TER -113	Automobiles	Business-other	....
TER -114	Vehicles under financial lease	Business-other	....
<i>Preferential Tax Rate</i>			
TEB - 115	Net long-term capital gain	Savings and investment	26.1
TEB - 116	Interest subject to preferential rates	Savings and investment	0.2
TEB - 117	Distributable share on net income subject to preferential rates from partnerships and special partnerships	Business-other	(*)

TEB - 118	Net income subject to the 4% tax rate from the operations of an international financial entity that operates as a banking unit	International	n.d.a.
TEB - 119	Other income subject to preferential rates	Business-other	(*)
Exclusions			
TEB - 120	Plantation insurance	Business farming and fishing	(*)
TEB - 121	Income derived from discharge of debts	Business-other	4.7
TEB - 122	Other exclusions	Others	0.7
Exemptions			
TEB- 123	Obligations from the United States Government, any of its states, territories or political subdivisions	Savings and investment	27.4
TEB- 124	Obligations from the Commonwealth of Puerto Rico	Savings and investment	n.d.a.
TEB- 125	Securities under Agricultural Loans Act	Business farming and fishing	(*)
TEB- 126	Certain Mortgages	Savings and investment	1.0
TEB- 127	Obligations secured or guaranteed under the Servicemen's Readjustment Act of 1944	Savings and investment	0.1
TEB- 128	Securities issued by cooperative associations up to \$5,000	Savings and investment	(*)
TEB- 129	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument's Patronage and SER of Puerto Rico	Donation, gifts, charities and non-profit organization	(*)
TEB- 130	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	Employment	0.0
TEB- 131	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	Employment	0.0
TEB- 132	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	Employment	(*)
TEB- 133	Loans for the establishment or expansion of small and medium businesses up to \$250,000	Business- small business	0.0
TEB- 134	Loans for the capitalization of small and medium businesses up to \$250,000	Business- small business	0.0
TEB- 135	Other interest reported in Form 480.6D	Savings and investment	(*)
TEB- 136	Other interest not reported in Form 480.6D	Savings and investment	0.7
TEB- 137	Industrial development income derived from certain interests	Savings and investment	(*)

TEB- 138	Cooperative associations	Business-other	(*)
TEB- 139	International Insurer or Holding Company of the International Insurer	International	(*)
TEB- 140	Other dividends reported in a Form 480.6D	Savings and investment	(*)
TEB- 141	Other dividends not reported in a Form 480.6D	Savings and investment	(*)
TEB- 142	Recapture of bad debts, prior taxes, surcharges and other items	Business-other	(*)
TEB- 143	Income from news agencies or unions	Employment	(*)
TEB- 144	Certain income related to the operation of an employees owned special corporation	Employment	(*)
TEB- 145	Income received or earned in relation to the celebration of sports games organized by international associations or federations	Art, Culture, Sport & Recreation	(*)
TEB- 146	Income derived by the International Insurer or Holding Company of the International Insurer	International	0.1
TEB- 147	Rents from the Historic Zone	Art, Culture, Sport & Recreation	0.3
TEB- 148	Income from vessels owner's associations and mutual protection and indemnity	Business-other	0.5
TEB- 149	Income from buildings rented to the Commonwealth of Puerto Rico for public hospitals or schools, or health homes (Contracts in force as of November 22, 2010)	Social	0.6
TEB- 150	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	Business-other	0.0
TEB- 151	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	Economic development	(*)
TEB- 152	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	Economic development	2.8
TEB- 153	Rent of residential property under Act 132-2010	Housing	1.3
TEB- 154	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	Business-other	2.6
TEB- 155	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	Business-other	0.5
TEB- 156	Other payments reported in a Form 480.6 D	Business-other	0.2

TEB- 157	Other exemptions	Business-other	33.8
<i>Credits</i>			
Subject to Moratorium			
TEB - 158	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 , including purchases.	Business-other	0.8
TEB - 159	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	Housing	(*)
TEB - 160	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	Housing	(*)
TEB - 161	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	Economic development	2.0
TEB - 162	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Economic development	1.8
TEB - 163	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Business farming and fishing	(*)
TEB - 164	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Environment	2.8
TEB - 165	Credits carried from previous years	Business-other	2.6
TEB - 166	Other credits not included on the preceding lines	Business-other	0.2
TEB - 167	Purchase: Solid Waste Disposal (Act 159-2011)	Environment	(*)
TEB - 168	Purchase: Santurce Theatrical District (Act 178-2000)	Art, Culture, Sport & Recreation	(*)
TEB - 169	Purchase: Other Credits	Business-other	(*)
Not subject to Moratorium			
TEB - 170	Credit for increase in investments	Economic development	(*)
TEB - 171	Credit for investment in film industry development (Act 27-2011), including purchases.	Economic development	6.1
TEB - 172	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	Business-other	(*)
TEB - 173	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Art, Culture, Sport & Recreation	0.3
TEB - 174	Credit for investment Act 73-2008, including purchases.	Business-other	4.8
TEB - 175	Credit for investment Act 83-2010 (Green Energy Incentives)	Business-other	0.2

TEB - 176	Credits carried from previous years	Business-other	12.2
TEB - 177	Other credits not included on the preceding lines	Business-other	2.2
TEB - 178	Purchase: Tourism Development (Act 78-1993)	Economic development	2.5
TEB - 179	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Business research and development	1.8
TEB - 180	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Economic development	(*)
TEB - 181	Purchase: Other Credits	Business-other	14.7

Incentives Acts

Preferential Tax Rate

TEB- 182	Act 135 - 1997, Tax Incentives Law of 1998	Economic development	(TEB 182 - TEB 183)	A
TEB- 183	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	Economic development	15,691.5	
TEB- 184	Act 20 - 2012, Export Services	Economic development	111.3	
TEB- 185	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	Economic development	n.c.	
TEB- 186	Act 78 - 1993, Tourism Development Law of Puerto Rico	Economic development	n.c.	
TEB- 187	Act 74 - 2010, Tourism Development Law of Puerto Rico	Economic development	0.2	
TEB- 188	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	Economic development	n.d.a	
TEB- 189	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Environment	2.6	
TEB- 190	Act 362 - 1999, Law for the Development of the Film Industry	Economic development	n.d.a	
TEB- 191	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	Economic development	0.1	
TEB- 192	Act 168 - 1968, Tax Incentives Law for Hospital Facilities	Health	0.2	
TEB- 193	Act 148 - 1988, Special Law for the Rehabilitation and Development of Santurce	Economic development	n.c.	
TEB- 194	Act 75 - 1995, Special Law for the Rehabilitation and Development of Río Piedras	Economic development	n.c.	
TEB- 195	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	Business farming and fishing	(*)	
TEB- 196	Act 14 - 1996, Special Law for the Development of Castañer	Economic development	n.c.	
TEB- 197	Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Art, Culture, Sport & Recreation	n.c.	

TEB- 198	Act 1 -2013, Employment Now Law	Employment	n.c.
TEB- 199	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico	Business farming and fishing	n.d.a
TEB- 200	Act 52 - 1989 - International Bank Center	Economic development	n.d.a
TEB- 201	Act 273-2012, International Financial Center	Economic development	n.d.a
TEB- 202	Act 185 - 2014, Private Equity Fund	Economic development	2.3
TEB- 203	Act 22-2012, Transfer of Investors to Puerto Rico	Economic development	29.0
<i>Credits</i>			
Subject to Moratorium			
TEB - 204	Credit for products manufactured in Puerto Rico	Economic development	n.c.
TEB - 205	Credit attributable to losses or for investment in the Capital Investment Fund, including purchases.	Business-other	n.c.
TEB - 206	Credit for increase in investments	Business-other	n.c.
TEB - 207	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Business farming and fishing	n.c.
TEB - 208	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Environment	n.c.
TEB - 209	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	Economic development	n.c.
TEB - 210	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Economic development	n.c.
TEB - 211	Other credits not included on the preceding lines	Business-other	n.c.
TEB - 212	Credits carried from previous years	Business-other	n.c.
TEB - 213	Purchase: Solid Waste Disposal (Act 159-2011)	Environment	n.c.
TEB - 214	Purchase: Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Art, Culture, Sport & Recreation	n.c.
TEB - 215	Purchase: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Housing	n.c.

TEB - 216	Purchase: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Housing	n.c.	
TEB - 217	Purchase: : Other	Business-other	n.c.	
Not subject to Moratorium				
TEB - 218	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Art, Culture, Sport & Recreation	n.c.	
TEB - 219	Credit for hospital units over payroll expenses	Health	15.0	
TEB - 220	Credit for purchases of products manufactured in Puerto Rico	Business-other	33.3	
TEB - 221	Credit for investment in research and development, including purchases.	Business research and development	9.1	
TEB - 222	Credit for investment in machinery and equipment	Economic development	n.c.	
TEB - 223	Credit to reduce the cost of electric power	Economic development	8.3	
TEB - 224	Credit for investment in strategic projects, including purchases.	Economic development	n.c.	
TEB - 225	Credit for industrial investment, including purchases.	Economic development	n.c.	
TEB - 226	Other credits not included on the preceding lines	Business-other	(*)	
TEB - 227	Credits carried from previous years	Business-other	4.0	
TEB - 228	Purchase: Tourism Development (Act 78-1993)	Economic development	n.c.	
TEB - 229	Purchase: Film Industry Development (Act 27-2011)	Economic development	n.c.	
TEB - 230	Purchase: Acquisition of an Exempt Business that is in the Process of Closing its Operations in Puerto Rico (Act 109-2001)	Business-other	n.c.	
TEB - 231	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Business research and development	(TEB 231-TEB 234) 9.7	o.a.d
TEB - 232	Purchase: Economic Incentives (Industrial Development) Act 73-2008	Business-other		

TEB - 233	Purchase: Green Energy Incentives (Research and Development) (Act 83-2010)	Business research and development	
TEB - 234	Purchase: Other	Business-other	
Credits - Other Incentives Acts			
TEB - 235	Credit for taxes withheld on royalty payments	Business-other	0.8
TEB - 236	Special credits granted	Economic development	n.c.
TEB - 237	Credit for losses of United States parent company	International	1.7
TEB - 238	Credit for intellectual property transfer	Business research and development	5.0
TEB - 239	Credit for job creation	Employment	n.c.
TEB - 240	Other applicable credits	Others	(*)
TEB - 241	Credit for "Closing Agreements"	Others	1.9
<i>Deductions</i>			
TEB - 242	Special deductions, Payroll deduction	Employment	(TEB 242 - A TEB 246) 6.8
TEB - 243	Special deductions, Human resources training and improvement expenses deduction	Employment	
TEB - 244	Special deductions, Research and development expense deduction	Business research and development	
TEB - 245	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Economic development	
TEB - 246	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Economic development	

Tax Regime

SALE AND USE TAX [Millions of dollars]

TEB ID	Tax expenditures	Budget Category	2017
SUT			
<i>Exemptions</i>			
TEB - 247	Exemption for Promotional Material	Business-other	0.7
TEB - 248	Exemption on Taxable Items from a Transfer of Residence	Income support	1.8
TEB - 249	Exemption on Rights of Admission	Art, Culture, Sport & Recreation	0.1
TEB - 250	Exemption on Food Items	Families and households	882.1
TEB - 251	Exemption for Prescription Drugs	Health	439.5
TEB - 252	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	Health	4.3
TEB - 253	Exemption on Lease of Real Property	Business-other	84.7
TEB - 254	Exemption for Care Services Rendered by Child Care Centers	Families and households	0.2
TEB - 255	Exemption for Funeral Services	Families and households	4.8
TEB - 256	Exemption for Solar- Electric Equipment	Environment	7.5
TEB - 257	Exemption for Care Services Rendered by Elderly Care Centers	Families and households	1.2
TEB - 258	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used in the Performance of Health Services	Business-other	17.4
TEB - 259	Exemption for Textbooks	Education	3.3
TEB - 260	Exemption for Uniforms and Materials	Education	10.1

TEB - 261	Exemption for Sales Made by Churches.	Social	0.4
TEB - 262	Exemption for Bona Fide Farmers.	Business farming and fishing	4.2
TEB - 263	Exemption from Payment of the Sales and Use Tax for Concession Holders under the Puerto Rico Tourism Development Laws	Economic development	3.2
TEB - 264	Designated professional services	Business-other	n.d.a.
TEB - 265	Educational services, including tuition costs	Education	287.3
TEB - 266	Interest and other charges for the use of money and charges for services provided by financial institutions.	Savings and investment	190.7
TEB - 267	Insurance services and commissions	Social	91.8
TEB - 268	Health or medical hospital services	Health	715.6
TEB - 269	Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars	Business- small business	14.3
<i>Exclusions</i>			
TEB - 270	Vehicles	Social	1,930.7
TEB - 271	Gasoline	Social	1,959.7
TEB - 272	Electricity	Social	1,256.8
TEB - 273	Water	Social	645.4

Tax Regime

EXCISE TAX [Millions of dollars]**VEHICLES***Credits*

TEB- 274	Refund of Excise Taxes on Vehicles Powered by Alternative or Combined Energy	Environment	7.6
<i>Exemptions</i>			
TEB - 275	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	Education	1.3

TEB - 276	Consular Officers and Employees Exemptions	International	n.c
TEB - 277	Exemptions for Handicapped Persons	Health	0.2
TEB - 278	Church Exemptions Vehicles which hold twelve (12) or more passengers	Social	n.c
TEB - 279	Exemptions for Donations to the Puerto Rico Police and the Police of the Municipal Governments	Donation, gifts, charities and non-profit organization	n.c
TEB - 280	Exemptions on Articles for Manufacturing	Economic development	0.2
TEB - 281	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	Donation, gifts, charities and non-profit organization	0.4
TEB - 282	Exemption over Articles Acquired by Government Agencies	Intergovernmental tax arrangements	9.0
TEB - 283	Exemption on Articles Belonging to Persons in Government Service	Intergovernmental tax arrangements	1.9
TEB - 284	Category III ambulances	Health	0.2

CIGARRETES

Exemptions

TEB - 285	Tourists and Residents of Puerto Rico Traveling Abroad	International	n.d.a.
TEB - 286	Exemption on Tobacco Products sold or transferred to military stores, canteens or other facilities operated by the trust-building of the Puerto Rico National Guard or your dealer.	Intergovernmental tax arrangements	n.d.a.

Fuel

Exclusions

TEB- 287	Excludes natural gas of "Other Fuel"	Intergovernmental tax arrangements	26.2
TEB- 288	Residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority	Intergovernmental tax arrangements	28.7
TEB- 289	Residual Fuel number 6, when it is acquired by industries and businesses when it is used for their management of production	Business-other	0.9

TEB- 290	Aviation gasoline and any combustible product in the case it was for use and consumption in propelling air transportation vehicles, destined to be consumed in air trips between Puerto Rico and other places or in air trips within the territorial. (2 cent)	International	0.3
Crude oil and petroleum products			
<i>Exclusions</i>			
TEB- 291	Generation of the Electric Power Authority or Other entity	Intergovernmental tax arrangements	250.2
TEB- 292	Natural gas used to generate electricity sold to the Electric Power Authority or any successor entity	Intergovernmental tax arrangements	55.1
TEB- 293	The Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	Intergovernmental tax arrangements	0.4
TEB- 294	Businesses holding a decree granted under Act 73-2008, with respect to the provisions of subparagraphs (6) and (8) of Section 9 of said Act, or equivalent sections of previous or superseding industrial incentive laws.	Economic development	n.d.a.
TEB- 295	Crude oil, partly unfinished products, the end products derived from oil, or any other hydrocarbon mixture used as lubricants or fuel for generating steam for cooking, canning and sterilization of raw material obtained from industrial fishing.	Others	n.d.a.
TEB- 296	Crude oil, partly unfinished products, end products derived from oil, or any other hydrocarbon mixture used for vessels which render wharf services or using fuel for cargo ships, cruise ships or any other vessel requiring these services, whether in territorial waters or beyond them.	Others	n.d.a.
TEB- 297	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	Others	37.3
TEB- 298	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	Others	n.d.a.
TEB- 299	Crude oil, partly unfinished products, end products derived from oil or any other hydrocarbon mixture locally imported or sold to agencies and instrumentalities of the Federal Government.	Intergovernmental tax arrangements	2.4
Distilled Spirits and Alcoholic Beverages			

<i>Exclusions</i>				
TEB - 300	Distilled spirits and alcoholic beverages when they are sold or transferred to the armed forces of the United States, including the National Guard of Puerto Rico	Intergovernmental tax arrangements	41.0	
TEB - 301	Distilled Spirits and Alcoholic Beverages Used in the Process of Manufacture, Research, Development or Experimentation in Laboratories or for Medicinal Purposes	Business research and development	n.a.	
TEB - 302	Special Exemption to Beer, Malt Extract and others. Progressive Tax in substitution of refer by 5021.01	Business-other	28.0	

Legend / Footnotes:

.... In order to measure the cost of this tax expenditure it is necessary to know what the rate of economic depreciation is for the several classes of assets under the tax law. We are not aware of any studies of economic depreciation in Puerto Rico and thus can not at this time measure the cost of the tax expenditure resulting from the tax law's accelerated depreciation.

(*) Between zero and +/- \$100,000.

n.c. No Claim

n.d.a. No data available to support a meaningful estimate or projection

D Suppressed to avoid disclosure of individual companies.

A Agregated to avoid disclosure of individual companies.

o.a.d. Only Agregated data available

Table 4A

Table 4A rearrange the information in Table 4 by budget category. This table allow the user to identify and group TEBs in ways that are more informative to policy objective deliberations.

	Tax expenditures	Type of Expenditure	Tax Regime	Revenue Forgone 2017
1. ART, CULTURE, SPORT & RECREATION				
1| TEB- 45	Rents from the Historic Zone	Exemptions	Individual	0.8
2| TEB- 57	Income from copyrights up to \$10,000 under Act 516-2004	Exemptions	Individual	(*)
3| TEB- 58	Income received by designers and translators up to \$6,000 under Act 516-2004	Exemptions	Individual	(*)

4|	TEB- 72	Income paid by sport teams of international associations or federations	Preferential Tax Rate	Individual	(*)
5|	TEB- 86	Purchases: : Theatrical District of Santurce (Act 178-2000)	Credits	Individual	n.c.
6|	TEB- 93	Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)	Credits	Individual	n.c.
7|	TEB- 94	Credit for contribution to former governors' foundations	Credits	Individual	(*)
8|	TEB- 97	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Credits	Individual	n.c.
9|	TEB- 145	Income received or earned in relation to the celebration of sports games organized by international associations or federations	Exemptions	Corporations	(*)
10|	TEB- 147	Rents from the Historic Zone	Exemptions	Corporations	0.3
11|	TEB - 168	Purchase: Santurce Theatrical District (Act 178-2000)	Credits	Corporations	(*)
12|	TEB - 173	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Credits	Corporations	0.3
13|	TEB- 197	Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Preferential Tax Rate	Corporations	n.c.
14|	TEB - 214	Purchase: Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Credits	Corporations	n.c.
15|	TEB - 218	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	Credits	Corporations	n.c.
16|	TEB - 249	Exemption on Rights of Admission	Exemptions	SUT	0.1

2. BUSINESS FARMING AND FISHING

17	TEB- 80	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products.	Credits	Individual	(*)
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18	TEB - 120	Plantation insurance	Exclusions	Corporations	(*)
19	TEB- 125	Securities under Agricultural Loans Act	Exemptions	Corporations	(*)
20|	TEB - 163	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products Act 225 - 1995, Law on Agricultural	Credits	Corporations	(*)
21|	TEB- 195	Contributive Incentives of Puerto Rico	Preferential Tax Rate	Corporations	(*)
22|	TEB- 199	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico	Preferential Tax Rate	Corporations	n.d.a
23|	TEB - 207	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	Credits	Corporations	n.c.
24|	TEB - 262	Exemption for Bona Fide Farmers.	Exemptions	SUT	4.2

3. BUSINESS RESEARCH AND DEVELOPMENT

25|	TEB- 44	Compensation received by an eligible researcher or scientist	Exemptions	Individual	0.4
26|	TEB- 102	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Credits	Individual	22.5
27|	TEB - 179	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Credits	Corporations	1.8
28|	TEB - 221	Credit for investment in research and development, including purchases.	Credits	Corporations	9.1
29|	TEB - 231	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Credits	Corporations	(TEB 231 - TEB 234)
30|	TEB - 233	Purchase: Green Energy Incentives (Research and Development) (Act 83-2010)	Credits	Corporations	9.7
31|	TEB - 238	Credit for intellectual property transfer	Credits	Corporations	5.0
32|	TEB - 244	Special deductions, Research and development expense deduction	Deductions	Corporations	(TEB 242 - TEB 246) 6.8

33	TEB - 301	Distilled Spirits and Alcoholic Beverages Used in the Process of Manufacture, Research, Development or Experimentation in Laboratories or for Medicinal Purposes	Exclusions	Excise Tax	n.a.
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4. BUSINESS- SMALL BUSINESS

34	TEB- 60	Income derived by young people from wages, services rendered, self-employment or new business with special agreement (Act 135-2014)	Exemptions	Individual	42.5
35|	TEB- 133	Loans for the establishment or expansion of small and medium businesses up to \$250,000	Exemptions	Corporations	-
36|	TEB- 134	Loans for the capitalization of small and medium businesses up to \$250,000	Exemptions	Corporations	-
37|	TEB - 269	Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars	Exemptions	SUT	14.3

5. BUSINESS-OTHER

38|	TEB- 17	Amounts paid by an employer as reimbursement of expenses related to trips, meals, lodging, entertainment and others	Exclusions	Individual	38.2
39|	TEB- 29	Dividends of--Subject to alternate basic tax reported in a Form 480.6D	Exemptions	Individual	2.2
40|	TEB- 30	Dividends of--Not subject to alternate basic tax reported in a Form 480.6D	Exemptions	Individual	n.d.a.
41|	TEB- 31	Dividends of--Subject to alternate basic tax not reported in a Form 480.6D	Exemptions	Individual	(*)
42|	TEB- 32	Dividends of--Not subject to alternate basic tax not reported in a Form 480.6D	Exemptions	Individual	7.3
43|	TEB- 34	Recapture of bad debts, pror taxes, surcharges and other items	Exemptions	Individual	(*)
44|	TEB- 46	Compensation to citizens and alien's nonresidents of Puerto Rico for the production of film projects	Exemptions	Individual	(*)
45|	TEB- 48	Income from sources outside of Puerto Rico	Exemptions	Individual	82.1

46|	TEB- 55	Special Compensation Paid due to a Liquidation or Close of Businesses under Article 10 of Act No. 80 of May 30, 1976	Exemptions	Individual	22.8
47|	TEB- 59	Distributable share on exempt income from pass-through entities	Exemptions	Individual	55.2
48|	TEB- 77	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 -2000, including purchases.	Credits	Individual	n.c.
49|	TEB- 82	Other credits subject to moratorium not included on the preceding lines	Credits	Individual	(*)
50|	TEB- 83	Credits carried from previous years	Credits	Individual	1.3
51|	TEB- 89	Purchases: Others	Credits	Individual	0.5
52|	TEB- 96	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	Credits	Individual	n.c.
53|	TEB- 98	Other credits not included on the preceding lines	Credits	Individual	0.2
54|	TEB- 99	Credits carried from previous years	Credits	Individual	3.7
55|	TEB- 100	Credit for investment Act 73-2008, including purchases.	Credits	Individual	3.3
56|	TEB- 101	Credit for investment Act 83-2010 (Green Energy), including purchases.	Credits	Individual	(*)
57|	TEB- 104	Purchase: Other	Credits	Individual	19.7
58|	TEB - 105	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	Deductions	Corporations	2.0
59|	TEB - 108	Deduction under Act 185-2014 ("Private Equity Funds Act")	Deductions	Corporations	n.d.a.
60|	TER -109	Current Depreciation	Deferrals	Corporations	....

61|	TER -110	Flexible Depreciation	Deferrals	Corporations	....
62|	TER -111	Accelerated Depreciation	Deferrals	Corporations	....
63|	TER -112	Amortization (i.e. Goodwill)	Deferrals	Corporations	....
64|	TER -113	Automobiles	Deferrals	Corporations	....
65|	TER -114	Vehicles under financial lease	Deferrals	Corporations	....
66|	TEB - 117	Distributable share on net income subject to preferential rates from partnerships and special partnerships	Preferential Tax Rate	Corporations	(*)
67|	TEB - 119	Other income subject to preferential rates	Preferential Tax Rate	Corporations	(*)
68|	TEB - 121	Income derived from discharge of debts	Exclusions	Corporations	4.7
69|	TEB- 138	Cooperative associations	Exemptions	Corporations	(*)
70|	TEB- 142	Recapture of bad debts, prior taxes, surcharges and other items	Exemptions	Corporations	(*)
71|	TEB- 148	Income from vessels owner's associations and mutual protection and indemnity	Exemptions	Corporations	0.5
72|	TEB- 150	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	Exemptions	Corporations	-
73|	TEB- 154	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	Exemptions	Corporations	2.6
74|	TEB- 155	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	Exemptions	Corporations	0.5
75|	TEB- 156	Other payments reported in a Form 480.6 D	Exemptions	Corporations	0.2

76|	TEB- 157	Other exemptions	Exemptions	Corporations	33.8
77|	TEB - 158	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 , including purchases.	Credits	Corporations	0.8
78|	TEB - 165	Credits carried from previous years	Credits	Corporations	2.6
79|	TEB - 166	Other credits not included on the preceding lines	Credits	Corporations	0.2
80|	TEB - 169	Purchase: Other Credits	Credits	Corporations	(*)
81|	TEB - 172	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	Credits	Corporations	(*)
82|	TEB - 174	Credit for investment Act 73-2008, including purchases.	Credits	Corporations	4.8
83|	TEB - 175	Credit for investment Act 83-2010 (Green Energy Incentives)	Credits	Corporations	0.2
84|	TEB - 176	Credits carried from previous years	Credits	Corporations	12.2
85|	TEB - 177	Other credits not included on the preceding lines	Credits	Corporations	2.2
86|	TEB - 181	Purchase: Other Credits	Credits	Corporations	14.7
87|	TEB - 205	Credit attributable to losses or for investment in the Capital Investment Fund, including purchases.	Credits	Corporations	n.c.
88|	TEB - 206	Credit for increase in investments	Credits	Corporations	n.c.
89|	TEB - 211	Other credits not included on the preceding lines	Credits	Corporations	n.c.
90|	TEB - 212	Credits carried from previous years	Credits	Corporations	n.c.
91|	TEB - 217	Purchase: : Other	Credits	Corporations	n.c.

92|	TEB - 220	Credit for purchases of products manufactured in Puerto Rico	Credits	Corporations	33.3
93|	TEB - 226	Other credits not included on the preceding lines	Credits	Corporations	(*)
94|	TEB - 227	Credits carried from previous years	Credits	Corporations	4.0
95|	TEB - 230	Purchase: Acquisition of an Exempt Business that is in the Process of Closing its Operations in Puerto Rico (Act 109-2001)	Credits	Corporations	n.c.
96|	TEB - 232	Purchase: Economic Incentives(Industrial Development) Act 73-2008	Credits	Corporations	(TEB 231 - TEB 234)
97|	TEB - 234	Purchase: Other	Credits	Corporations	9.7
98|	TEB - 235	Credit for taxes withheld on royalty payments	Credits	Corporations	0.8
99|	TEB - 247	Exemption for Promotional Material	Exemptions	SUT	0.7
100|	TEB - 253	Exemption on Lease of Real Property	Exemptions	SUT	84.7
101|	TEB - 258	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used in the Performance of Health Services	Exemptions	SUT	17.4
102|	TEB - 264	Designated professional services	Exemptions	SUT	n.d.a.
103|	TEB- 289	Residual Fuel number 6, when it is acquired by industries and businesses when it is used for their management of production	Exclusions	Excise Tax	0.9
104|	TEB - 302	Special Exemption to Beer, Malt Extract and others. Progressive Tax in substitution of refer by 5021.01	Exclusions	Excise Tax	28.0

6. DONATION, GIFTS, CHARITIES AND NON-PROFIT ORGANIZATION

105	TEB - 4	Charitable contributions	Deductions	Individual	29.1
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106	TEB- 12	Donations, legacies and inheritances	Exclusions	Individual	9.8
107|	TEB- 33	Expenses of priests or ministers	Exemptions	Individual	(*)
108|	TEB - 107	Charitable contributions	Deductions	Corporations	4.5
109|	TEB- 129	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument' s Patronage and SER of Puerto Rico	Exemptions	Corporations	(*)
110|	TEB - 279	Exemptions for Donations to the Puerto Rico Police and the Police of the Municipal Governments	Exemptions	Excise Tax	n.c
111|	TEB - 281	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	Exemptions	Excise Tax	0.4

7. ECONOMIC DEVELOPMENT

112|	TEB- 78	Credit for construction investment in urban centers (Act 212-2002, as amended)	Credits	Individual	1.2
113|	TEB- 79	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended) including purchases.	Credits	Individual	(*)
114|	TEB- 85	Purchases: Capital Investment Fund (Act 46-2000)	Credits	Individual	n.c.
115|	TEB- 90	Credit for investment in Tourism Development (Act 78-1993) or Farming (Act 225-1995), , including purchases.	Credits	Individual	11.1
116|	TEB- 91	Credit for: (23) Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997	Credits	Individual	1.7
117|	TEB- 92	Credit for investment in film industry development (Act 27-2011), including purchases.	Credits	Individual	6.0
118|	TEB- 103	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Credits	Individual	1.6
119|	TEB- 151	Distributions of Amounts Previously Notified as Deemed Eligible	Exemptions	Corporations	(*)

		Distributions under Sections 1023.06(j) and 1023.25(b)			
120|	TEB- 152	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	Exemptions	Corporations	2.8
121|	TEB - 161	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	Credits	Corporations	2.0
122|	TEB - 162	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Credits	Corporations	1.8
123|	TEB - 170	Credit for increase in investments	Credits	Corporations	(*)
124|	TEB - 171	Credit for investment in film industry development (Act 27-2011), including purchases.	Credits	Corporations	6.1
125|	TEB - 178	Purchase:Tourism Development (Act 78-1993)	Credits	Corporations	2.5
126|	TEB - 180	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Credits	Corporations	(*)
127|	TEB- 182	Act 135 - 1997, Tax Incentives Law of 1998	Preferential Tax Rate	Corporations	(TEB 182 - TEB 183)
128|	TEB- 183	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	Preferential Tax Rate	Corporations	15,691.5
129|	TEB- 184	Act 20 - 2012, Export Services	Preferential Tax Rate	Corporations	111.3
130|	TEB- 185	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	Preferential Tax Rate	Corporations	n.c.
131|	TEB- 186	Act 78 - 1993, Tourism Development Law of Puerto Rico	Preferential Tax Rate	Corporations	n.c.
132|	TEB- 187	Act 74 - 2010, Tourism Development Law of Puerto Rico	Preferential Tax Rate	Corporations	0.2
133|	TEB- 188	Act 118 - 2010, Law of Incentives for Municipal Economic development and Tourism	Preferential Tax Rate	Corporations	n.d.a
134|	TEB- 190	Act 362 - 1999, Law for the Development of the Film Industry	Preferential Tax Rate	Corporations	n.d.a

135|	TEB- 191	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	Preferential Tax Rate	Corporations	0.1
136|	TEB- 193	Act 148 - 1988, Special Law for the Rehabilitation and Development of Santurce	Preferential Tax Rate	Corporations	n.c.
137|	TEB- 194	Act 75 - 1995, Special Law for the Rehabilitation and Development of Río Piedras	Preferential Tax Rate	Corporations	n.c.
138|	TEB- 196	Act 14 - 1996, Special Law for the Development of Castañer	Preferential Tax Rate	Corporations	n.c.
139|	TEB- 200	Act 52 - 1989 - International Bank Center	Preferential Tax Rate	Corporations	n.d.a
140|	TEB- 201	Act 273-2012, International Financial Center	Preferential Tax Rate	Corporations	n.d.a
141|	TEB- 202	Act 185 - 2014, Private Equity Fund	Preferential Tax Rate	Corporations	2.3
142|	TEB- 203	Act 22-2012, Transfer of Investors to Puerto Rico	Preferential Tax Rate	Corporations	29.0
143|	TEB - 204	Credit for products manufactured in Puerto Rico	Credits	Corporations	n.c.
144|	TEB - 209	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	Credits	Corporations	n.c.
145|	TEB - 210	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	Credits	Corporations	n.c.
146|	TEB - 222	Credit for investment in machinery and equipment	Credits	Corporations	n.c.
147|	TEB - 223	Credit to reduce the cost of electric power	Credits	Corporations	8.3
148|	TEB - 224	Credit for investment in strategic projects, including purchases.	Credits	Corporations	n.c.
149|	TEB - 225	Credit for industrial investment, including purchases.	Credits	Corporations	n.c.
150|	TEB - 228	Purchase: Tourism Development (Act 78-1993)	Credits	Corporations	n.c.

151|	TEB - 229	Purchase: Film Industry Development (Act 27-2011)	Credits	Corporations	n.c.
152|	TEB - 236	Special credits granted	Credits	Corporations	n.c.
153|	TEB - 245	Special deductions, Investment on buildings, structures, machinery and equipment deduction	Deductions	Corporations	(TEB 242 - TEB 246)
154|	TEB - 246	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Deductions	Corporations	6.8
155|	TEB - 263	Exemption from Payment of the Sales and Use Tax for Concession Holders under the Puerto Rico Tourism Development Laws	Exemptions	SUT	3.2
156|	TEB - 280	Exemptions on Articles for Manufacturing	Exemptions	Excise Tax	0.2
157|	TEB- 294	Businesses holding a decree granted under Act 73-2008, with respect to the provisions of subparagraphs (6) and (8) of Section 9 of said Act, or equivalent sections of previous or superseding industrial incentive laws.	Exclusions	Excise Tax	n.d.a.

8. EDUCATION

158|	TEB - 9	Educational Contribution Account	Deductions	Individual	0.7
159|	TEB - 10	Interest paid on student's loans at university level	Deductions	Individual	9.3
160|	TEB - 259	Exemption for Textbooks	Exemptions	SUT	3.3
161|	TEB - 260	Exemption for Uniforms and Materials	Exemptions	SUT	10.1
162|	TEB - 265	Educational services, including tuition costs	Exemptions	SUT	287.3
163|	TEB - 275	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	Exemptions	Excise Tax	1.3

9. EMPLOYMENT

164|	TEB- 20	Fringe benefits paid by the employer in relation to a cafeteria plan	Exemptions	Exemptions	0.1
165|	TEB- 40	Certain income related to the operation of an employees-owned special corporation	Exemptions	Exemptions	(*)
166|	TEB- 42	Unemployment compensation	Exemptions	Exemptions	(*)
167|	TEB- 95	Credit for payment of Membership Certificates by Ordinary and Extraordinary Member of Employees-Owned Special Corporations	Credits	Credits	(*)
168|	TEB - 106	Special Agreement for the Creation of Employments and constitutes a New Business under the provisions of Act 1-2013	Deductions	Deductions	(*)
169|	TEB- 130	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	Exemptions	Exemptions	-
170|	TEB- 131	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	Exemptions	Exemptions	-
171|	TEB- 132	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	Exemptions	Exemptions	(*)
172|	TEB- 143	Income from news agencies or unions	Exemptions	Exemptions	(*)
173|	TEB- 144	Certain income related to the operation of an employees owned special corporation	Exemptions	Exemptions	(*)
174|	TEB- 198	Act 1 -2013, Employment Now Law	Preferential Tax Rate	Preferential Tax Rate	n.c.
175|	TEB - 239	Credit for job creation	Credits	Credits	n.c.
176|	TEB - 242	Special deductions, Payroll deduction	Deductions	Deductions	(TEB 242 - TEB 246)
177|	TEB - 243	Special deductions, Human resources training and improvement expenses deduction	Deductions	Deductions	6.8

10. ENVIRONMENT

178|	TEB- 81	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Credits	Individual	1.1
179|	TEB- 84	Purchases: Solid Waste Disposal (Act 159-2011)	Credits	Individual	n.c.
180|	TEB - 164	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Credits	Corporations	2.8
181|	TEB - 167	Purchase: Solid Waste Disposal (Act 159-2011)	Credits	Corporations	(*)
182|	TEB- 189	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Preferential Tax Rate	Corporations	2.6
183|	TEB - 208	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	Credits	Corporations	n.c.
184|	TEB - 213	Purchase: Solid Waste Disposal (Act 159-2011)	Credits	Corporations	n.c.
185|	TEB - 256	Exemption for Solar- Electric Equipment	Exemptions	SUT	7.5
186|	TEB- 274	Refund of Excise Taxes on Vehicles Powered by Alternative or Combined Energy	Credits	Excise Tax	7.6

11. FAMILIES AND HOUSEHOLDS

187|	TEB - 5	Loss of personal property as a result of certain casualties	Deductions	Individual	5.0
188|	TEB- 16	Child support payments	Exclusions	Individual	1.5
189|	TEB - 250	Exemption on Food Items	Exemptions	SUT	882.1
190|	TEB - 254	Exemption for Care Services Rendered by Child Care Centers	Exemptions	SUT	0.2

191|	TEB - 255	Exemption for Funeral Services	Exemptions	SUT	4.8
192|	TEB - 257	Exemption for Care Services Rendered by Elderly Care Centers	Exemptions	SUT	1.2
12. HEALTH					
193|	TEB - 3	Medical Expenses	Deductions	Individual	13.2
194|	TEB - 8	Contribution to health savings accounts with a high annual deductible medical plan	Deductions	Individual	n.c.
195|	TEB- 11	Life insurance	Exclusions	Individual	1.8
196|	TEB- 13	Compensation for injuries or sickness	Exclusions	Individual	4.3
197|	TEB- 35	Stipends received by certain physicians during the internship period	Exemptions	Individual	2.3
198|	TEB- 50	Income from buildings rented to the Government of Puerto Rico for public hospitals, health or convalescent homes, public schools (Contracts in force at November 22, 2010) and residential rent under Act 132-2010	Exemptions	Individual	13.1
199|	TEB- 74	Gain taxable at rate under an Incentives Act 14-2017 (K, L, M, or N) and/or wages (Qualified Physicians)	Preferential Tax Rate	Individual	126.6
200|	TEB- 192	Act 168 - 1968, Tax Incentives Law for Hospital Facilities	Preferential Tax Rate	Corporations	0.2
201|	TEB - 219	Credit for hospital units over payroll expenses	Credits	Corporations	15.0
202|	TEB - 251	Exemption for Prescription Drugs	Exemptions	SUT	439.5
203|	TEB - 252	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	Exemptions	SUT	4.3
204|	TEB - 268	Health or medical hospital services	Exemptions	SUT	715.6

205|	TEB - 277	Exemptions for Handicapped Persons	Exemptions	Excise Tax	0.2
206|	TEB - 284	Category III ambulances	Exemptions	Excise Tax	0.2
13. HOUSING					
207|	TEB - 1	Home mortgage interest	Deductions	Individual	201.3
208|	TEB - 2	Casualty loss on your principal residence	Deductions	Individual	17.0
209|	TEB- 39	Gain from the sale or exchange of principal residence by certain individuals and qualified property	Exemptions	Individual	4.4
210|	TEB- 87	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Credits	Individual	1.1
211|	TEB- 88	Purchases: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Credits	Individual	1.3
212|	TEB- 153	Rent of residential property under Act 132-2010	Exemptions	Corporations	1.3
213|	TEB - 159	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	Credits	Corporations	(*)
214|	TEB - 160	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	Credits	Corporations	(*)
215|	TEB - 215	Purchase: Credit for investment in housing infrastructure (Act 98-2001, as amended)	Credits	Corporations	n.c.
216|	TEB - 216	Purchase: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	Credits	Corporations	n.c.
14. INCOME SUPPORT					
217|	TEB- 19	Additional Personal Exemption for Veterans	Exemptions	Individual	3.6

218|	TEB- 38	Christmas Bonus, Summer Bonus and Medicine Bonus	Exemptions	Individual	(*)
219|	TEB- 41	Cost of living allowance (COLA)	Exemptions	Individual	7.4
220|	TEB- 43	Compensation received from active military service in a combat zone	Exemptions	Individual	0.4
221|	TEB- 56	Salaries from Overtime during Emergency Situations	Exemptions	Individual	10.2
222|	TEB- 61	Qualified payments and transactions due to hurricane María	Exemptions	Individual	14.4
223|	TEB- 76	Eligible distributions due to hurricane María	Preferential Tax Rate	Individual	0.3
224|	TEB - 248	Exemption on Taxable Items from a Transfer of Residence	Exemptions	SUT	1.8

15. INTERGOVERNAMENTAL TAX ARRANGEMENTS

225|	TEB- 36	Prize from the Lottery of Puerto Rico and the Additonal Lottery	Exemptions	Individual	2.3
226|	TEB - 282	Exemption over Articles Acquired by Government Agencies	Exemptions	Excise Tax	9.0
227|	TEB - 283	Exemption on Articles Belonging to Persons in Government Service	Exemptions	Excise Tax	1.9
228|	TEB - 286	Exemption on Tobacco Products sold or transferred to military stores, canteens or other facilities operated by the trust-building of the Puerto Rico National Guard or your dealer.	Exemptions	Excise Tax	n.d.a.
229|	TEB- 287	Excludes natural gas of "Other Fuel"	Exclusions	Excise Tax	26.2
230|	TEB- 288	Residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority	Exclusions	Excise Tax	28.7
231|	TEB- 291	Generation of the Electric Power Authority or Other entity	Exclusions	Excise Tax	250.2
232|	TEB- 292	Natural gas used to generate electricity sold to the Electric Power Authority or any successor entity	Exclusions	Excise Tax	55.1

233|	TEB- 293	The Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	Exclusions	Excise Tax	0.4
234|	TEB- 299	Crude oil, partly unfinished products, end products derived from oil or any other hydrocarbon mixture locally imported or sold to agencies and instrumentalities of the Federal Government.	Exclusions	Excise Tax	2.4
235|	TEB - 300	Distilled spirits and alcoholic beverages when they are sold or transferred to the armed forces of the United States, including the National Guard of Puerto Rico	Exclusions	Excise Tax	41.0
16. INTERNATIONAL					
236|	TEB- 47	Income from overtime worked by a Puerto Rico Police member	Exemptions	Individual	6.0
237|	TEB- 49	Remuneration received by employees of foreign governments or international organizations	Exemptions	Individual	0.5
238|	TEB - 118	Net income subject to the 4% tax rate from the operations of an international financial entity that operates as a banking unit	Preferential Tax Rate	Corporations	n.d.a.
239|	TEB- 139	International Insurer or Holding Company of the International Insurer	Exemptions	Corporations	(*)
240|	TEB- 146	Income derived by the International Insurer or Holding Company of the International Insurer	Exemptions	Corporations	0.1
241|	TEB - 237	Credit for losses of United States parent company	Credits	Corporations	1.7
242|	TEB - 276	Consular Officers and Employees Exemptions	Exemptions	Excise Tax	n.c
243|	TEB - 285	Tourists and Residents of Puerto Rico Traveling Abroad	Exemptions	Excise Tax	n.d.a.

244|	TEB- 290	Aviation gasoline and any combustible product in the case it was for use and consumption in propelling air transportation vehicles, destined to be consumed in air trips between Puerto Rico and other places or in air trips within the territorial. (2 cent)	Exclusions	Excise Tax	0.3
17. OTHERS					
245|	TEB- 18	Other exclusions	Exclusions	Individual	2.5
246|	TEB- 62	Other payments subject to alternate basic tax reported in a Form 480.6D	Exemptions	Individual	0.3
247|	TEB- 63	Other payments not subject to alternate basic tax reported in a Form 480.6D	Exemptions	Individual	5.8
248|	TEB- 64	Other exemptions subject to alternate basic tax not reported in a Form 480.6D	Exemptions	Individual	0.2
249|	TEB- 65	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	Exemptions	Individual	n.d.a.
250|	TEB- 75	Any other income subject to a preferential rates	Preferential Tax Rate	Individual	37.8
251|	TEB - 122	Other exclusions	Exclusions	Corporations	0.7
252|	TEB - 240	Other applicable credits	Credits	Corporations	(*)
253|	TEB - 241	Credit for "Closing Agreements"	Credits	Corporations	1.9
254|	TEB- 295	Crude oil, partly unfinished products, the end products derived from oil, or any other hydrocarbon mixture used as lubricants or fuel for generating steam for cooking, canning and sterilization of raw material obtained from industrial fishing.	Exclusions	Excise Tax	n.d.a.

255|	TEB- 296	Crude oil, partly unfinished products, end products derived from oil, or any other hydrocarbon mixture used for vessels which render wharf services or using fuel for cargo ships, cruise ships or any other vessel requiring these services, whether in territorial waters or beyond them.	Exclusions	Excise Tax	n.d.a.
256|	TEB- 297	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	Exclusions	Excise Tax	37.3
257|	TEB- 298	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	Exclusions	Excise Tax	n.d.a.

18. RETIREMENT

258|	TEB - 6	Contributions to governmental pension or retirement systems	Deductions	Individual	52.2
259|	TEB - 7	Contributions to individual retirement accounts	Deductions	Individual	19.7
260|	TEB- 37	Income from pensions or annuities, up to the applicable limitation	Exemptions	Individual	86.8
261|	TEB- 54	Distributions from Non-Deductible Individual Retirement Accounts	Exemptions	Individual	2.2
262|	TEB- 69	Interest from distributions of IRA to Governmental Pensioners	Preferential Tax Rate	Individual	(*)
263|	TEB- 73	Total distributions from qualified retirement plans	Preferential Tax Rate	Individual	2.5

19. SAVINGS AND INVESTMENT

264|	TEB- 15	Income derived from discharge of debts	Exclusions	Individual	4.4
265|	TEB- 21	Interest upon--Obligations from the United States Government, any of its states, territories or political subdivisions	Exemptions	Individual	4.6
266|	TEB- 22	Interest upon--Obligations from the Government of Puerto Rico	Exemptions	Individual	22.1

267|	TEB- 23	Interest upon--Certain Mortgages	Exemptions	Individual	4.8
268|	TEB- 24	Interest upon--Deposits in Puerto Rico interest bearing accounts up to \$2,000 (\$4,000 for married filing jointly)	Exemptions	Individual	4.2
269|	TEB- 25	Interest upon--Other interest subject to alternate basic tax reported in a Form 480.6D	Exemptions	Individual	n.c.
270|	TEB- 26	Interest upon--Other interest not subject to alternate basic tax reported in a Form 480.6D	Exemptions	Individual	1.0
271|	TEB- 27	Interest upon--Other interest subject to alternate basic tax not reported in a Form 480.6D	Exemptions	Individual	0.2
272|	TEB- 28	Interest upon--Other interest not subject to alternate basic tax not reported in a Form 480.6D	Exemptions	Individual	0.4
273|	TEB- 51	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	Exemptions	Individual	(*)
274|	TEB- 52	Accumulated Gain in Nonqualified Options	Exemptions	Individual	2.6
275|	TEB- 53	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	Exemptions	Individual	33.1
276|	TEB- 66	Net long-term capital gain (or loss) under Act	Preferential Tax Rate	Individual	26.5
277|	TEB- 67	Interest from IRA on deposits in accounts from certain financial institutions	Preferential Tax Rate	Individual	(*)
278|	TEB- 68	Interest on deposits in accounts from certain financial institutions	Preferential Tax Rate	Individual	1.2
279|	TEB- 70	Non-exempt eligible interest paid or credited on bonds, notes, other obligations or mortgage loans	Preferential Tax Rate	Individual	0.8
280|	TEB- 71	Eligible distribution of dividends	Preferential Tax Rate	Individual	7.2
281|	TEB - 115	Net long-term capital gain	Preferential Tax Rate	Corporations	26.1

282|	TEB - 116	Interest subject to preferential rates	Preferential Tax Rate	Corporations	0.2
283|	TEB- 123	Obligations from the United States Government, any of its states, territories or political subdivisions	Exemptions	Corporations	27.4
284|	TEB- 124	Obligations from the Commonwealth of Puerto Rico	Exemptions	Corporations	n.d.a.
285|	TEB- 126	Certain Mortgages	Exemptions	Corporations	1.0
286|	TEB- 127	Obligations secured or guaranteed under the Servicemen's Readjustment Act of 1944	Exemptions	Corporations	0.1
287|	TEB- 128	Securities issued by cooperative associations up to \$5,000	Exemptions	Corporations	(*)
288|	TEB- 135	Other interest reported in Form 480.6D	Exemptions	Corporations	(*)
289|	TEB- 136	Other interest not reported in Form 480.6D	Exemptions	Corporations	0.7
290|	TEB- 137	Industrial development income derived from certain interests	Exemptions	Corporations	(*)
291|	TEB- 140	Other dividends reported in a Form 480.6D	Exemptions	Corporations	(*)
292|	TEB- 141	Other dividends not reported in a Form 480.6D	Exemptions	Corporations	(*)
293|	TEB - 266	Interest and other charges for the use of money and charges for services provided by financial institutions.	Exemptions	SUT	190.7

20. SOCIAL

294|	TEB- 14	Benefits from federal social security for old-age and survivors	Exclusions	Individual	124.9
295|	TEB- 149	Income from buildings rented to the Commonwealth of Puerto Rico for public hospitals or schools, or health homes (Contracts in force as of November 22, 2010)	Exemptions	Corporations	0.6
296|	TEB - 261	Exemption for Sales Made by Churches.	Exemptions	SUT	0.4
297|	TEB - 267	Insurance services and commissions	Exemptions	SUT	91.8
298|	TEB - 270	Vehicles	Exclusions	SUT	1,930.7

299|	TEB - 271	Gasoline	Exclusions	SUT	1,959.7
300|	TEB - 272	Electricity	Exclusions	SUT	1,256.8
301|	TEB - 273	Water	Exclusions	SUT	645.4
302|	TEB - 278	Church Exemptions Vehicles which hold twelve (12) or more passengers	Exemptions	Excise Tax	n.c

Legend / Footnotes:

.... In order to measure the cost of this tax expenditure it is necessary to know what the rate of economic depreciation is for the several classes of assets under the tax law. We are not aware of any studies of economic depreciation in Puerto Rico and thus can not at this time measure the cost of the tax expenditure resulting from the tax law's accelerated depreciation.

(*) Between zero and +/- \$100,000.

n.c. No Claim

n.d.a. No data available to support a meaningful estimate or projection

D Suppressed to avoid disclosure of individual companies.

A Aggregated to avoid disclosure of individual companies.

o.a.d. Only Aggregated data available

Table 5

Table 5 repeats the ordering of Table 4 but shows the legal citation of the law creating the tax expenditure, a short description of the law and the data source for the estimate of foregone revenue. The TEB identification number shown on both Tables 4 and 5 can be used to cross-reference the foregone revenue with the law citation and description. The descriptions of tax measures contained in this document are intended to provide only a general understanding of how each of the tax measures operates. These descriptions do not replace the relevant legislation or regulations and should not be relied upon by taxpayers in arranging their tax affairs.

Table 5

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
INDIVIDUAL					
<i>Deduction</i>					
TEB - 1	<i>Individual Tax</i>	Home mortgage interest	(A) In general.- In the case of an individual there shall be allowed as a deduction the interest, including interest paid by a participant partner in a cooperative housing association, allowable as a deduction under paragraph (2), paid or accrued in the tax year on debts incurred by reason of loans for the acquisition or refinancing of property, when said loans are guaranteed with a mortgage on the property that, at the time said interest is paid or accrued, constitutes a qualified residence of the taxpayer.	PR Internal Revenue Code Section 1033.15 (a)(1)(A)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 2	Individual Tax	Casualty loss on your principal residence	(A) Loss of home due to fire, hurricane and other casualties.- For tax years beginning before January 1, 2017: (i) In the case of an individual, a deduction shall be allowed for losses not compensated, by insurance or otherwise, sustained during the tax year due fire, hurricane and other casualties at the property that, at the time of the casualty, was the taxpayer's principal residence. (ii) In the case of spouses living together at the end of the tax year and electing the optional tax computation under Section 1021.03 or filing separate returns, each spouse shall be entitled to claim only fifty (50) percent of this deduction.	PR Internal Revenue Code Section 1033.15 (a)(10)(A)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 2
TEB - 3	Individual Tax	Medical Expenses	(4) Deduction of healthcare expenses - In the case of individuals, the amount by which the amount of healthcare expenses not compensated, by insurance or otherwise, paid during the tax year, exceeds six (6) percent of adjusted gross income. For purposes of this subparagraph, the term "healthcare expenses" includes the following: (A) professional services rendered by physicians, dentists, radiologists, clinical pathologists, minor surgeons or nurses, or by hospitals within or without Puerto Rico; (B) health or accident insurance; (C) drugs for human consumption intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease, acquired solely and exclusively with a medical prescription, if prescribed by a physician authorized to practice medicine in Puerto Rico and dispensed by a licensed pharmacist in Puerto Rico; and (D) expenses incurred in the purchase of any technological assistance equipment for disabled persons, specialized treatment or chronic illness.	PR Internal Revenue Code Section 1033.15 (a)(4)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 3

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 4	Individual Tax	Charitable contributions	(A) General Rule. - In the case of a individual, there shall be allowed as a deduction the amount of contributions or gifts made during the tax year to, or for use by, the non-profit organizations or entities described in this paragraph, subject to certain limitations.	PR Internal Revenue Code Section 1033.15 (a)(3)(A)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 4
TEB - 5	Individual Tax	Loss of personal property as a result of certain casualties	(B) Losses of personal property due to certain casualties.- (i) Allowance.- In the case of an individual, a deduction shall be allowed for losses, with respect to automobiles, furniture, appliances and other household personal property, not including the value of clothing or cash, not compensated by insurance or otherwise, sustained during the tax year due to earthquake, hurricane, storm, tropical depressions and floods caused by such casualties, occurring in an area subsequently designated by the Governor of Puerto Rico as areas whose residents are eligible to receive assistance under the assistance	PR Internal Revenue Code Section 1033.15 (a)(10)(B)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 5
TEB - 6	Individual Tax	Contributions to governmental pension or retirement systems	Any cash contribution made by an individual to a pension or retirement system of a general nature established by the U.S. Congress, the Legislative Assembly of Puerto Rico, the Government of the Capital, municipalities and agencies, instrumentalities and public corporations of the Government of Puerto Rico, if and to the extent said contribution is included in the taxpayer's gross income for the tax year.	PR Internal Revenue Code Section 1033.15 (a)(6)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 6

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 7	Individual Tax	Contributions to individual retirement accounts	(A) Allowed deduction.- In the case of an individual, the contribution in cash of said individual to an Individual Retirement Account under Section 1081.02. (B) Maximum amount allowed as deduction.- Except as provided in subparagraph (C), the maximum amount allowed as a deduction under subparagraph (A) for the tax year shall not exceed five thousand (5,000) dollars or the adjusted gross income from salaries or earnings attributed to professions or occupations, whichever is less. (C) Maximum amount permitted as deduction in the case of married individuals.- In the case of married individuals filing a joint return under Section 1061.01(b)(1), the maximum deduction allowed under subparagraph (A) for the tax year shall not exceed ten thousand (10,000) dollars or the aggregate adjusted gross income from salaries and earnings attributable to professions or occupations, whichever is less. The deduction for the tax year for contributions to any individual retirement account established in the name and for the benefit of each spouse shall not exceed the amounts provided in subparagraph (B).	PR Internal Revenue Code Section 1033.15 (a)(7)(A-C)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 7
TEB - 8	Individual Tax	Contribution to health savings accounts with a high annual deductible medical plan	For tax years beginning before January 1, 2017, amounts contributed during the tax year to Health Savings Accounts, subject to the provisions of Section 1081.04.	PR Internal Revenue Code Section 1033.15 (a)(9)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 8

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 9	Individual Tax	Educational Contribution Account	(A) Allowable deduction. - For tax years beginning before January 1, 2017, in the case of an individual there shall be allowed as a deduction his cash contributions to an educational contributions account for the exclusive benefit of his children or relatives to the third degree of consanguinity or second degree of affinity under Section 1081.05 of this Subtitle. (B) Maximum amount allowed as a deduction. - The maximum amount allowed as a deduction under subparagraph (A) for any tax year shall not exceed five hundred (500) dollars for each beneficiary. In the event that more than one relative contributes to the account created for a beneficiary, the amount of the deduction shall be according to the amount contributed by the relative who deposits it. The institution receiving the contributions shall issue the certifications corresponding to the contributions made in the order in which such contributions are registered in the account until said account receives the maximum allowed of five hundred (500) dollars for that tax year. There is no limit as to the number of educational contributions accounts to which each individual may contribute, provided the beneficiary of said accounts is described in subparagraph (A) of this paragraph.	PR Internal Revenue Code Section 1033.15 (a)(8)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 9

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 10	Individual Tax	Interest paid on student's loans at university level	In the case of an individual, there shall be allowed as a deduction the interest paid or accrued during the tax year on debts incurred for student loans that cover the cost of said individual, his spouse or dependent, for registration and tuition fees and textbooks at the university level, as well as the costs relating to transportation, food, and housing in those cases in which the student has to live away from home in order to pursue such studies. In the case of an individual, they shall be allowed as a special twenty-five percent (25 %) tax deduction for payments to the principal of the loans taken for University baccalaureate studies, fifty per cent (50 %) for payments made to the principal of the loans taken for postgraduate studies, eligible under article 5 of the "Talent Retention Incentive Law in Puerto Rico" up to a maximum of five thousand (\$5,000) per tax year, but such deduction shall not be taken by an individual by more than ten (10) year tax.	PR Internal Revenue Code Section 1033.15 (a)(5)	Individual Income Tax Return 2016 (Form 482.0) Schedule A Individual Part I Line 10
<i>Exclusions</i>					
TEB- 11	Individual Tax	Life insurance	(b) Exclusions from Gross Income.- The following items shall be excluded from the definition of gross income: (1) Life insurance.- Gross income shall not include: (A) Amounts under a life insurance contract, paid by reason of the death of the insured, whether in a lump sum or in installments, but if said amounts are withheld by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income; and upon prior authorization by the Secretary, the amounts received in life under a life insurance contract, paid by reason of a terminal illness of the insured that, as certified by a competent medical authority, leaves him less than one year of life. (B) Life Insurance from International Insurers. - Amounts received by a nonresident individual or foreign corporation or partnership not engaged in trade or business in Puerto Rico as benefits or interest of any kind under a life insurance contract issued by an International Insurer.	PR Internal Revenue Code Section 1031.01 (b)(1)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 1

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 12	Individual Tax	Donations, legacies and inheritances	(2) Donations, gifts, legacies and inheritances. - Gross income shall not include the value of property acquired by donation, gift, devise or inheritance. Income derived from said property, or in the case that the donation, gift, devise or inheritance consists of income derived from property the amount of said income, shall not be excluded from gross income under this paragraph. For the purposes of this paragraph, if under the terms of the donation, gift, devise or inheritance, the payment, credit or distribution thereof is to be made in installments, they shall be deemed a donation, gift, devise or inheritance of income from property up to the amount paid, credited or distributed as income derived from property.	PR Internal Revenue Code Section 1031.01 (b)(2)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 2
TEB- 13	Individual Tax	Compensation for injuries or sickness	(3) Compensation for injury or illness.- Except in the case of amounts attributable to, but not in excess of, the deductions allowed under Section 1033.15(a)(2)(F) in any preceding tax year, the amounts received by reason of illness or accident insurance or under the worker compensation laws, as compensation for personal physical injury or physical illness (except for amounts received by an employee up to the amount of said amounts paid directly by the employer), plus the amount of any indemnity received, in a judicial proceeding or extrajudicial settlement by reason of said personal physical injury or physical illness, and amounts received as a pension, annuity or similar allowance for personal physical injury or physical illness, and by reason of occupational and nonoccupational disability, including those resulting from active duty in the armed forces of any country.	PR Internal Revenue Code Section 1031.01 (b)(3)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 3
TEB- 14	Individual Tax	Benefits from federal social security for old-age and survivors	(7) Federal social security for old-age and survivors.-Payments for benefits received under the provisions of Section 202 of Title II of the Social Security Act as heretofore or hereafter amended.	PR Internal Revenue Code Section 1031.01 (b)(7)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 4

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 15	Individual Tax	Income derived from discharge of debts	(10) Income derived from the forgiveness of debts (A) Exclusion Income derived from the forgiveness of debts, in whole or part, shall not be subject to the income tax under this Subtitle if said forgiveness is by reason of any of the following cases: (i) The forgiveness is the filing of a bankruptcy petition in an action under the provisions of Title 11 of the United States Code and said forgiveness is approved by a court with jurisdiction to hear such petition. (ii) The forgiveness occurs when the taxpayer is insolvent, in which case the amount excluded under this subparagraph shall not exceed the amount by which the taxpayer is insolvent. For purposes of this subparagraph: (I) the term "insolvent" means the excess of debts over the fair market value of assets, and (II) debtor insolvency shall be determined based on the assets and debts of the taxpayer immediately before the forgiveness. (iii) The forgiven debt is a student loan and the forgiveness is in accordance with a provision of said loan allowing the forgiveness, in whole or part, if the taxpayer works for a determined period of time in certain professions or for determined employers (other than the lender). (iv) Forgiven debt is the product of a reorganization of a mortgage loan secured by the taxpayer's qualified residence. The term "qualified residence" shall have the meaning provided in Section 1033.15(a)(1)(D), except that, for purposes of this clause, the residence must be located in Puerto Rico. For purposes of this subsection: (I) The original mortgage loan debt cannot exceed one million (1,000,000) dollars.	PR Internal Revenue Code Section 1031.01 (b)(10)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 5
TEB- 16	Individual Tax	Child support payments	(3) Payments for the support of minor children.- (A) In general.- Paragraph (1) shall not apply to that part of any payment set by the judicial decree, ruling or order or public deed (in terms of a sum of money or a proportional part of the payment) as an amount payable for the support of minor children of the spouse making the payment.	PR Internal Revenue Code Section 1032.02 (a)(3)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 6

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 17	Individual Tax	Amounts paid by an employer as reimbursement of expenses related to trips, meals, lodging, entertainment and others	(33) Amounts paid by an employer to an employee as reimbursement of travel expenses, meals, lodging, entertainment and other employment-related expenses.- Amounts paid by an employer as reimbursement of expenses paid or incurred by the taxpayer with respect to his performance of services as an employee, consisting of travel expenses, meals, lodging while away from home, entertainment (except for those deemed excessive or extravagant given the circumstances) and other employment-related expenses, provided that said reimbursement is made under an expense reimbursement plan established by the employer, meeting the requirements established by the Secretary by regulation for such purpose.	PR Internal Revenue Code Section 1031.02 (a)(33)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 7

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 18	Individual Tax	Other exclusions	<p>(4) Death benefits received by heirs or beneficiaries of members of certain retirement systems.- The amounts received by the heirs or beneficiaries of members of the retirement system for employees of the Government of Puerto Rico and its instrumentalities, the Puerto Rico teacher annuity and pension system, the University of Puerto Rico retirement system, the Puerto Rico Electrical Power Authority employee retirement system, or any other system created in the future, and any federal or state retirement system or any retirement system of the instrumentalities or political subdivisions thereof, as a benefit in case of death of the participant or member of any such system.</p> <p>(5) Scholarships.- Amounts received from the Government of Puerto Rico or its agencies, instrumentalities or political subdivisions, as scholarships when the person receiving them is not a public officer or employee or when said amounts do not represent compensation or part of the compensation of an office or employment or are not related to said office or employment.</p> <p>(6) Literary, journalistic, scientific and artistic prizes, and prizes for industrial, agricultural, or professional development.-Income received as literary, journalistic, scientific, and artistic prizes, and prizes for the promotion of industrial, agricultural, or professional progress, obtained in competitions or contests to promote and encourage literature, the arts, journalism, agriculture, industry, the professions, and the sciences.</p> <p>(8) Crop insurance.- The amounts received under any crop insurance, excluding fire insurance, as a result of losses suffered by the insured.</p> <p>(9) Basic subsidies to foster homes.-The amount received by foster homes by way of basic monthly subsidies under the Services for Families with Children Program of the Families and Children Administration.</p> <p>(11) The compensation or indemnities received by an employee by reason of severance, without it being necessary to determine just cause, up to a maximum amount equal to the indemnity that the employee could receive under Act No. 80 of May 30, 1976, as amended.</p> <p>(12) Sales and Use Tax Inspection Plan prizes. Amounts or articles of any kind received as prizes in drawings held as part of the sales and use tax inspection program.</p> <p>(13) Any amount distributed by an Eligible Variable Annuity Contract on which an election was made and for which the tax was paid under Section 1023.10(a) of this Act or Section 1012C of the Puerto Rico Internal Revenue Code of 1994, as amended.</p> <p>(14) Interest on mortgages on residential property located in Puerto Rico granted after January 1, 2014 (including mortgages that are newly built and have been granted contemporarily with the first transmission of the</p>	PR Internal Revenue Code Section 1031.01 (b)(4), (5), (6), (8), (9), (11), (12), (13), (14)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part I Line 8

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
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mortgaged property to a new owner), and insured or guaranteed under the provisions of the National Housing Act ""National Housing Act"", adopted on 27 June 1934, as amended, or under the provisions of the Act Resetting the Service Members 1944 ""Servicemen's Readjustment Act of 1944"", as amended. The interests described in this subsection shall also be excluded from any other contribution , tax, fee or dues required by any law of the Legislative Assembly. For purposes of this section the term ""new construction"" means newly built residential property.

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Exemption

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 19	Individual Tax	Additional Personal Exemption for Veterans	(2) Additional Personal Exemption for Veterans. - An additional personal exemption of one thousand five hundred (1,500) dollars shall be allowed to any veteran, as defined in Act No. 13 of October 2, 1980, as amended, known as the "Puerto Rico Veterans Bill of Rights. In the case of a married person living with his spouse and filing a joint return, if both are veterans the additional personal exemption shall be three thousand (3,000) dollars.	PR Internal Revenue Code Section 1033.18 (a) (2)	Individual Income Tax Return 2016 (Form 482.0) Part II Line 9
TEB- 20	Individual Tax	Fringe benefits paid by the employer in relation to a cafeteria plan	(2) Certain marginal benefits paid by an employer for its employees.- The following amounts paid or accrued by an employer for the benefit of an employee: (B) Cafeteria plan.- Amounts paid or accrued by an employer for the benefit of an employee under a cafeteria plan shall be exempt from tax under Section 1032.06.	PR Internal Revenue Code Section 1031.02 (a)(2)(B)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 1
TEB- 21	Individual Tax	Interest upon-- Obligations from the United States Government, any of its states, territories or political subdivisions	(3) Tax-exempt interest - Interest on: (A) the obligations of the United States, any U.S. state or territory, or any political subdivision thereof and the District of Columbia	PR Internal Revenue Code Section 1031.02 (a)(3)(A)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 A
TEB- 22	Individual Tax	Interest upon-- Obligations from the Government of Puerto Rico	(3) Tax-exempt interest - Interest on: (B) the obligations of the Government of Puerto Rico or any of its instrumentalities or political subdivisions;	PR Internal Revenue Code Section 1031.02 (a)(3)(B)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 B

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 23	Individual Tax	Interest upon--Certain Mortgages	<p>(D) mortgages secured under the provisions of the National Housing Act, approved June 27, 1934, or under the provisions of said Act as thereafter amended that are:</p> <p>(i) executed on or before February 15, 1973, and held on May 5, 1973, by persons residing in Puerto Rico; AND</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(E) mortgages on residential property located in Puerto Rico, granted after June 30, 1983, and before August 1, 1997, and insured or guaranteed pursuant to the provisions of the National Housing Act, approved on June 27, 1934, as amended, or pursuant to the provisions of the Servicemen's Readjustment Act of 1944, as amended;</p> <p>(F) mortgages on residential property located in Puerto Rico granted after July 31, 1997 and before January 1, 2014, that were for new construction and that were granted contemporaneously with the first transfer of the mortgaged property to a new owner. For purposes of this section, the term "new construction" means newly built residential property that is insured or guaranteed under the provisions of the National Housing Act, approved on June 27, 1934, as amended, or under the provisions of the Servicemen's Readjustment Act of 1944, as amended;</p> <p>(G) mortgages originated to provide permanent financing for the construction or acquisition of public housing, in accordance with Act No. 124 of December 10, 1993, administered by the Department of Housing and the public housing programs sponsored by the Federal Government;</p> <p>(H) mortgages secured by the Secretary of Agriculture of the United States of America pursuant to the provisions of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, or pursuant to the provisions of said Act as hereafter amended;</p>	PR Internal Revenue Code Section 1031.02 (a)(3)(D),(E), (F), (G), and (H)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 C

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 24	Individual Tax	Interest upon-- Deposits in Puerto Rico interest bearing accounts up to \$2,000 (\$4,000 for married filing jointly)	(K) deposits in interest-bearing accounts, cooperatives, savings associations authorized by the Federal Government or by the Government of the Commonwealth of Puerto Rico, commercial and mutual banks, or in any other organization of a banking nature located in Puerto Rico, up to a total amount of two thousand (2,000) dollars for each individual taxpayer. In the case of a taxpayer who files a joint return with his spouse, the exclusion shall not exceed two thousand (2,000) dollars. If spouses living together elect to file separate returns, then the exemption for each shall not exceed two thousand (2,000) dollars. This provision is applicable to the portion of the interest paid or credited on deposits in interest-bearing accounts belonging to one (1) or more individuals, estates or trusts and that are registered to the name of a brokerage house as nominee. Also, it shall be applied to that part of any amount paid or distributed from an individual retirement account consisting of the type of interest described in Section 1023.04.	PR Internal Revenue Code Section 1031.02 (a)(3)(K)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 D

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 25	Individual Tax	Interest upon--Other interest subject to alternate basic tax reported in a Form 480.6D	<p>(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;</p> <p>(I) obligations secured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, or under the provisions of said act as hereafter amended, that are:</p> <p>(i) executed on or before February 15, 1973 and held on May 5, 1973, by persons residing in Puerto Rico.</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars;</p> <p>(L) obligations issued by-</p> <p>(i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella;</p> <p>(ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and</p> <p>(iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan;</p> <p>(iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arise directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 E

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>(P) Loans to small and medium-Size companies.- The interest on loans of up to two hundred fifty thousand (250,000) dollars in the aggregate for exempt business to small or medium-size enterprises, as defined in the Puerto Rico Economic Development Incentives Act for its establishment or expansion, provided that the loan complies with the requirements established in the laws known as Community Reinvestment Act of 1977, as amended, Public Law 95-128, 91 Stat. 1147, and those requirements provided by the Commissioner of Financial Institutions by regulation.</p> <p>(Q) Loans for capitalization of small and medium-sized companies.- The interest on loans up to two hundred fifty thousand (250,000) dollars in the aggregate per exempt business granted to shareholders of exempt businesses for being used in the initial capitalization or the subsequent capital requirements of exempt small or medium-sized businesses, as defined in Section 2(i) of Act No. 73 of May 28, 2008, known as the "Puerto Rico Economic Development Incentives Act."</p>		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 26	Individual Tax	Interest upon--Other interest not subject to alternate basic tax reported in a Form 480.6D	<p>(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;</p> <p>(I) obligations secured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, or under the provisions of said act as hereafter amended, that are:</p> <p>(i) executed on or before February 15, 1973 and held on May 5, 1973, by persons residing in Puerto Rico.</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars;</p> <p>(L) obligations issued by-</p> <p>(i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella;</p> <p>(ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and</p> <p>(iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan;</p> <p>(iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arise directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 F

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>(P) Loans to small and medium-Size companies.- The interest on loans of up to two hundred fifty thousand (250,000) dollars in the aggregate for exempt business to small or medium-size enterprises, as defined in the Puerto Rico Economic Development Incentives Act for its establishment or expansion, provided that the loan complies with the requirements established in the laws known as Community Reinvestment Act of 1977, as amended, Public Law 95-128, 91 Stat. 1147, and those requirements provided by the Commissioner of Financial Institutions by regulation.</p> <p>(Q) Loans for capitalization of small and medium-sized companies.- The interest on loans up to two hundred fifty thousand (250,000) dollars in the aggregate per exempt business granted to shareholders of exempt businesses for being used in the initial capitalization or the subsequent capital requirements of exempt small or medium-sized businesses, as defined in Section 2(i) of Act No. 73 of May 28, 2008, known as the "Puerto Rico Economic Development Incentives Act."</p>		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 27	Individual Tax	Interest upon--Other interest subject to alternate basic tax not reported in a Form 480.6D	<p>(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;</p> <p>(I) obligations secured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, or under the provisions of said act as hereafter amended, that are:</p> <p>(i) executed on or before February 15, 1973 and held on May 5, 1973, by persons residing in Puerto Rico.</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars;</p> <p>(L) obligations issued by-</p> <p>(i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella;</p> <p>(ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and</p> <p>(iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan;</p> <p>(iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arise directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 G

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>(P) Loans to small and medium-Size companies.- The interest on loans of up to two hundred fifty thousand (250,000) dollars in the aggregate for exempt business to small or medium-size enterprises, as defined in the Puerto Rico Economic Development Incentives Act for its establishment or expansion, provided that the loan complies with the requirements established in the laws known as Community Reinvestment Act of 1977, as amended, Public Law 95-128, 91 Stat. 1147, and those requirements provided by the Commissioner of Financial Institutions by regulation.</p> <p>(Q) Loans for capitalization of small and medium-sized companies.- The interest on loans up to two hundred fifty thousand (250,000) dollars in the aggregate per exempt business granted to shareholders of exempt businesses for being used in the initial capitalization or the subsequent capital requirements of exempt small or medium-sized businesses, as defined in Section 2(i) of Act No. 73 of May 28, 2008, known as the "Puerto Rico Economic Development Incentives Act."</p>		

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 28	Individual Tax	Interest upon--Other interest not subject to alternate basic tax not reported in a Form 480.6D	<p>(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;</p> <p>(I) obligations secured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, or under the provisions of said act as hereafter amended, that are:</p> <p>(i) executed on or before February 15, 1973 and held on May 5, 1973, by persons residing in Puerto Rico.</p> <p>(ii) executed within the one hundred eighty (180) days following February 15, 1973, provided a person residing in Puerto Rico had on said date a contractual obligation to acquire them;</p> <p>(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars;</p> <p>(L) obligations issued by-</p> <p>(i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella;</p> <p>(ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and</p> <p>(iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan;</p> <p>(iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arise directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).</p>	PR Internal Revenue Code Section 1031.02 (a)(3), (C), (L), (P), (Q)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 2 H

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>(P) Loans to small and medium-Size companies.- The interest on loans of up to two hundred fifty thousand (250,000) dollars in the aggregate for exempt business to small or medium-size enterprises, as defined in the Puerto Rico Economic Development Incentives Act for its establishment or expansion, provided that the loan complies with the requirements established in the laws known as Community Reinvestment Act of 1977, as amended, Public Law 95-128, 91 Stat. 1147, and those requirements provided by the Commissioner of Financial Institutions by regulation.</p> <p>(Q) Loans for capitalization of small and medium-sized companies.- The interest on loans up to two hundred fifty thousand (250,000) dollars in the aggregate per exempt business granted to shareholders of exempt businesses for being used in the initial capitalization or the subsequent capital requirements of exempt small or medium-sized businesses, as defined in Section 2(i) of Act No. 73 of May 28, 2008, known as the "Puerto Rico Economic Development Incentives Act."</p>		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 29	Individual Tax	Dividends of--Subject to alternate basic tax reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(iii) loans or other mortgage-backed securities granted under any pension or retirement system of a general character established by the Legislature of Puerto Rico, the municipalities and the agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977.</p> <p>(B) Distributions from limited dividends corporations.-In the case of an individual, the dividends he receives from a limited dividends corporation that qualifies under Section 1101.01(a)(6)(A). The taxpayer shall submit, along with the return, a statement showing the number of shares of the limited dividends corporation which he owns, and the dividends received on said shares during the tax year.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(D) Dividends of an International Insurance Company or International Insurance Holding Company.- Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (A)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 30	Individual Tax	Dividends of--Not subject to alternate basic tax reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(iii) loans or other mortgage-backed securities granted under any pension or retirement system of a general character established by the Legislature of Puerto Rico, the municipalities and the agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977.</p> <p>(B) Distributions from limited dividends corporations.-In the case of an individual, the dividends he receives from a limited dividends corporation that qualifies under Section 1101.01(a)(6)(A). The taxpayer shall submit, along with the return, a statement showing the number of shares of the limited dividends corporation which he owns, and the dividends received on said shares during the tax year.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(D) Dividends of an International Insurance Company or International Insurance Holding Company.- Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (B)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 31	Individual Tax	Dividends of--Subject to alternate basic tax not reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(iii) loans or other mortgage-backed securities granted under any pension or retirement system of a general character established by the Legislature of Puerto Rico, the municipalities and the agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977.</p> <p>(B) Distributions from limited dividends corporations.-In the case of an individual, the dividends he receives from a limited dividends corporation that qualifies under Section 1101.01(a)(6)(A). The taxpayer shall submit, along with the return, a statement showing the number of shares of the limited dividends corporation which he owns, and the dividends received on said shares during the tax year.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(D) Dividends of an International Insurance Company or International Insurance Holding Company.- Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (C)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 32	Individual Tax	Dividends of--Not subject to alternate basic tax not reported in a Form 480.6D	<p>(4) Dividends.-</p> <p>(A) Dividends received by corporations on industrial development income which are derived from interest on:</p> <p>(i) obligations of the Government of Puerto Rico or of any of its instrumentalities or political subdivisions;</p> <p>(ii) mortgages secured by the Puerto Rico Housing Bank and Finance Agency acquired after March 31, 1977; or</p> <p>(iii) loans or other mortgage-backed securities granted under any pension or retirement system of a general character established by the Legislature of Puerto Rico, the municipalities and the agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977.</p> <p>(B) Distributions from limited dividends corporations.-In the case of an individual, the dividends he receives from a limited dividends corporation that qualifies under Section 1101.01(a)(6)(A). The taxpayer shall submit, along with the return, a statement showing the number of shares of the limited dividends corporation which he owns, and the dividends received on said shares during the tax year.</p> <p>(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations.</p> <p>(D) Dividends of an International Insurance Company or International Insurance Holding Company.- Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code.</p>	PR Internal Revenue Code Section 1031.02 (a)(4)(A), (B), (C), (D)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 3 (D)
TEB- 33	Individual Tax	Expenses of priests or ministers	(5) Priests or ministers. - The reasonable rental value of a home and belongings and the payment of water, electricity, gas and telephone granted to a duly ordained priest or minister of any religion, as part of his compensation. To be eligible for the exemption provided in this paragraph, the respective expenses cannot be excessive or extravagant as determined by the Secretary.	PR Internal Revenue Code Section 1031.02 (a) 5	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 4

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 34	Individual Tax	Recapture of bad debts, pror taxes, surcharges and other items	(8) Recovery of bad debts, prior taxes, and surcharges -Income attributable to the recovery during the tax year of a bad debt, prior tax, surcharge, or other item, to the extent of the amount of the recovery exclusion with respect to such debt, surcharge or amount.	PR Internal Revenue Code Section 1031.02 (a) 8	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 5
TEB- 35	Individual Tax	Stipends received by certain physicians during the intership period	(9) Stipends received by certain physicians during their internship - The stipend received by a physician during his internship under a contract signed with the Puerto Rico Department of Health or with any municipality or political subdivision thereof, to receive medical training while practicing in a hospital. This exclusion shall apply to the stipend for monthly subsidy as well as to the additional subsidy for payment of lodging and meals and shall be granted for a maximum period of seventy-two (72) months.	PR Internal Revenue Code Section 1031.02 (a) 9	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 6
TEB- 36	Individual Tax	Prize from the Lottery of Puerto Rico and the Additonal Lottery	(12) Prizes from the Puerto Rico Lottery - The amounts received as prizes won in the Puerto Rico Lottery, and prizes from the Additional Lottery.	PR Internal Revenue Code Section 1031.02 (a) 12	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 7
TEB- 37	Individual Tax	Income from pensions ar annuities, up to the applicable limitation	(13) The amounts received as pensions granted or to be granted by the retirement systems or funds subsidized by the Government of Puerto Rico, as well as annuities or pensions granted by the Government of the United States of America and by the instrumentalities or political subdivisions of both governments, and by pension, retirement, or annuities plans qualified under the provisions of Section 1081.01, granted by private-sector employers.	PR Internal Revenue Code Section 1031.02 (a) 13	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 8

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 38	Individual Tax	Christmas Bonus, Summer Bonus and Medicine Bonus	(14) The amount received by pensioners from the retirement system for employees of the Government of Puerto Rico or its instrumentalities, those of the retirement system of the Judiciary, those of the retirement system of the University of Puerto Rico, and the pensioners of the Principal System of Pensions and Annuities for Teachers by way of Christmas Bonus, Summer Bonus granted by Act No. 37 and Act No. 38 of June 13, 2001, and Medicine Bonds granted by Act No. 155 of June 27, 2003 and Act No. 162 of July 15, 2003.	PR Internal Revenue Code Section 1031.02 (a) 14	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 9
TEB- 39	Individual Tax	Gain from the sale or exchange of principal residence by certain individuals and qualified property	(16) Gain on the sale or exchange of principal residence by certain individuals - (A) General rule - In the case of an individual, the gain realized on the sale or exchange of his principal residence, up to the amount of one hundred fifty thousand (150,000) dollars per taxpayer. This exclusion shall apply if- (i) the individual elects this exclusion; (ii) the individual is sixty (60) years of age or older on the date of the sale or exchange; and (iii) during the five (5) year period which ends on the date of the said sale or exchange, said property has been owned and used by the individual as his principal residence for total periods of three (3) years or more.	PR Internal Revenue Code Section 1031.02 (a) 16	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 10
TEB- 40	Individual Tax	Certain income related to the operation of an employees-owned special corporation	(17) Certain income related to the operation of special employee-owned corporations - The following income is exempt from tax: (A) The income of special employee-owned corporations that is credited to the collective reserve account and to the social fund. For contributions to the social fund to qualify for the exclusion herein granted, it shall be necessary that the benefits of the social fund are accessible to all residents of the municipality where the special employee-owned corporation has established its principal office, except for regular and corporate members of the corporation. In addition, it should be demonstrated to the Secretary of the Treasury that the social fund is used for the purposes provided in Article 1507 of Act No. 144 of August 10, 1995, as amended.	PR Internal Revenue Code Section 1031.02 (a) 17	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 11

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 41	Individual Tax	Cost of living allowance (COLA)	(18) Cost of living adjustment - The cost of living adjustment received by U.S. Government employees working in Puerto Rico, up to the amount exempt from tax for income tax purposes under the Federal Internal Revenue Code. The taxpayer must include with the return evidence demonstrating the amount of the cost of living adjustments received during the year. The Department shall be responsible for verifying that taxpayers have complied with their tax obligation in the four (4) years preceding the filing date. If the tax obligation has not been fulfilled, the Department may revoke the privilege granted in this paragraph and the taxpayer shall have to pay the amount owed, with penalties and surcharges.	PR Internal Revenue Code Section 1031.02 (a)18	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 12
TEB- 42	Individual Tax	Unemployment compensation	(19) Unemployment compensation - Amounts received as compensation for unemployment under a law of the United States, a U.S. state, or the Government of Puerto Rico.	PR Internal Revenue Code Section 1031.02 (a) 19	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 13
TEB- 43	Individual Tax	Compensation received from active military service in a combat zone	(20) Compensation received for active military service performed by military personnel in a "combat zone." This exemption does not apply to military personnel mobilized outside Puerto Rico to relieve military personnel sent to the combat zone.	PR Internal Revenue Code Section 1031.02 (a) 20	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 14

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 44	Individual Tax	Compensation received by an eligible researcher or scientist	(26) Compensation received by an eligible researcher or scientist for services rendered to the University of Puerto Rico and any other institution of higher education accredited in Puerto Rico, for scientific research up to an amount equal to the maximum grant established by the National Institutes of Health for salaries to researchers receiving grants from any organization under the National Institutes of Health for the applicable period, according to the notices published by the Institutes; provided that, for the calendar year beginning January 1, 2008, the amount to be excluded shall be one hundred ninety-five thousand (195,000) dollars. Any income earned by a researcher or scientist from services rendered to other persons, whether individuals or entities, other than the University of Puerto Rico or other institutions of higher education, are excluded from this benefit.	PR Internal Revenue Code Section 1031.02 (a)(26) and (27)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 15
TEB- 45	Individual Tax	Rents from the Historic Zone	(28) Historical Zone rents.- Subject to the requirements of Act No. 7 of March 4, 1955, as amended, and any other superseding or complementary law, up to the limit provided in said laws, rents received for the rental of buildings in the Historical Zone of the City of San Juan Bautista, Puerto Rico, or in any historical zone established in Puerto Rico by the Puerto Rican Cultural Institute or the Planning Board, which have been substantially improved, restored, restructured or rebuilt, or new buildings according to the standards set by the Puerto Rican Cultural Institute in line with the characteristics of the historical zone where they are located, and having obtained the corresponding permits from the relevant agencies and a certificate from the Puerto Rican Cultural Institute certifying its acceptance of the work upon completion.	PR Internal Revenue Code Section 1031.02 (a) 28	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 16

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 46	Individual Tax	Compensation to citizens and alien's nonresidents of Puerto Rico for the production of film projects	(32) Compensation to citizens and nonresident aliens in Puerto Rico for motion picture production.- The wages, fees or compensation paid by foreign individuals or corporate entities to citizens and nonresident aliens in Puerto Rico, for technical services provided thereby during motion picture productions for distribution to movie or television networks.	PR Internal Revenue Code Section 1031.02 (a) 32	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 17
TEB- 47	Individual Tax	Income from overtime worked by a Puerto Rico Police member	(34) Income from overtime earned by members of the Puerto Rico Police, as such official is defined in Article 2 of Act 53-1996, as amended, known as the "Puerto Rico Police Act of 1996." This exclusion does not apply to civil employees of the Puerto Rico Police.	PR Internal Revenue Code Section 1031.02 (a) 34	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 18
TEB- 48	Individual Tax	Income from sources outside of Puerto Rico	(A) Income from sources outside Puerto Rico.- (i) Nonresident of Puerto Rico throughout the tax year.- In the case of an individual who is a U.S. citizen and who establishes, to the Secretary's satisfaction, that he has not been a resident of Puerto Rico throughout the tax year, the amounts received from sources outside Puerto Rico, but said individual shall not be allowed as a deduction from gross income any deduction properly attributable or imputable to amounts excluded from gross income under this paragraph.	PR Internal Revenue Code Section 1031.02 (a)(35)(A)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 19
TEB- 49	Individual Tax	Remuneration received by employees of foreign governments or international organizations	(E) compensation of employees of foreign governments or international organizations. - (i) Rule for exclusion.- The salaries, fees or wages of any employee of a foreign government or international organization, including a consular officer or other officer or nondiplomatic representative, received as compensation for official services to said government or international organization- (I) If said employee is not a U.S. citizen; (II) If, in the case of an employee of a foreign government, the services are similar to those performed by Employees of the Government of the United States in foreign countries; and (III) If, in the case of an employee of a foreign government, the foreign government grants an equivalent exemption to employees of the Government of the United States who perform similar services in said foreign country.	PR Internal Revenue Code Section 1031.02 (a)(35)(E)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 20

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 50	Individual Tax	Income from buildings rented to the Government of Puerto Rico for public hospitals, health or convalescent homes, public schools (Contracts in force at November 22, 2010) and residential rent under Act 132-2010	(F) Income from buildings leased or rented to the Government of Puerto Rico for public hospitals, health or convalescence clinics and complementary facilities to said hospitals, health and convalescent clinics, such as nurse housing, cafeteria, laundry services, physical and vocational rehabilitation centers; public schools and physical facilities complementary to education, such as libraries, book stores, student and teacher housing and multipurpose centers such as cafeterias, meeting and recreational facilities; or the construction of buildings to be leased to non-profit entities for use as hospitals, health or convalescent clinics and complementary physical facilities. This exemption shall be available solely and exclusively for those buildings that have a lease contract in effect as of November 22, 2010.	PR Internal Revenue Code Section 1031.02 (a)(35)(F)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 21
TEB- 51	Individual Tax	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	(G) Income derived by the taxpayer from the resale of personal property or services whose acquisition by said taxpayer was subject to tax under Section 3070.01 of this Code or Section 2101 of Act No. 120 of October 31, 1994, as amended, known as the Internal Revenue Code of 1994.	PR Internal Revenue Code Section 1031.02 (a)(35)(G)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 22

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 52	<i>Individual Tax</i>	Accumulated Gain in Nonqualified Options	<p>Section 1040.08 (e) Transitional Provisions (1) Election to prepay special tax on accrued gains in options to acquire transferred stock or partnership shares.- The following shall be subject to the provisions of paragraphs (2) and (3) of this subsection, (A) Any individual who, being the owner of an option (qualified or unqualified under Section 1046 of the Puerto Rico Internal Revenue Code of 1994, as amended) to acquire corporate stock or partnership shares, prepaid during the period from July 1, 2006 to December 31, 2006, a special tax of five (5) percent on all or part of any gain accrued on the option granted.</p> <p>Section 1023.21 (c) Included assets. The election provided in this section may be made with respect to the following assets: (i) Shares in corporations, limited liability companies or partnerships, whether domestic or foreign, including the option to acquire shares or stock;</p>	PR Internal Revenue Code Section 1040.08(e)(1)(A) and Section 1023.21(c)(i)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 23

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 53	Individual Tax	Distributions of Amounts Previously Notified as Deemed Eligible Distributions	<p>Section 1023.06 (j) Transitional Provisions.- The amount of any eligible distribution made by a corporation or partnership during the period between July 1, 2006 and December 31, 2006, subject to a special tax rate of five (5) percent of the total amount received by any eligible person, in lieu of the special tax established under subsection (b), and not currently distributed to the shareholders or partners of said entities, may be maintained in the books of the corporation or partnership in question, in order to comply with any contractual, commercial or statutory commitment of said entities, to be taken into account when making any kind of distribution by the Board of Directors of managing partner or directors of said corporations or partnerships, and subject as such to the discretion thereof, in terms of the source or origin of the monies to be distributed in the future by any such entities.</p> <p>Section 1023.25 (b) Tax applicable to constructive distributions. Any corporation has, within the periods provided in subsection (a) of this section, the authority to designate, as a constructive distribution, an amount up to the retained earnings and profits subject to the special tax provided in subsection (a) of this section, without having to distribute them during the temporary period.</p>	PR Internal Revenue Code Sections 1023.06(j) and Section 1023.25(b)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 24
TEB- 54	Individual Tax	Distributions from Non-Deductible Individual Retirement Accounts	<p>(3) Nonqualified distributions Any distribution from a nondeductible individual retirement account other than a qualified distribution shall be taxable under the provisions of Section 1081.02(d) and shall be subject to the penalties provided in Section 1081.02(g) in the same manner as distributions from the individual retirement accounts described in Section 1081.02. For purposes of Section 1081.02(d)(1)(A), the basis of any person in the nondeductible individual retirement account shall be equal to the sum of:</p> <p>(A) nondeductible contributions made to the account;</p> <p>(B) qualified rollover contributions made to the account; and</p> <p>(C) the income earned by the income tax-exempt account.</p>	PR Internal Revenue Code Section 1081.03 (d)(3)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 25

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 55	Individual Tax	Special Compensation Paid due to a Liquidation or Close of Businesses under Article 10 of Act No. 80 of May 30, 1976	(11) The compensation or indemnities received by an employee by reason of severance, without it being necessary to determine just cause, up to a maximum amount equal to the indemnity that the employee could receive under Act No. 80 of May 30, 1976, as amended.	PR Internal Revenue Code Section 1031.01(b)(11)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 26
TEB- 56	Individual Tax	Salaries from Overtime during Emergency Situations	Section 1.- The salary earned for overtime worked by employees required to do so as a result of the Island or one of its municipalities having been declared a disaster zone is hereby exempted from the payment of income tax up to a maximum of ninety (90) days after such declaration. Section 2.- The Heads of Agencies of the Commonwealth of Puerto Rico and those employers that activate employees who may avail themselves of the benefits of this Act shall submit the lists of employees who were required to work during the emergency to the Secretary of the Treasury.	Art. 1 & 2, Act 324 - 2004	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 27
TEB- 57	Individual Tax	Income from copyrights up to \$10,000 under Act 516-2004	Article 4.- Contributory Incentives to the Authors: The income received by Puerto Rican authors for their works, up to the amount of ten thousand dollars (\$ 10,000.00), will be exempt from the payment of contributions.	Art. 4 Act 516-2004	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 28
TEB- 58	Individual Tax	Income received by designers and translators up to \$6,000 under Act 516-2004	Article 8.- Tax Incentives for Designers and Translators: The income received, the designers and translators for their work in the preparation of books, will be exempt from the payment of contributions, up to the amount of six thousand dollars (\$ 6,000.00). Designers and translators must submit to the Secretary of the Department of the Treasury all the documentation required by this regulation to verify and / or certify that they have complied with the provisions of this Law.	Art. 8 Act 516-2004	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 29

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 59	Individual Tax	Distributable share on exempt income from pass-through entities	The amount received for the distributable share on exempt income from pass-through entities, and revocable trusts or grantor trusts. Transfer to this line, in the column of items considered for the mortgage interest limitation, the amount indicated on Form 480.60 EC, Part III, line 17 and on Form 480.60 F, Part III, line 1T, as applicable. Transfer to the column of items subject to alternate basic tax, the amount indicated on Form 480.60 EC, Part III, line 18 and on Form 480.60 F, Part III, line 1U, as applicable.	Instructions Booklet - Individual Income Tax Return 2017 Schedule IE Individual Part II Line 30	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 30
TEB- 60	Individual Tax	Income derived by young people from wages, services rendered, self-employment or new business with special agreement (Act 135-2014)	(36) Income derived by young persons for salaries, services and/ or self-employment.- The first forty thousand dollars (\$40,000) of gross income generated by a young man from salaries, services and / or self-employment, shall be exempt from taxation under this Subtitle. The excess over forty thousand dollars (\$40,000) will be taxed at ordinary rates. In this case the taxpayer is not entitled to claim the Special Deduction for Certain Individuals provided in Section 1033.16. For purposes of this subsection, the term young person means one individual resident of Puerto Rico, whose age ranges from sixteen (16) and twenty (26) years at the end of the taxable year.	PR Internal Revenue Code Section 1031.02 (a)(36)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 31
TEB- 61	Individual Tax	Qualified payments and transactions due to hurricane María	Pursuant to Administrative Determination No. 17-21, any "Qualified Disaster Relief Payment" received by an individual with the purpose of providing assistance and support in the process of repairing, mitigating, or compensating any damages or loss suffered by such individual as a result of the impact of Hurricane María on Puerto Rico, shall be excluded from the definition of "gross income" for Puerto Rico income tax purposes.	Administrative Determination No. 17-21 of October 4, 2017 (AD 17- 21).	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 32

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 62	Individual Tax	Other payments subject to alternate basic tax reported in a Form 480.6D	The amount included in Box 19 (Other Payments Subject to Alternate Basic Tax) of Form 480.6D, for which there is not a specific line provided on this Schedule.	Instructions Booklet - Tax Return 2017 Schedule IE Individual Part II Line 33	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 33
TEB- 63	Individual Tax	Other payments not subject to alternate basic tax reported in a Form 480.6D	The amount included in Box 20 (Other Payments Not Subject to Alternate Basic Tax) of Form 480.6D, for which there is not a specific line provided on this Schedule	Instructions Booklet - Individual Income Tax Return 2017 Schedule IE Individual Part II Line 34	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 34
TEB- 64	Individual Tax	Other exemptions subject to alternate basic tax not reported in a Form 480.6D	<p>(1) Annuities.-</p> <p>(A) Employee annuities</p> <p>(B) Educational policies</p> <p>(C) International Insurer Annuities</p> <p>(2) Certain marginal benefits paid by an employer for its employees.- The following amounts paid or accrued by an employer for the benefit of an employee:</p> <p>(A) Life insurance premiums.-</p> <p>(C) Payments for dependent care</p> <p>(D) Contributions to health or accident plans</p> <p>(6) Incentives received by farmers.-</p> <p>(A) In the case of any farmer, the incentives received from the Government of Puerto Rico for:</p> <p>(i) the purchase of farm machinery used for the production of sugar cane, coffee, vegetables, rice and food crops;</p> <p>(ii) the purchase of fertilizer, herbicide, fungicide and materials for land improvement, beekeeping, mariculture, aquaculture and otherwise as determined or added by the Secretary of Agriculture;</p> <p>(iii) the purchase of wire, posts, cattle fencing materials and otherwise as determined or added by the Secretary of Agriculture; and</p> <p>(iv) the construction of cattle, hog and poultry facilities and fishing vessels.</p> <p>(B) These incentives shall be deemed a reduction of costs or expenses, as the case may be, incurred by the farmer. The Secretary of Agriculture must submit to the Secretary each year, on or before January 31 of the year following the calendar year in which said incentives were granted, a list containing the following information:</p> <p>(i) name, account number and address of each farmer to whom the incentives have been granted, and</p>	PR Internal Revenue Code Section 1031.02 (a)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 35

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>(ii) item and amount of the incentives.</p> <p>(7) Improvements by lessee on lessor's property.-Income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.</p> <p>(10) Leave pay for military and naval personnel.- Amounts received during the tax year as leave pay with respect to service in the military or naval forces of the United States.</p> <p>(11) Income of news agencies or syndicates.- The income of news agencies or syndicates or other press services, received from newspaper or radio broadcasting enterprises as royalties for the use or publication of, or for the right to use or publish in Puerto Rico, literary or artistic property of said agencies or syndicates.</p> <p>(15) Racetrack prizes.-The amounts from winnings obtained in pools, pari-mutuels, daily doubles, "quinielas", exacta, subscription funds and any other bet at racetracks in Puerto Rico.</p> <p>(21) Income received or earned with respect to games organized by international associations or federations.- Income of any kind received or earned by teams of members of international associations or federations or associations or entities affiliated with said teams, and income of any kind earned by entities contracted by said teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico.</p> <p>(22) Income earned by Caribbean Series participants.- Income earned by the nonresident players, managers, technical personnel and foreign teams participating in Caribbean Series Professional Baseball games held in Puerto Rico.</p> <p>(23) Income by an international insurance company or international insurance holding company, subject to the provisions of Article 61.240 of the Puerto Rico Insurance Code, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>(24) Federal prescription drug plan subsidy.- Payments of the subsidy received under the provisions of Section 1860D-22 of the Social Security Act, as amended or as subsequently amended. This exemption from gross income shall not affect the determination of any deduction allowed under Section 1033.01 of this Subtitle. Therefore, a taxpayer may claim a deduction under Section 1033.01 of this Subtitle, even when said taxpayer also receives an excludable subsidy with respect to the deduction allowed under Section 1033.01 of this Subtitle.</p>		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>(25) Amounts received by an employee under Act No. 84 of March 1, 1999, known as the "Government Daycare Center Creation Act," provided that the expenses are related to a dependent for whom the employee is entitled to claim an exemption under Section 1033.18(b). No deduction shall be allowed any provision of this Subtitle for any amount exempt from tax under this paragraph.</p> <p>(29) Stipends and travel expenses of legislators.- Amounts received by members of the Legislative Assembly of the Government of Puerto Rico as stipends and travel expenses, representing a reimbursement of expenses actually incurred.</p> <p>(30) Stipends and travel expenses of municipal legislators.- Amounts received by members of the municipal legislatures as stipends and travel expenses, representing a reimbursement of expenses actually incurred.</p> <p>(31) Income of international banking entities.- Income from any of the activities described in subsection (a) of Section 12 of Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act," carried on by any International Banking Entity authorized to carry on such activities under the provisions of said act, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>(33) Amounts paid by an employer to an employee as reimbursement of travel expenses, meals, lodging, entertainment and other employment-related expenses.- Amounts paid by an employer as reimbursement of expenses paid or incurred by the taxpayer with respect to his performance of services as an employee, consisting of travel expenses, meals, lodging while away from home, entertainment (except for those deemed excessive or extravagant given the circumstances) and other employment-related expenses, provided that said reimbursement is made under an expense reimbursement plan established by the employer, meeting the requirements established by the Secretary by regulation for such purpose.</p> <p>(35) Miscellaneous items.-</p> <p>(B) income of the U.S. government, foreign governments and international organizations</p> <p>(C) income of states, municipalities and other political subdivisions</p> <p>(D) receipts of vessel owner and mutual protection and indemnity associations</p>		

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 65	Individual Tax	Other exemptions not subject to alternate basic tax not reported in a Form 480.6D	<p>(1) Annuities.-</p> <p>(A) Employee annuities</p> <p>(B) Educational policies</p> <p>(C) International Insurer Annuities</p> <p>(2) Certain marginal benefits paid by an employer for its employees.- The following amounts paid or accrued by an employer for the benefit of an employee:</p> <p>(A) Life insurance premiums.-</p> <p>(C) Payments for dependent care</p> <p>(D) Contributions to health or accident plans</p> <p>(6) Incentives received by farmers.-</p> <p>(A) In the case of any farmer, the incentives received from the Government of Puerto Rico for:</p> <p>(i) the purchase of farm machinery used for the production of sugar cane, coffee, vegetables, rice and food crops;</p> <p>(ii) the purchase of fertilizer, herbicide, fungicide and materials for land improvement, beekeeping, mariculture, aquaculture and otherwise as determined or added by the Secretary of Agriculture;</p> <p>(iii) the purchase of wire, posts, cattle fencing materials and otherwise as determined or added by the Secretary of Agriculture; and</p> <p>(iv) the construction of cattle, hog and poultry facilities and fishing vessels.</p> <p>(B) These incentives shall be deemed a reduction of costs or expenses, as the case may be, incurred by the farmer. The Secretary of Agriculture must submit to the Secretary each year, on or before January 31 of the year following the calendar year in which said incentives were granted, a list containing the following information:</p> <p>(i) name, account number and address of each farmer to whom the incentives have been granted, and</p> <p>(ii) item and amount of the incentives.</p> <p>(7) Improvements by lessee on lessor's property.-Income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.</p> <p>(10) Leave pay for military and naval personnel.- Amounts received during the tax year as leave pay with respect to service in the military or naval forces of the United States.</p> <p>(11) Income of news agencies or syndicates.- The income of news agencies or syndicates or other press services, received from newspaper or radio broadcasting enterprises as royalties for the use or publication of, or for the</p>	PR Internal Revenue Code Section 1031.02 (a)	Individual Income Tax Return 2016 (Form 482.0) Schedule IE Individual Part II Line 36

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>right to use or publish in Puerto Rico, literary or artistic property of said agencies or syndicates.</p> <p>(15) Racetrack prizes.-The amounts from winnings obtained in pools, pari-mutuels, daily doubles, "quinieras", exacta, subscription funds and any other bet at racetracks in Puerto Rico.</p> <p>(21) Income received or earned with respect to games organized by international associations or federations.- Income of any kind received or earned by teams of members of international associations or federations or associations or entities affiliated with said teams, and income of any kind earned by entities contracted by said teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico.</p> <p>(22) Income earned by Caribbean Series participants.- Income earned by the nonresident players, managers, technical personnel and foreign teams participating in Caribbean Series Professional Baseball games held in Puerto Rico.</p> <p>(23) Income by an international insurance company or international insurance holding company, subject to the provisions of Article 61.240 of the Puerto Rico Insurance Code, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>(24) Federal prescription drug plan subsidy.- Payments of the subsidy received under the provisions of Section 1860D-22 of the Social Security Act, as amended or as subsequently amended. This exemption from gross income shall not affect the determination of any deduction allowed under Section 1033.01 of this Subtitle. Therefore, a taxpayer may claim a deduction under Section 1033.01 of this Subtitle, even when said taxpayer also receives an excludable subsidy with respect to the deduction allowed under Section 1033.01 of this Subtitle.</p> <p>(25) Amounts received by an employee under Act No. 84 of March 1, 1999, known as the "Government Daycare Center Creation Act," provided that the expenses are related to a dependent for whom the employee is entitled to claim an exemption under Section 1033.18(b). No deduction shall be allowed any provision of this Subtitle for any amount exempt from tax under this paragraph.</p> <p>(29) Stipends and travel expenses of legislators.- Amounts received by members of the Legislative Assembly of the Government of Puerto Rico as stipends and travel expenses, representing a reimbursement of expenses actually incurred.</p>		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>(30) Stipends and travel expenses of municipal legislators.- Amounts received by members of the municipal legislatures as stipends and travel expenses, representing a reimbursement of expenses actually incurred.</p> <p>(31) Income of international banking entities.- Income from any of the activities described in subsection (a) of Section 12 of Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act," carried on by any International Banking Entity authorized to carry on such activities under the provisions of said act, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>(33) Amounts paid by an employer to an employee as reimbursement of travel expenses, meals, lodging, entertainment and other employment-related expenses.- Amounts paid by an employer as reimbursement of expenses paid or incurred by the taxpayer with respect to his performance of services as an employee, consisting of travel expenses, meals, lodging while away from home, entertainment (except for those deemed excessive or extravagant given the circumstances) and other employment-related expenses, provided that said reimbursement is made under an expense reimbursement plan established by the employer, meeting the requirements established by the Secretary by regulation for such purpose.</p> <p>(35) Miscellaneous items.-</p> <p>(B) income of the U.S. government, foreign governments and international organizations</p> <p>(C) income of states, municipalities and other political subdivisions</p> <p>(D) receipts of vessel owner and mutual protection and indemnity associations</p>		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
<i>Preferential Tax Rate</i>					
TEB- 66	Individual Tax	Net long-term capital gain (or loss) under Act	<p>(a) Tax Rate. Any individual, estate or trust shall pay, in lieu of any other taxes levied by this Subtitle, a tax of:</p> <p>(1) ten (10) percent tax on the excess of any net long-term capital gain over any net short-term capital loss, as defined in Section 1034.01, derived from any sale or exchange made before July 1, 2014;</p> <p>(2) fifteen (15) percent on the excess of any net long-term capital gain over any net short-term capital loss derived from any sale or exchange made after June 30, 2014 but before January 1, 2017; or</p> <p>(3) twenty (20) percent of the excess of any net long-term capital gain over any net short-term capital loss arising from any sale or exchange made after December 31, 2016;</p> <p>Or, the taxpayer may elect to pay a tax at the normal tax rates, whichever is most beneficial for the taxpayer.</p>	PR Internal Revenue Code Section 1023.02	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (a)
TEB- 67	Individual Tax	Interest from IRA on deposits in accounts from certain financial institutions	<p>(a) Tax Rate</p> <p>(1) Special tax rate. For tax years beginning before January 1, 2017, any individual, estate or trust may apply the option to pay, in lieu of any other taxes levied by this Subtitle, a tax equal to ten (10) percent, or seventeen (17) percent in the case of an individual retirement account over the total amount of non-exempt interest paid or credited on deposits in interest-bearing accounts, savings cooperatives or associations authorized by the Federal Government or the Government of Puerto Rico, commercial and mutual banks or any other banking organization located in Puerto Rico, provided that said taxpayer complies with certain requirements.</p>	PR Internal Revenue Code Section 1023.04	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (b)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 68	Individual Tax	Interest on deposits in accounts from certain financial institutions	(a) Tax Rate (1) Special tax rate. For tax years beginning before January 1, 2017, any individual, estate or trust may apply the option to pay, in lieu of any other taxes levied by this Subtitle, a tax equal to ten (10) percent, or seventeen (17) percent in the case of an individual retirement account over the total amount of non-exempt interest paid or credited on deposits in interest-bearing accounts, savings cooperatives or associations authorized by the Federal Government or the Government of Puerto Rico, commercial and mutual banks or any other banking organization located in Puerto Rico, provided that said taxpayer complies with certain requirements.	PR Internal Revenue Code Section 1023.04	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (c)
TEB- 69	Individual Tax	Interest from distributions of IRA to Governmental Pensioners	(d) Distribution of Individual Retirement Account Assets.- (1) Taxation of payments or distributions from an individual retirement fund.- (D) Notwithstanding the provisions of subparagraphs (B) and (C) of this paragraph, the owner or beneficiary of an individual retirement account who receives a total or partial distribution from an individual retirement account that does not constitute a distribution of his contribution to the individual retirement account, may have the option to pay a tax equal to ten (10) percent on such amount instead of any other tax levied by this subsection, for the tax year in which the owner or beneficiary effectively receives such total or partial distribution, provided that he is actually receiving the retirement benefits offered by the Retirement System of the Government of Puerto Rico and its instrumentalities, Judiciary Retirement System or Teacher Retirement System. If the owner or beneficiary of the individual retirement account exercises the option to pay the tax of ten (10) percent provided in this subparagraph, the trustee of the individual retirement account shall be under the obligation to deduct and withhold the tax of ten (10) percent on the amount distributed.	PR Internal Revenue Code Section 1081.02(d)(1)(D)	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (d)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 70	Individual Tax	Non-exempt eligible interest paid or credited on bonds, notes, other obligations or mortgage loans	(a) Tax Rate (1) Special tax rate. For tax years beginning before January 1, 2017, any individual, estate, corporation, partnership or trust may elect to pay, in lieu of any other tax levied by this Subtitle, a tax equal to ten (10) percent of the total amount of non-exempt eligible interest that is paid or credited on bonds, promissory notes, or other obligations issued by a corporation or partnership described in paragraph (1) of subsection (b), or on mortgages on residential property located in Puerto Rico described in paragraph (2) of said subsection.	PR Internal Revenue Code Section 1023.05 (a)	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (e)
TEB- 71	Individual Tax	Eligible distribution of dividends	(a) Levying of Tax.- There shall be levied, collected and paid, in lieu of any other taxes levied by this Subtitle on the total amount received by any eligible person (as defined in subsection (d)), attributable to any eligible distribution (as defined in subsection (c)) of dividends: (1) of a domestic corporation; or (2) of a foreign corporation, when no less than eighty (80) percent of its gross income derived during the period of three (3) tax years ending on the close of the tax year preceding the date of the declaration of the dividend constitutes income effectively connected with a trade or business in Puerto Rico, the special tax provided in subsection (b), without taking into consideration any deduction or credit provided by this Subtitle. This section shall not apply to amounts distributed in a total or partial liquidation of a corporation.	PR Internal Revenue Code Section 1023.06	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (f)
TEB- 72	Individual Tax	Income paid by sport teams of international associations or federations	(a) Levying of Tax.- There shall be levied, collected and paid, in lieu of any other taxes levied by this Subtitle, a special tax of twenty (20) percent on the total amount received by any resident or nonresident individual (including but not limited to players, managers and technical personnel) as compensation received for personal services rendered in Puerto Rico as an employee or independent contractor of a team of members of international associations or federations or associations or entities affiliated with said teams, as described in subsection (c).	PR Internal Revenue Code Section 1023.07	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (g)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 73	Individual Tax	Total distributions from qualified retirement plans	(a) Exemption.- A trust organized under the laws of Puerto Rico that forms part of an employer's retirement, profit sharing, stock bonus or pension plan, for the exclusive benefit of its employees who are Puerto Rico residents or who render services primarily in Puerto Rico, and the beneficiaries thereof; or a trust organized under the laws of Puerto Rico or that is deemed a domestic trust under the U.S. Internal Revenue Code of 1986, as amended, or any successor legal provisions, which forms part of an employer's retirement, profit sharing, stock bonus or pension plan, for the exclusive benefit of its employees who are Puerto Rico residents or Puerto Rico and U.S. residents, with respect to its U.S. participants and beneficiaries, which complies with the qualification requirements of Section 401(a) of the U.S. Internal Revenue Code, as amended (hereinafter referred to as the "Federal Code," for the purposes of this section), shall not be taxable under this Subchapter, and no other provisions of this Subchapter shall be applicable with respect to said trust or its beneficiaries, provided that its terms and operations meet certain requirements.	PR Internal Revenue Code Section 1081.01 (a)	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (h)
TEB- 74	Individual Tax	Gain taxable at rate under an Incentives Act 14-2017 (K, L, M, or N) and/or wages (Qualified Physicians)	The gain determined on Schedules K, L, M or N Individual, as applicable, taxable at a reduced rate under an Incentives Act and/or wages received by a qualified physician who has a decree under Act 14-2017. Include this amount in Columns B through H, as it corresponds, according to the applicable preferential rate.	Instructions Booklet - Individual Income Tax Return 2017 Schedule A2 Individual Line 4 (i)	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (i)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 75	Individual Tax	Any other income subject to a preferential rates	<p>Any other income subject to a preferential rate:</p> <p>Section 1023.01 -Special Surtax on Separate Accounts</p> <p>Section 1023.02 - Special Tax on Individuals, Estates and Trusts on Net Long-Term Capital Gain</p> <p>Section 1023.08 - Special Tax on Variable Annuities in Separate Accounts</p> <p>Section 1023.09 - Special Tax on Total Distributions of Certain Employee Trusts</p> <p>Section 1023.20 - Election to Prepay the Tax on Accrued Undistributed Amounts in a Variable Annuity Contract</p> <p>Section 1023.21 - Special Tax on Individuals, Estates and Trusts on the Sale or Excess Prepayment over the Increase in Accrued Value of Certain Assets</p> <p>Section 1023.22 - Special Tax on Corporations on the Sale or Excess Prepayment over the Increase in Accrued Value of Capital Assets</p> <p>Section 1023.23 - Prepayment of Individual Retirement Accounts</p> <p>Section 1023.24 - Prepayment [to] Educational Contribution Accounts</p> <p>Section 1023.25 - Special Tax on Distributions of Dividends and Prepayment of the Special Tax on Constructive Distributions</p>	<p>Instructions Booklet - Individual Income Tax Return 2017 Schedule A2 Individual Line 4 (j)</p>	<p>Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (j)</p>

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 76	Individual Tax	Eligible distributions due to hurricane María	Tax Relief measures include the following: (i) The first \$10,000 of the Eligible Distributions are exempt from income taxes, income taxes withholding at source and the alternative basic tax ("ABT") under the PR Code; (ii) Eligible Distributions in excess of \$10,000 up to a maximum of \$100,000 are subject to a fixed preferential tax rate of 10% instead of any other tax imposed under the PR Code, including the ABT ("10% Withholding"). Such 10% Withholding shall be withheld at source upon distribution. In the event the 10% Withholding is not made, the Eligible Individual should be subject to regular income tax rates and applicable early withdrawal penalties under the PR Code with respect to distributions exceeding \$10,000; and (iii) The Eligible Individual can request various Eligible Distributions from one or more Plans or IRAs during the Eligible Period, but up to a combined maximum of \$100,000.	Administrative Determination No. 18-13	Individual Income Tax Return 2016 (Form 482.0) Schedule A2 Individual Line 4 (k)

Credits

Subject to Moratorium

TEB- 77	Individual Tax	Credit attributable to losses or for investment in the Capital Investment Fund, Act -46 -2000, including purchases.	(b) Credits subject to moratorium: (2) Subparagraph (a) of Article 14 of Act No. 46 of January 28, 2000, as amended, known as the Puerto Rico Investment Capital Investment Fund Act of 1999;	PR Internal Revenue Code Section 1051.08 (b) (2)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 1 & Schedule B Part IV Line 2
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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 78	Individual Tax	Credit for construction investment in urban centers (Act 212-2002, as amended)	(b) Credits subject to moratorium: (5) Paragraphs (E) and (F) of Article 4.03 and Article 4.04 of Act No. 212 of August 29, 2002, as amended, known as the Urban Center Revitalization Act; except that in the case of those credits allowed under subparagraph (A) of paragraph (6) of subsection (a) of Article 30 of Act No. 7 of March 9, 2009, as amended, the moratorium shall apply as follows: (A) Credits allowed during fiscal year 2009-10; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2009 and before January 1, 2011, and up to 50% may be claimed in tax years ginning after December 31, 2010 and before January 1, 2012; and any remainder in subsequent tax years. (B) Credits allowed during fiscal year 2010-11; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2010 and before January 1, 2012, and up to 50% may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and any remainder in subsequent tax years. (C) Credits allowed during fiscal year 2011-12; only up to fifty (50) percent of said credit may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and up to fifty (50) percent may be claimed in tax years beginning after December 31, 2012 and before January 1, 2014; and any remainder in subsequent tax years.	PR Internal Revenue Code Section 1051.08 (b) (5)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 2
TEB- 79	Individual Tax	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended) including purchases.	The amount of Tax Credit for Merchants Affected by the Urban Center Revitalization. Every commercial entity established in the area affected by the construction of the revitalization projects in urban centers, will be entitled to claim an 8% tax credit of the 50% gross sales generated during the construction period.	Art. 4.04 (A) Act 212 - 2002	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 3 & Schedule B Part IV Line 7

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 80	Individual Tax	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products.	(a) Any eligible business that purchases eligible products manufactured in Puerto Rico, including components and accessories, shall be entitled to claim a credit against the taxes provided in this Subtitle A, as provided in subsection (c) of this Section.	PR Internal Revenue Code Section 1051.09 (a)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 4
TEB- 81	Individual Tax	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	(b) Credits subject to moratorium: (4) Subparagraph (a) of Article 17 of Act No. 183 of December 27, 2001, as amended, known as the Puerto Rico Conservation Easement Act;	PR Internal Revenue Code Section 1051.08 (b) (4)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 5 & Schedule B Part IV Line 6
TEB- 82	Individual Tax	Other credits subject to moratorium not included on the preceding lines	(1) Subparagraph (b) of Article 21 of Act No. 70 of June 23, 1978, as amended, known as the Puerto Rico Solid Waste Authority Act; (3) Subparagraph (a) of Article 11 of Act No. 178 of August 18, 2000, as amended, known as the Act to Create a Theater District from Calle Bolívar to Calle Ernesto Cerra in Santurce; (6) Subparagraph (A) of Article 3 of Act No. 140 of October 4, 2001, as amended, known as the "Social Housing Construction or Rehabilitation Investment Act," except for those credits allowed or pending final approval for social housing projects for sale or rent or elderly facilities meeting the following requirements: (1) to have a certificate of qualification, and (2) to have an amount of reserved credits. (7) Subparagraphs (a) and (b) of Article 4 of Act No. 98 of August 10, 2001, as amended, known as the Housing Infrastructure Investment Tax Credit Act.	PR Internal Revenue Code Section 1051.08 (b)	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 7

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 83	Individual Tax	Credits carried from previous years	The total amount of carry forward credits determined on line 29, Part II of Schedule B Individual of the income tax return filed for the previous year that are subject to moratorium under Sections 1051.11 and 1051.12 of the Code. The taxpayer must include with the return a breakdown including the taxable year in which the credit is available to be used, the amount of credit generated per taxable year, the amount of carry forward credit per taxable year used in previous taxable years, the taxable year in which any balance of such credit was claimed, and the balance of credit available for the current taxable year.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 8	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 8
TEB- 84	Individual Tax	Purchases: Solid Waste Disposal (Act 159-2011)	(a) Subject to the provisions of sections (b), (c) and (e) of this Article, all investors shall be entitled to a credit for investment in exempt facilities equal to fifty percent (50%) of their eligible investment. , to be taken in no less than two (2) terms: up to half of said credit in the year in which the exempt facility obtained the necessary financing for its total construction, and the balance of said credit in the year (s)) following (s), as established by the Secretary in the administrative determination approving the granting of said credit. If an escrow account is established and it is dissolved because the necessary financing for the total construction of the exempt facility has not been obtained, the participants will not be entitled to the credit.	Art. 4 Act 159 - 2011 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 1	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 1
TEB- 85	Individual Tax	Purchases: Capital Investment Fund (Act 46-2000)	(a) Tax Credit. - The Fund Administrator will be entitled to a tax credit equivalent to twenty-five (25) percent of the amount of money received by the Fund as private proprietary interests in the Fund, which may only be used as provided in section (b)) and (d) of this Article.	Art. 14 Act 46 - 2000 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 2	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 2

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 86	Individual Tax	Purchases: : Theatrical District of Santurce (Act 178-2000)	(a) Subject to the provisions of subsection (e) of this section, any investor, including a participant in a fund, shall be entitled to a credit for investment in theatrical business up to a limit of five (5) million dollars (\$ 5,000,000) per fiscal year, and two (2) million dollars (\$ 2,000,000) per fiscal year in rehabilitations of existing structures of your eligible investment or your investment in securities of a Securities Fund, or Funds to be claimed in two (2) terms : up to half of said credit in the year in which the theatrical business obtained the necessary financing for its operation, to require financing, and the balance of said credit, in the next two (2) following years.	Art. 11 Act 178 - 2000 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 3	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 3
TEB- 87	Individual Tax	Purchases: Credit for investment in housing infrastructure (Act 98-2001, as amended)	(i) A tax credit will be granted to a Combined that is previously approved by the agency and by the Secretary of Housing in an amount equivalent to one hundred percent (100%) of the investment made, to carry out the design, development and the construction of the Regional or Municipal Impact Infrastructure to be transferred to the Commonwealth of Puerto Rico.	Art. 4 Act 98 - 2001 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 4	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 4
TEB- 88	Individual Tax	Purchases: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	(a) General Rule - Subject to the provisions of this Act and the regulations promulgated thereunder, except as provided in subsection (b) of this Section, any owner of a rental housing project may qualify to a tax credit of fifty cents (\$ 0.50) for every dollar (\$ 1.00) of Eligible Investment used in the new construction or substantial rehabilitation of housing units for rent to low or moderate income families.	Art. 1.2 Act 140 - 2001 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 5	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 5

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 89	Individual Tax	Purchases: Others	Select the oval corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided the amount of the tax credit available for the taxable year. The limitation related to the credits subject to moratorium will be applicable to the total credits subject to moratorium included on line 9 of Part II of this Schedule, and not to each credit included in this part.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line 8	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 8
Not subject to Moratorium					
TEB- 90	Individual Tax	Credit for investment in Tourism Development (Act 78-1993) or Farming (Act 225-1995), , including purchases.	The amount of credit for tourism investment. Every investor may claim a credit for tourism investment equal to 50% of its eligible investment. The credit may be claimed in two installments: the first half in the year in which the financing for the total construction of the tourism project was obtained and the balance of the credit, in the following years. To claim this credit you must include with your return Schedules Q and Q1 duly completed. You must submit with the return copy of the notification by sworn statement issued by said agency, where the distribution of the credit is informed. You must also include copy of the Certification issued by the pertinent agencies.	Art. 5(f)Act 78-1993 Art. 14 Act 225-1995|Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 12	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 12 & Schedule B Part IV Line 10
TEB- 91	Individual Tax	Credit for: (23) Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997	The tax withheld on dividends from Industrial Development income under Act No. 8 of January 24, 1987 (Act 8 of 1987) and/or 30% of your proportional share in the fixed tax rate on Industrial Development income paid by the exempt business under Act 135-1997. You must select the oval that identifies the act or acts under which your investment was made, and with respect to dividends under Act 8 of 1987, provide the required information of Box 9, Form 480.6B with the return.	Section 4(a) of Act 8 of 1987 and/or (24) Section 3(b) of Act 135-1997 }Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 13	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 13

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 92	Individual Tax	Credit for investment in film industry development (Act 27-2011), including purchases.	<p>(b) Amount of the credit. -</p> <p>(1) In the case of Film Projects, the credit granted in Article 7.3 (a) will be equal to:</p> <p>(A) Forty percent (40%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico, not including payments made to Non-Resident Talent; and</p> <p>(B) twenty percent (20%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico that consist of payments to Non-Resident Talent. The credits generated by Production Expenses of Puerto Rico consisting of payments to Non-Resident Talent will not be subject to the limitations imposed in Article 7.3 (b) (3).</p> <p>(2) In the case of Infrastructure Projects, the credit granted in Article 7.3 (a) shall be equivalent to twenty-five percent (25%) of the amounts certified by the Auditor as disbursed in relation to the development and / or expansion of the Infrastructure Project in question.</p>	<p>Section 7.3 Act 27-2011 | Instructions Booklet - Individual Income Tax Return 2017</p> <p>Schedule B Part II Line 14</p>	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 14 & Schedule B Part IV Line 11
TEB- 93	Individual Tax	Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)	The amount of credit to claim for the purchase or transmission of television programming made in Puerto Rico. Every investor may claim up to 15% of the expenses paid by the television channel in the taxable year in which the credit is claimed.	<p>PR Internal Revenue Code Section 1051.14 (b) | Instructions Booklet - Individual Income Tax Return 2017</p> <p>Schedule B Part II Line 15</p>	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 15

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 94	Individual Tax	Credit for contribution to former governors' foundations	The amount of credit to be claimed for contributions to former governors foundations equivalent to 100% of the amount contributed during the taxable year to former governors foundations for operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and Former First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay the construction, operation and all necessary expenses for the true fulfillment of the purposes of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in aggregate, for any tax year.	Art. 2(a) Act 302 - 2012 PR Internal Revenue Code Section 1051.10 |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 16	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 16
TEB- 95	Individual Tax	Credit for payment of Membership Certificates by Ordinary and Extraordinary Member of Employees-Owned Special Corporations	Any person to whom a certificate of membership is issued as ordinary or extraordinary member of an EmployeesOwned Special Corporation, is entitled to a credit of 25% of the total amount paid for said certificate up to a maximum of \$1,000. The credit should be claimed against the income tax determined for the year in which the payments to acquire the certificate are made, whether totally paid or paid in installments in one or more taxable years, as applicable. The credit granted shall not be applicable against the alternate basic tax for individuals.If the amount of credit allowed exceeds the determined income tax for the taxable year, the excess may be carried forward during the next two taxable years. Refer to Section 1113.14 of the Code for qualifications and requirements to benefit from this credit.	PR Internal Revenue Code Section 1013.14 (a) |Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 17	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 17

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 96	Individual Tax	Credit to investors who acquire an exempt business that is in the process of closing its operations in PR (Act 109), including purchases.	The amount of credit for investment in an exempt business that is in the process of closing its operations in Puerto Rico. Every investor can claim a credit for industrial investment equal to 50% of its eligible investment.	Art. 2(a) Act 109 - 2001}Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 18	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 18 & Schedule B Part IV Line 12
TEB- 97	Individual Tax	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	(a) Amount of the Credit.- Amount of Credit. - A credit will be granted against the contribution imposed by this Subtitle for the donations generated or managed as a result of the effort of the Patronage of the Santa Catalina Palace or the Patronage of the State Capitol of the Legislative Assembly. The amount of this credit will be one hundred percent (100%) of the amount donated during the taxable year. (b) This credit will be in lieu of the deduction for donations granted by Section 1033.15 (a) (3). The amount of credit that can not be claimed in the taxable year in which the donation is made may be carried forward to the following taxable years until it is fully used. (c) The tax credits to be granted may not exceed two million five hundred thousand dollars (\$ 2,500,000) in the aggregate, for any taxable year. (d) Verification.- Any individual, corporation or partnership that claims the credit herein provided shall attach with their income tax return a certification issued by the Patronage of the Palace of Santa Catalina showing that the donation was made and accepted.	PR Internal Revenue Code Section 1051.06	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 19

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 98	Individual Tax	Other credits not included on the preceding lines	The amount of other tax credits not subject to moratorium not included on the preceding lines. Act No. 362 of December 24, 1999, as amended, Sections 5 and 6 of Act No. 73 of May 28, 2008 and Section 4050.10 Credit for Purchases of Products Manufactured in Puerto Rico, Section 1051.07 Credit for the Increase in Purchases of Puerto Rico Farm Products, Section 1052.03 Tax Credits Program for the Acquisition of Newly Constructed Dwellings, and Section 1052.04 Tax Credit Program for the Acquisition of Existing Dwellings	PR Internal Revenue Code Section 1051.08 (d) | Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 23	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 23
TEB- 99	Individual Tax	Credits carried from previous years	The total amount of carry forward credits determined on line 29, Part II of Schedule B Individual of the income tax return filed for the previous year that are not subject to moratorium under Sections 1051.11 and 1051.12 of the Code. The taxpayer must include with the return a breakdown including the taxable year in which the credit is available to be used, the amount of credit generated per taxable year, the amount of carry forward credit per taxable year used in previous taxable years, the taxable year in which any balance of such credit was claimed, and the balance of credit available for the current taxable year.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 24	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 24
TEB- 100	Individual Tax	Credit for investment Act 73-2008, including purchases.	The amount of credit to be claimed for industrial investment under Section 6 of Act 73-2008. This amount must be equal to 50% of the eligible investment to be claimed in two or more installments: the first half in the year in which the eligible investment is completed and the balance in the subsequent years.	Section 6(b) Act 73 - 2008	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 20 & Schedule B Part IV Line 15

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 101	Individual Tax	Credit for investment Act 83-2010 (Green Energy), including purchases.	<p>(1) Any exempt business that holds a decree granted under this Act may claim a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico, after the effectiveness of this Act by said exempt business or by any affiliated entity thereof. This credit may be applied against the tax on your IEV provided in section (a) of Article 2.9 of this Law.</p> <p>(3) Credit Utilization - The tax credit granted by this section may be taken in two (2) or more installments: up to fifty percent (50%) of said credit may be taken in the year in which the eligible investment is made and the balance of said credit in subsequent years until exhausted. This credit will not generate a refund. | The amount of credit to be claimed for investment in research and development of green energy sources under Act 83-2010, better known as the Puerto Rico Green Energy Incentives Act. This amount must equal 50% of the special eligible investment and will be claimed in two or more installments: the first half in the year in which the eligible investment is made and the balance in the subsequent years.</p>	Art. 2.11(c) Act 83 - 2010 | Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part II Line 21	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 21 & Schedule B Part IV Line 16
TEB- 102	Individual Tax	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	(1) Any exempt business that holds a decree granted under this Act or under prior incentive laws may claim an investment credit equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Law for said exempt business or for any affiliated entity thereof. Any special eligible investment made prior to the filing date of the income tax return, as provided by the Internal Revenue Code of Puerto Rico, including any extension granted by the Secretary of the Treasury for the filing thereof, shall qualify for the tax credit of this paragraph in the taxable year for which the aforementioned tax return is being filed. Said credit may be applied, at the option of the exempted business, against the industrial development income tax provided in subsection (a) of Section 3 of this Act or the income tax applicable under the previous incentive law under which it was granted, the decree to the exempt business and / or against the operational costs of the exempt business related to electricity, water and sewage.	Section 5(c) Act 73 - 2008 | Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line13	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 13

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 103	Individual Tax	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	(1) Any exempt business that holds a decree granted under this Act or under previous laws may claim an investment credit equal to fifty percent (50%) of the eligible investment in strategic projects made in Puerto Rico after the approval of this Law by the exempt business or by any affiliated entity of the exempt business. Any eligible investment made prior to the date to file the income tax return, as provided by the Internal Revenue Code of Puerto Rico, including any extension granted by the Secretary of the Treasury to render the same, will qualify for the tax credit of this Section in the taxable year for which the aforementioned form is being filed. Said credit may be applied, at the option of the exempted business, against the fixed industrial development income tax provided in paragraph (a) of Section 3 of this Act, or the income tax applicable under the previous incentive law under which the decree was granted to the exempt business, and / or against the operating costs of the exempt business related to electricity, water or sewerage.	Section 5(g) Act 73 - 2008 | Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line14	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 14
TEB- 104	Individual Tax	Purchase: Other	Select the oval corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided the amount of the tax credit available for the taxable year. The limitation related to the credits subject to moratorium will be applicable to the total credits subject to moratorium included on line 9 of Part II of this Schedule, and not to each credit included in this part.	Instructions Booklet - Individual Income Tax Return 2017 Schedule B Part IV Line17	Individual Income Tax Return 2016 (Form 482.0) Schedule B Part IV Line 17

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
REGULAR CORPORATE					
<i>Deduction</i>					
TEB - 105	<i>Corporate Tax</i>	Exempt amount under Act 135-2014 (Young Entrepreneurs Act)	The first \$500,000 of gross income generated by a new business created by a young entrepreneur whose age ranges between 16 and 35 years. Such new business should have granted a Special Agreement for the Creation of Young Businesses (Agreement) with the Puerto Rico Trade and Export Company, in order to enjoy the exemption during the first 3 years beginning on the date on which the Agreement is signed. In order to claim this exemption, copy of the Agreement must be included with the income tax return. This benefit is limited to one new business for every young entrepreneur and cannot benefit from any other economic or fiscal incentive provided by any act to promote a commercial, industrial or touristic operation in Puerto Rico. Any amount in excess of \$500,000 will pay taxes at the ordinary rates. For purposes of determining the first \$500,000 of gross income generated by the new business, add the gross income of a controlled group of corporations and a group of related entities according to Sections 1010.04 and 1010.05 of the Code, respectively.	Sec. 3 of Act 135, 2014	Corporate Income Tax Return 2016 (Form 480.2) Part I Line 28
TEB - 106	<i>Corporate Tax</i>	Special Agreement for the Creation of Employments and constitutes a New Business under the provisions of Act 1-2013	Nevertheless, a corporation that has granted an Agreement for the Creation and Retention of Employments and constitutes an Eligible New Small and Medium Business under the provisions of Act 120-2014, will be subject to a 5% normal tax during the first operating year. For the second taxable year following the year in which the Agreement is signed, the tax rate will be 10% and for the third taxable year it will be 15%.	Sec. 2.2 (b) of Act 120, 2014	Corporate Income Tax Return 2016 (Form 480.2) Part IV Line 38

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 107	Corporate Tax	Charitable contributions	(a) In the case of a corporation (1) contributions or gifts payment of which is made within the tax year to or for use by: (A) the Government of Puerto Rico, the United States, any state, territory, or any political subdivision thereof, the District of Columbia, or any U.S. possession, for exclusively public purposes; or (B) an entity described in Section 1101.01(a)(1) and (2) created or organized in Puerto Rico, the United States or any of its possessions or any state or territory, organized and operating exclusively for the purposes described therein, but in the case of contributions or donations to a trust, common fund, fund or foundation, only if such contributions or donations are for use in Puerto Rico, the United States or any of its possessions exclusively for such purposes, provided that no part of its net earnings inures to the benefit of any shareholder or individual in particular. For the disallowance of certain charitable or other deductions otherwise allowable under this paragraph, see Sections 1083.02(e) and 1102.06; or (C) veteran posts or organizations, or supporting units of or trusts or foundations for any such post or organization, if such posts, organizations, units, trusts or foundations are organized in Puerto Rico, the United States or any possession thereof, provided that no part of its net earnings inures to the benefit any shareholder or individual in particular, or (D) other entities enumerated in subparagraph (C) of paragraph (3) of subsection (a) of Section 1033.15, up to an amount not exceeding ten (10) percent of the net income of the taxpayer, computed without the benefit of this subsection.	PR Internal Revenue Code Section 1033.10	Corporate Income Tax Return 2016 (Form 480.2) Part VI Line 49

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 108	Corporate Tax	Deduction under Act 185-2014 ("Private Equity Funds Act")	In case of taxpayers that, pursuant to Act 185-2014, as amended, are considered as accredited investors, will be able to claim a deduction for their initial investment in a private equity fund (PEF) or in a private equity fund Puerto Rico (PEF-PR). For these purposes, a corporation will be considered an accredited investor if at the moment of the initial investment in a PEF or a PEF-PR is: 1) a bank, insurance company, registered investment company, business development company, investment company in small enterprises, International Banking Entity ("IBE") or International Financial Entity ("IFE"). It will be understood that the IBE and the IFE may be Accredited Investors irrespectively of what is established by the International Banking Center Regulatory Act and the International Financial Center Regulatory Act, respectively; 2) a nonprofit organization, corporation or association with assets in excess of five million dollars (\$5,000,000); and 3) a business in which all capital owners are accredited investors.	Sec. 5 (d) of Act 185,2014	Corporate Income Tax Return 2016 (Form 480.2) Part VI Line 50
<i>Deferrals</i>					
TER -109	Corporate Tax	Current Depreciation	(a) The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2016 (Form 480.2) Schedule E Corporation Line a

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TER -110	Corporate Tax	Flexible Depreciation	(a) Flexible Depreciation Deduction.- (1) General rule.- In the case of flexibly depreciable property with respect to which the option provided in subsection (b) is effective for the tax year, a taxpayer, in computing his net income for said tax year, may deduct the whole or any part, or no part, of the flexibly adjusted basis of said property, except that the amount of the deduction under this subsection shall not exceed the net benefit (determined without taking into consideration the deduction provided herein, but after taking into consideration the deduction provided in Section 1033.07) of the business or commercial activity in which the flexibly depreciable property is used.	PR Internal Revenue Code Section 1040.11 (a)	Corporate Income Tax Return 2016 (Form 480.2) Schedule E Corporation Line b
TER -111	Corporate Tax	Accelerated Depreciation	(a) Election to use Accelerated Depreciation Cost Recovery Method.- (1) The election to use the accelerated depreciation method shall be made with the return corresponding to the first tax year in which the deduction is claimed, in the form and manner established by regulation. The election to use the accelerated depreciation method may be exercised only with respect to property to has been acquired by "purchase" (as defined in Section 1033.07) during tax years beginning after June 30, 1995.	PR Internal Revenue Code Section 1040.12 (a)	Corporate Income Tax Return 2016 (Form 480.2) Schedule E Corporation Line c
TER -112	Corporate Tax	Amortization (i.e. Goodwill)	(a) The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2016 (Form 480.2) Schedule E Corporation Line d
TER -113	Corporate Tax	Automobiles	(a) The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2016 (Form 480.2) Schedule E Corporation Line e

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TER -114	Corporate Tax	Vehicles under financial lease	(a) The following deductions shall be allowed in the computation of net income: (7) Depreciation and amortization, not claimed as a deduction in the determination of adjusted gross income, as provided in Section 1033.07.	PR Internal Revenue Code Section 1031.04 (7)	Corporate Income Tax Return 2016 (Form 480.2) Schedule E Corporation Line f
<i>Preferential Tax Rate</i>					
TEB - 115	Corporate Tax	Net long-term capital gain	<p>(a) If for any tax year the net long-term capital gain of any corporation exceeds the net short-term capital loss, there shall be levied, collected and paid, in lieu of the tax levied by Sections 1022.01, 1022.02 and 1022.03, a tax determined as follows, but only if said tax is less than the tax levied by said sections:</p> <p>(1) a partial tax shall first be computed on net income not including the amount of the excess net capital gain, at the rates and in the manner as if this section did not exist.</p> <p>(2) an amount equal to fifteen (15) percent of said excess for transactions carried out before July 1, 2014, or an amount equal to twenty (20) percent of said excess for transactions carried out after June 30, 2014, shall then be determined.</p> <p>(3) the total tax shall be the partial tax computed under paragraph (1), plus the amount computed under paragraph (2).</p>	PR Internal Revenue Code Section 1023.03	Corporate Income Tax Return 2016 (Form 480.2) Schedule D1 Corporation Line 2a
TEB - 116	Corporate Tax	Interest subject to preferential rates	<p>(a) Tax Rate</p> <p>(1) Special tax rate. For tax years beginning before January 1, 2017, any individual, estate, corporation, partnership or trust may elect to pay, in lieu of any other tax levied by this Subtitle, a tax equal to ten (10) percent of the total amount of non-exempt eligible interest that is paid or credited on bonds, promissory notes, or other obligations issued by a corporation or partnership described in paragraph (1) of subsection (b), or on mortgages on residential property located in Puerto Rico described in paragraph (2) of said subsection.</p>	PR Internal Revenue Code Section 1023.05 (a)	Corporate Income Tax Return 2016 (Form 480.2) Schedule D1 Corporation Line 2b

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 117	<i>Corporate Tax</i>	Distributable share on net income subject to preferential rates from partnerships and special partnerships	<p>(6) Eligible distribution of dividends and shares of partnership profits.- In the case of a person eligible under Section 1023.06, the eligible distribution of dividends or shares in partnership profits received, subject to the payment of the tax levied by said section. Nothing in the provisions of this paragraph affects the tax levied by said Section 1023.06 on such distributions, in any way.</p> <p>(b) Special Tax. - The special contribution provided in subsection (a) of this section shall be ten (10) percent of the total amount received by any eligible person from any eligible distribution made by a corporation prior to July 1, 2014, and shall be fifteen (15) percent of the total amount received by any eligible person from any eligible distribution made by a corporation after June 30, 2014</p>	PR Internal Revenue Code Section 1032.01 (a)(6) and Section 1023.06 (b)	Corporate Income Tax Return 2016 (Form 480.2) Schedule D1 Corporation Line 2c
TEB - 118	<i>Corporate Tax</i>	Net income subject to the 4% tax rate from the operations of an international financial entity that operates as a banking unit	The net income subject to the 4% tax rate, generated by an international financial entity that operates as a banking unit, as reported on line 20, Part I of the return.	Puerto Rico Insurance Code Article 61.240 International Financial Center Regulatory , Act 273-2012	Corporate Income Tax Return 2016 (Form 480.2) Schedule D1 Corporation Line 2d

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 119	Corporate Tax	Other income subject to preferential rates	(7) Compensation paid by sports team international associations or federations.- The compensation received or earned by any resident or nonresident individual from a member team of an association or international federation, associations or affiliate entities thereof, attributable to personal services rendered in Puerto Rico in connection with the holding of games of said association or federation in Puerto Rico, subject to the twenty (20) percent tax levied by Section 1023.07. Nothing in the provisions of this paragraph affects the tax levied by said Section 1023.07 on such income, in any way. This paragraph applies to member teams of the following international associations or federations: (8) Special tax on variable annuities in separate accounts.- Income subject to the special tax on variable annuities under Section 1023.08.	PR Internal Revenue Code Section 1032.01 (a) (7)	Corporate Income Tax Return 2016 (Form 480.2) Schedule D1 Corporation Line 2e

Exclusions

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 120	Corporate Tax	Plantation insurance	The amounts received under any plantation insurance, excluding fire insurance as a result of losses incurred by the insured.	PR Internal Revenue Code Section 1031.01 (b) (8)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part I Line 1
TEB - 121	Corporate Tax	Income derived from discharge of debts	<p>(10) Income derived from the forgiveness of debts</p> <p>(A) Exclusion Income derived from the forgiveness of debts, in whole or part, shall not be subject to the income tax under this Subtitle if said forgiveness is by reason of any of the following cases:</p> <p>(i) The forgiveness is the filing of a bankruptcy petition in an action under the provisions of Title 11 of the United States Code and said forgiveness is approved by a court with jurisdiction to hear such petition.</p> <p>(ii) The forgiveness occurs when the taxpayer is insolvent, in which case the amount excluded under this subparagraph shall not exceed the amount by which the taxpayer is insolvent. For purposes of this subparagraph: (I) the term "insolvent" means the excess of debts over the fair market value of assets, and (II) debtor insolvency shall be determined based on the assets and debts of the taxpayer immediately before the forgiveness.</p> <p>(iii) The forgiven debt is a student loan and the forgiveness is in accordance with a provision of said loan allowing the forgiveness, in whole or part, if the taxpayer works for a determined period of time in certain professions or for determined employers (other than the lender). (iv) Forgiven debt is the product of a reorganization of a mortgage loan secured by the taxpayer's qualified residence. The term "qualified residence" shall have the meaning provided in Section 1033.15(a)(1)(D), except that, for purposes of this clause, the residence must be located in Puerto Rico. For purposes of this subsection:</p> <p>(I) The original mortgage loan debt cannot exceed one million (1,000,000) dollars.</p>	PR Internal Revenue Code Section 1031.01 (b) (10)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part I Line 2

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 122	Corporate Tax	Other exclusions	<p>(b) Exclusions from Gross Income.- The following items shall be excluded from the definition of gross income:</p> <p>(1) Life insurance.</p> <p>(2) Donations, gifts, legacies and inheritances.</p> <p>(3) Compensation for injury or illness.</p> <p>(4) Death benefits received by heirs or beneficiaries of members of certain retirement systems.</p> <p>(5) Scholarships.</p> <p>(6) Literary, journalistic, scientific and artistic prizes, and prizes for industrial, agricultural, or professional development.</p> <p>(7) Federal social security for old-age and survivors.</p> <p>(9) Basic subsidies to foster homes.</p> <p>(11) The compensation or indemnities received by an employee by reason of severance, without it being necessary to determine just cause, up to a maximum amount equal to the indemnity that the employee could receive under Act No. 80 of May 30, 1976, as amended.</p> <p>(12) Sales and Use Tax Inspection Plan prizes.</p> <p>(13) Any amount distributed by an Eligible Variable Annuity Contract on which an election was made and for which the tax was paid under Section 1023.10(a) of this Act or Section 1012C of the Puerto Rico Internal Revenue Code of 1994, as amended.</p> <p>(14) Interest on mortgages on residential property located in Puerto Rico granted after January 1, 2014 (including mortgages that are newly built and have been granted contemporarily with the first transmission of the mortgaged property to a new owner), and insured or guaranteed under the provisions of the National Housing Act "National Housing Act", adopted on 27 June 1934, as amended, or under the provisions of the Act Resetting the Service Members 1944 "Servicemen's Readjustment Act of 1944", as amended.</p>	<p>PR Internal Revenue Code Section 1031.01</p> <p>(b)(1), (2), (3), (4), (5), (6), (7), (9), (11), (12), (13), (14)</p>	<p>Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part I Line 4</p>

Exemptions

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 123	<i>Corporate Tax</i>	Obligations from the United States Government, any of its states, territories or political subdivisions	(a) The following items of income shall be exempt from tax under this Subtitle: (3) Tax-exempt interest.- Interest on: (A) the obligations of the United States, any U.S. state or territory, or any political subdivision thereof and the District of Columbia;	PR Internal Revenue Code Section 1031.02 (a)(3)(A)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1A
TEB- 124	<i>Corporate Tax</i>	Obligations from the Commonwealth of Puerto Rico	(a) The following items of income shall be exempt from tax under this Subtitle: (3) Tax-exempt interest.- Interest on: (B) the obligations of the Government of Puerto Rico or any of its instrumentalities or political subdivisions;	PR Internal Revenue Code Section 1031.02 (a)(3)(B)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1B
TEB- 125	<i>Corporate Tax</i>	Securities under Agricultural Loans Act	(C) securities issued under the provisions of the Federal Farm Loans Act of 1971, or by virtue of the provisions of said Act as it may be amended, including obligations issued by any subsidiary of the Farm Credit Banks of Baltimore directly or indirectly engaged in financing loans to farms and farmers in Puerto Rico with said funds, including loans to rural residents to finance rural housing, loans to cooperatives owned and controlled by farmers and engaged in marketing or distributing farm produce, the purchase of materials, or the provision of services to farm businesses and the acquisition of loans or discounts of notes previously granted;	PR Internal Revenue Code Section 1031.02 (a) (3) (C)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1C

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 126	Corporate Tax	Certain Mortgages	The interest income received from any of the following mortgages: secured by the National Housing Act of 1934, as amended, that has been issued no later than February 15, 1973 and possessed by residents of Puerto Rico on May 5, 1973 and issued within the 180 days following February 15, 1973 to be acquired by a resident of Puerto Rico; on residential property located in Puerto Rico issued after June 30, 1983 and before August 1, 1997 secured by the National Housing Act of 1934 or the Servicemen's Readjustment Act of 1944, as amended; on new residential property located in Puerto Rico issued after July 31, 1997 and before January 1, 2014 and secured by the National Housing Act of 1934 or the Servicemen's Readjustment Act of 1944. For those granted after January 1, 2014, see instructions for Part I, line 4 of this Schedule; originated to provide permanent financing for the construction or acquisition of social interest housing; and secured under the Bankhead-Jones Farm Tenant Act of 1937, as amended.	PR Internal Revenue Code Section 1031.02 (a) (3) (D) (E) (F) (G) (H)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1D
TEB- 127	Corporate Tax	Obligations secured or guaranteed under the Servicemen's Readjustment Act of 1944	The interest income received from obligations secured by the Servicemen's Readjustment Act of 1944 that were issued no later than February 15, 1973 and possessed by residents of Puerto Rico on May 5, 1973 and issued within the 180 days following February 15, 1973 to be acquired by a resident of Puerto Rico.	PR Internal Revenue Code Section 1031.02 (a) (3) (I)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1E
TEB- 128	Corporate Tax	Securities issued by cooperative associations up to \$5,000	(J) securities issued by cooperative associations organized and operated under the provisions of Act No. 239 of September 1, 2004, known as the General Cooperative Association Act of 2004, or under the provisions of Act No. 225 of October 28, 2002, known as the Cooperative Savings and Credit Union Act of 2002, up to a maximum of five thousand (5,000) dollars	PR Internal Revenue Code Section 1031.02 (a) (3) (J)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1F

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 129	<i>Corporate Tax</i>	Obligations issued by the Conservation, Housing and Human Development Trust, the San Juan Monument' s Patronage and SER of Puerto Rico	(L) obligations issued by (i) the Conservation Trust of Puerto Rico, as created and operated under Deed No. 5 of January 23, 1970, granted before Notary Public Luis F. Sanchez Vilella; (ii) Housing and Human Development Trust of Puerto Rico, as created and operated under Deed No. 135 of May 15, 2004, granted before Notary José Orlando Mercado Gelys; and (iii) the Board of Monuments in San Juan, as long as it obtains and maintains an exemption under Section 1101.01 of the Code, and whose purpose is to raise funds for the restoration and maintenance of the Iglesia San Jose in Old San Juan; (iv) Education and Rehabilitation Society of Puerto Rico (SER de Puerto Rico), provided that it obtains and maintains an exemption under Section 1101.01 of the Code. The exclusion from gross income and exemption from taxation of the interest generated by the obligations specified in this subsection (L) will not be affected by the fact that the source of funds for the payment of these interests arise directly or indirectly from other obligations or financial instruments that do not benefit from tax treatment similar to the obligations referred to in this subsection (L).	PR Internal Revenue Code Section 1031.02 (a) (3) (L)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1G
TEB- 130	<i>Corporate Tax</i>	Loans granted by a commercial bank to an employee owned special corporation for certain purposes	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to an employees-owned special corporation, which proceeds are used by such special corporation for one of the following purposes: finance the acquisition, development, construction, expansion, rehabilitation or improvement of real property located in Puerto Rico to be used for commercial purposes by the special corporation, provided that the loan does not exceed the cost of the property or the improvements to be made on it; finance the acquisition of machinery or other tangible personal property to be used for commercial purposes by the special corporation in its business operations in Puerto Rico, provided that the loan does not exceed the purchase price of such property; or finance the acquisition of capital stocks in a corporation that is treated for Puerto Rico income tax purposes as a purchase of the assets of that corporation.	PR Internal Revenue Code Section 1031.02 (a) (3) (M)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1H

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 131	<i>Corporate Tax</i>	Loans granted by a commercial bank in Puerto Rico for acquisition and payment of membership certificates in an employee owned special corporation	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the acquisition and payment of membership certificates as an ordinary, extraordinary or corporate member, as applicable, in an employees-owned special corporation.	PR Internal Revenue Code Section 1031.02 (a) (3) (N)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1I
TEB- 132	<i>Corporate Tax</i>	Loans granted by a commercial bank in Puerto Rico for the purchase or investment in preferred stocks of an employees owned special corporation	The income received from interests on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the purchase or investment in itself and for itself of preferred shares of an employeesowned special corporation.	PR Internal Revenue Code Section 1031.02 (a) (3) (O)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1J
TEB- 133	<i>Corporate Tax</i>	Loans for the establishment or expansion of small and medium businesses up to \$250,000	The income received from interests on loans of up to \$250,000 in the aggregate per exempt business granted to small and medium businesses as that term is defined in Act 732008, known as the "Economic Incentives for the Development of Puerto Rico Act" for its establishment or expansion, provided that the loan meets the requirements of the act known as the Community Reinvestment Act of 1977, Pub Law 95-128, 91 Stat. 1147, as amended, and the requirements established by the Commissioner of Financial Institutions by regulations.	PR Internal Revenue Code Section 1031.02 (a) (3) (P)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1K

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 134	<i>Corporate Tax</i>	Loans for the capitalization of small and medium businesses up to \$250,000	The income received from interests on loans of up to \$250,000 in the aggregate per exempt business granted to shareholders of exempt businesses to be used in the initial capitalization or a subsequent capital requirement of a small or medium business which enjoys tax exemption, as such term is defined in Section 2(i) of Act 73-2008, known as the Economic Incentives for the Development of Puerto Rico Act.	PR Internal Revenue Code Section 1031.02 (a) (3) (Q)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1L
TEB- 135	<i>Corporate Tax</i>	Other interest reported in Form 480.6D	The amount of other interests reported in Box 11 of Form 480.6D. Submit Form 480.6D.	PR Internal Revenue Code Section 1031.02 (a) (3) | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 1M	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1M
TEB- 136	<i>Corporate Tax</i>	Other interest not reported in Form 480.6D	The amount of other interests not reported in a Form 480.6D. Submit with your return a schedule showing a breakdown of such interests.	PR Internal Revenue Code Section 1031.02 (a) (3) | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 1N	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 1N

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 137	<i>Corporate Tax</i>	Industrial development income derived from certain interests	The dividends received by corporations distributed from industrial development income generated from interests on: obligations of the Government of Puerto Rico or any of its instrumentalities or political subdivisions; mortgages insured by the Puerto Rico Housing Finance Authority acquired after March 31, 1977; or loans or other securities which are guaranteed by a mortgage, issued by any pension or retirement system of a general nature established by the Legislative Assembly of Puerto Rico, the municipalities and agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 2A	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 2A
TEB- 138	<i>Corporate Tax</i>	Cooperative associations	(C) Cooperative associations dividend.-The income received by residents of Puerto Rico from the distribution of dividends made by domestic cooperative associations. |The income received by means of dividend distributions made by an International Insurer or a Holding Company of the International Insurer pursuant to the provisions of Article 61.240 of the Puerto Rico Insurance Code. Include Form 480.6D.	PR Internal Revenue Code Section 1031.02 (a) (4) (C)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 2B
TEB- 139	<i>Corporate Tax</i>	International Insurer or Holding Company of the International Insurer	D) Dividends of an International Insurance Company or International Insurance Holding Company.- Distributions of dividends by an International Insurance Company or International Insurance Holding Company under the provisions of Article 61.240 of the Puerto Rico Insurance Code. | The amount of other exempt dividends reported in Box 16 of Form 480.6D. Submit Form 480.6D.	PR Internal Revenue Code Section 1031.02 (a) (4) (D)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 2C

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 140	<i>Corporate Tax</i>	Other dividends reported in a Form 480.6D	Paid dividends that are not included in the other boxes of this form and that are subject to alternate basic tax, as provided in Section 1021.02 of the Code. The amount of other exempt dividends reported in Box 16 of Form 480.6D	PR Internal Revenue Code Section 1031.02 (a) (4) | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 2D	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 2D
TEB- 141	<i>Corporate Tax</i>	Other dividends not reported in a Form 480.6D	The amount of other exempt dividends not reported in a Form 480.6D	PR Internal Revenue Code Section 1031.02 (a) (4) | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 2E	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 2E
TEB- 142	<i>Corporate Tax</i>	Recapture of bad debts, prior taxes, surcharges and other items	(8) Recovery of bad debts, prior taxes, and surcharges.-Income attributable to the recovery during the tax year of a bad debt, prior tax, surcharge, or other item, to the extent of the amount of the recovery exclusion with respect to such debt, surcharge or amount.	PR Internal Revenue Code Section 1031.02 (a) (8)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 3

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 143	<i>Corporate Tax</i>	Income from news agencies or unions	The income from news agencies or unions or other press services, received from journalism or broadcasting companies, for rents or royalties for the use or publication or the right to use or publish in Puerto Rico, literary or artistic property of such agencies or unions.	PR Internal Revenue Code Section 1031.02 (a) (11)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 144	Corporate Tax	Certain income related to the operation of an employees owned special corporation	(17) Certain income related to the operation of special employee-owned corporations.- The following income is exempt from tax: (A) The income of special employee-owned corporations that is credited to the collective reserve account and to the social fund. For contributions to the social fund to qualify for the exclusion herein granted, it shall be necessary that the benefits of the social fund are accessible to all residents of the municipality where the special employee-owned corporation has established its principal office, except for regular and corporate members of the corporation. In addition, it should be demonstrated to the Secretary of the Treasury that the social fund is used for the purposes provided in Article 1507 of Act No. 144 of August 10, 1995, as amended. (B) The portion of notices of credit for productivity and patronage that special employee-owned corporations capitalize in the internal capital accounts of regular and special members and that cannot be distributed or paid until the regular or special member ends all relations with the special employee-owned corporation. Any amount so excluded from gross income and later distributed to the member while he remains in a relationship with the special corporation shall be subject to a penalty of ten (10) percent of the amount distributed and shall be included in gross income for that year. The ten (10) percent penalty shall be withheld by the special employeeowned corporation and remitted immediately to the Secretary. (C) Ninety (90) percent of the income received by a person as rent for real and personal property of any kind, used by a special employee-owned corporation in its development, organization, construction, establishment or operation.	PR Internal Revenue Code Section 1031.02 (a) (17)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 5

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 145	<i>Corporate Tax</i>	Income received or earned in relation to the celebration of sports games organized by international associations or federations	(21) Income received or earned with respect to games organized by international associations or federations.- Income of any kind received or earned by teams of members of international associations or federations or associations or entities affiliated with said teams, and income of any kind earned by entities contracted by said teams, associations or affiliates to organize and manage the operation, promotion or administration of said games in Puerto Rico.	PR Internal Revenue Code Section 1031.02 (a) (21)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 6
TEB- 146	<i>Corporate Tax</i>	Income derived by the International Insurer or Holding Company of the International Insurer	The income derived by the International Insurer or a Holding Company of the International Insurer, subject to the provisions of Article 61.240 of the Puerto Rico Insurance Code, including the income derived from the liquidation or dissolution of the operations in Puerto Rico.	PR Internal Revenue Code Section 1031.02 (a) (23)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 7
TEB- 147	<i>Corporate Tax</i>	Rents from the Historic Zone	The amount of income received from the rental of buildings in historic areas as established by the Institute of Puerto Rican Culture or the Planning Board.	PR Internal Revenue Code Section 1031.02 (a) (28)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 8
TEB- 148	<i>Corporate Tax</i>	Income from vessels owner's associations and mutual protection and indemnity	(a) The following items of income shall be exempt from tax under this Subtitle: (35) Miscellaneous items.- (D) receipts of vessel owner and mutual protection and indemnity associations	PR Internal Revenue Code Section 1031.02 (a)(35)(D)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 9
TEB- 149	<i>Corporate Tax</i>	Income from buildings rented to the Commonwealth of Puerto Rico for public hospitals or schools, or health homes	The income derived from buildings leased to the Government of Puerto Rico for public hospitals, convalescence or nursing homes and public schools, exclusively for those buildings that had a lease contract in effect as of November 22, 2010.	PR Internal Revenue Code Section 1031.02 (a)(35)(F)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 10

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 150	Corporate Tax	Income derived by the taxpayer from the resale of personal property or services which acquisition was subject to tax under Section 3070.01 or Section 2101 of the Internal Revenue Code of 1994	The provisions on the excise tax on acquisitions, made after December 31, 2010, of personal property and services between related persons shall be those provided in Sections 2101, 2102, 2103, 2104, 2105 and 2106 of Act 120-1994, as amended, known as the "Puerto Rico Internal Revenue Code of 1994," effective on the date of enactment of this Code, except that any reference in such sections to specific provisions of the Puerto Rico Internal Revenue Code of 1994 (other than subsections (f) and (h) of Section 1123 of said Code) shall be understood, for purposes of this Code, to refer to the analogous provision of this Code.	PR Internal Revenue Code Section 1031.02 (a)(35)(G)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 11

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 151	Corporate Tax	Distributions of Amounts Previously Notified as Deemed Eligible Distributions under Sections 1023.06(j) and 1023.25(b)	<p>1023.06(j) Transitional Provisions - The amount of any eligible distribution made by a corporation or partnership during the period between July 1, 2006 and December 31, 2006, subject to a special tax rate of five (5) percent of the total amount received by any eligible person, in lieu of the special tax established under subsection (b), and not currently distributed to the shareholders or partners of said entities, may be maintained in the books of the corporation or partnership in question, in order to comply with any contractual, commercial or statutory commitment of said entities, to be taken into account when making any kind of distribution by the Board of Directors of managing partner or directors of said corporations or partnerships, and subject as such to the discretion thereof, in terms of the source or origin of the monies to be distributed in the future by any such entities.</p> <p>1023.25(b) Tax applicable to constructive distributions. Any corporation has, within the periods provided in subsection (a) of this section, the authority to designate, as a constructive distribution, an amount up to the retained earnings and profits subject to the special tax provided in subsection (a) of this section, without having to distribute them during the temporary period.</p> <p>(1) Any corporation that designates an amount as a constructive distribution and submits the election and payment no later than April 30, 2015, shall be entitled to the special tax of five (5) percent.</p> <p>(2) Any corporation that designates an amount as a constructive distribution and submits the election and payment after April 30, 2015 and no later than June 30, 2015, shall be entitled to the special tax of eight (8) percent.</p> <p>(3) Any corporation that designates an amount as a constructive distribution and submits the election and payment after September 30, 2015 and no later than December 31, 2015, shall be entitled to the eight (8) percent special tax; provided that, it shall not be necessary for the taxpayer to present the distribution described in this paragraph on its income tax return, provided that the taxpayer pays the tax on the forms provided by the Secretary for these purposes. The special tax provided in this paragraph shall not apply to taxpayers subject to the provisions of Section 1022.03(b)(2)(B) of this Code.</p> <p>(4) Any corporation that designates an amount as a constructive distribution taxed under Section 1062.13 and submits the election and payment during the periods set forth in paragraphs (1), (2) and (3) of this subparagraph may</p>	PR Internal Revenue Code Section 1023.06 (j) and 1023.25(b)	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 12

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			reduce the amount of earnings and profits as established in Section 1062.13 of the Code.		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 152	Corporate Tax	Distributions of Dividends or Benefits from Industrial Development Income of Exempt Businesses and in Liquidation under Act 73- 2008 and Act 135-1997	The distributions of dividends or profits of industrial development income of exempt businesses or in liquidation under the Economic Incentives for the Development of Puerto Rico Act (Act 73-2008) and the Tax Incentives Act of 1998 (Act 135-1997). For the treatment of such current or liquidation distributions, see Internal Revenue Circular Letter No. 09-06 of July 22, 2009.	Act 73-2008 and Act 135-1997	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 13
TEB- 153	Corporate Tax	Rent of residential property under Act 132-2010	(a) Granting of Tax Exemption.—The income earned by any Eligible Lessor from the leasing of a residential property shall be fully exempted from Puerto Rico's income taxes, including the alternate basic tax and the minimum alternative tax provided in the Code. The tax exemption herein provided shall apply to the income earned with respect to leasing contracts entered into after the effective date of this Act, including those entered into after June 30, 2011, as well as those entered into at the time of the approval of this Act.	Sec. 2(a) of Act 132, 2010	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 14
TEB- 154	Corporate Tax	Income produced by a new business that operates under a special Act for the incentive and financing of young entrepreneurs (Act 135-2014)	The gross income, up to \$500,000, generated by a new business created by a young entrepreneur whose age fluctuates between 16 and 35 years. Such new business will have to be in the first three years of operation with a special agreement for the creation of young businesses. For additional details, refer to the Act 135-2014 (Act for the Incentives and Financing of Young Entrepreneurs).	Sec. 3 of Act 135, 2014	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 15

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 155	Corporate Tax	Distributable share in the exempt income from pass-through entities (Forms 480.6 EC, 480.6 SE and 480.6 S)	The amount received from the distributable share in the exempt income from pass-through entities as informed in Forms 480.60 EC, Part III, line 13	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 16	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 16
TEB- 156	Corporate Tax	Other payments reported in a Form 480.6 D	The amount included in Box 19 of Form 480.6D. Submit Form 480.6D.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 17	Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 17

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 157	Corporate Tax	Other exemptions	<p>(a) The following items of income shall be exempt from tax under this Subtitle:</p> <p>(6) Incentives received by farmers.-</p> <p>(A) In the case of any farmer, the incentives received from the Government of Puerto Rico for:</p> <p>(i) the purchase of farm machinery used for the production of sugar cane, coffee, vegetables, rice and food crops;</p> <p>(ii) the purchase of fertilizer, herbicide, fungicide and materials for land improvement, beekeeping, mariculture, aquaculture and otherwise as determined or added by the Secretary of Agriculture;</p> <p>(iii) the purchase of wire, posts, cattle fencing materials and otherwise as determined or added by the Secretary of Agriculture; and</p> <p>(iv) the construction of cattle, hog and poultry facilities and fishing vessels.</p> <p>(B) These incentives shall be deemed a reduction of costs or expenses, as the case may be, incurred by the farmer. The Secretary of Agriculture must submit to the Secretary each year, on or before January 31 of the year following the calendar year in which said incentives were granted, a list containing the following information:</p> <p>(i) name, account number and address of each farmer to whom the incentives have been granted, and</p> <p>(ii) item and amount of the incentives.</p> <p>(7) Improvements by lessee on lessor's property.-Income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.</p> <p>(22) Income earned by Caribbean Series participants.- Income earned by the nonresident players, managers, technical personnel and foreign teams participating in Caribbean Series Professional Baseball games held in Puerto Rico.</p> <p>(31) Income of international banking entities.- Income from any of the activities described in subsection (a) of Section 12 of Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act," carried on by any International Banking Entity authorized to carry on such activities under the provisions of said act, including the income derived from the liquidation or winding up of operations in Puerto Rico.</p> <p>(35) Miscellaneous items.-</p> <p>(B) income of the U.S. government, foreign governments and international organizations.- Income of the Government of the United States, foreign governments or international organizations, received from investments in Puerto Rico in shares, bonds or other domestic securities held by said</p>	<p>Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule IE Corporation Part II Line 18</p>	<p>Corporate Income Tax Return 2016 (Form 480.2) Schedule IE Corporation Part II Line 18</p>

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			governments or international organizations, or interest on deposits in banks in Puerto Rico on monies belonging to said governments or international organizations, or from any other source within Puerto Rico; (C) income of states, municipalities and other political subdivisions.- Income derived from any public utility company or the performance of any essential government function, accrued by any state, territory or the District of Columbia, or any political subdivision of a state or territory, or income accrued by the government of any U.S. possession or any political subdivision thereof.		

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
Subject to Moratorium					
TEB - 158	<i>Corporate Tax</i>	Credit attributable to losses or for investment in the Capital Investment Fund, Act - 46 , including purchases.	<p>PR Internal Revenue Code Section 1051.08 (b) Credits subject to moratorium: (2) Subparagraph (a) of Article 14 of Act No. 46 of January 28, 2000, as amended, known as the Puerto Rico Investment Capital Investment Fund Act of 1999</p> <p>Act 46-2000: (a) Tax Credit.- The Administrator of the Fund shall be entitled to a tax credit equivalent to 25% of the sum of money received by the Fund as private proprietary interests in the Fund, which can be used solely as provided in subsection (b) and (d) of this Section. The tax credit shall be available at the time the Fund receives cash which qualifies it as an investment of private proprietary funds.</p>	PR Internal Revenue Code Section 1051.08 (b) (2)	Corporate Income Tax Return 2016 (Form 480.2) Schedule B Part II Line 1

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 159	Corporate Tax	Credit for investment in housing infrastructure (Act 98-2001, as amended) , including purchases.	<p>PR Internal Revenue Code Section 1051.08 (b) Credits subject to moratorium: (7) Subparagraphs (a) and (b) of Article 4 of Act No. 98 of August 10, 2001, as amended, known as the Housing Infrastructure Investment Tax Credit Act.</p> <p>Act 98-2001: Section 4.- Credit for Investment in Infrastructure.- (a) General rule – Subject to the provisions of this Act, every petitioner may qualify for a Special Credit for Investment in Housing Infrastructure by the investment made in the construction of infrastructure. For the effect of the computation of credit provided under this Act, only that Special Investment in Housing Infrastructure recommended by the designated officials of the Department of Housing and the Treasury Department shall be taken into consideration, once the merits of the application for Investment Credits in Housing Infrastructure are analyzed. The Secretary of Housing, upon consultation with the Secretary of the Treasury, shall have the discretion, when merited by the best interest of the Commonwealth of Puerto Rico, to grant the credits provided in this Act with regard to extraordinary investments in infrastructure in projects begun between the first of January of 2001, and the date that the regulations referred to in Section 7 of this Act become effective.</p>	PR Internal Revenue Code Section 1051.08 (b) (7)	Corporate Income Tax Return 2016 (Form 480.2) Schedule B Part II Line 2

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 160	Corporate Tax	Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001) , including purchases.	<p>PR Internal Revenue Code Section 1051.08 "(b) Credits subject to moratorium: (6) Subparagraph (A) of Article 3 of Act No. 140 of October 4, 2001, as amended, known as the ""Social Housing Construction or Rehabilitation Investment Act,"" except for those credits allowed or pending final approval for social housing projects for sale or rent or elderly facilities meeting the following requirements: (1) to have a certificate of qualification, and (2) to have an amount of reserved credits."</p> <p>Act 140-2001: Section 3.- Tax Credit for Investment in Construction or Rehabilitation of Rental Housing for Low or Moderate Income Families. – (a) General rule - Subject to the provisions of this Act and the regulations promulgated thereby, every owner of a rental housing project for low income families may qualify for a tax credit of \$.50 for each \$1.00 of Eligible Investment used in the new construction or substantial restoring of housing units to be rented to low or moderate income families.</p>	PR Internal Revenue Code Section 1051.08 (b) (6)	Corporate Income Tax Return 2016 (Form 480.2) Schedule B Part II Line 3

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 161	Corporate Tax	Credit for construction investment in urban centers (Act 212-2012, as amended), including purchases.	<p>PR Internal Revenue Code Section 1051.08 (b) Credits subject to moratorium: (5) Paragraphs (E) and (F) of Article 4.03 and Article 4.04 of Act No. 212 of August 29, 2002, as amended, known as the Urban Center Revitalization Act; except that in the case of those credits allowed under subparagraph (A) of paragraph (6) of subsection (a) of Article 30 of Act No. 7 of March 9, 2009, as amended, the moratorium shall apply as follows: (A) Credits allowed during fiscal year 2009-10; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2009 and before January 1, 2011, and up to 50% may be claimed in tax years ginning after December 31, 2010 and before January 1, 2012; and any remainder in subsequent tax years. (B) Credits allowed during fiscal year 2010-11; only up to 50% of such credit may be claimed in tax years beginning after December 31, 2010 and before January 1, 2012, and up to 50% may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and any remainder in subsequent tax years. (C) Credits allowed during fiscal year 2011-12; only up to fifty (50) percent of said credit may be claimed in tax years beginning after December 31, 2011 and before January 1, 2013; and up to fifty (50) percent may be claimed in tax years beginning after December 31, 2012 and before January 1, 2014; and any remainder in subsequent tax years.</p> <p>Act 212-2002: Section 4.03.- Incentives - Credits and Exceptions. A. Incentive for Creation of Jobs Every business or industry existing on the date of approval of this Act, or a subsequent date, that meets the requirements established in this Act, or that carries out an activity or is in harmony with the development plan promulgated for the urban center in which it is established, and generates new jobs, it shall be entitled to an additional special deduction from the gross income subject to taxation, for the purpose of the computing its income tax, equivalent to 5% of the total minimum wage applicable to each new job created by said industry or business. B. Exemption for Job Transfers Any person who transfers his/her offices with a minimum of 50 employees to an urban center, shall be entitled to a special additional deduction of the gross income subject to taxation equivalent to 15% of the payroll expense incurred. C. Deduction for Development of Parking Spaces Any natural or juridical person who builds a parking structure in an urban center, that meets the requirements of Act No. 120 of June 7, 1973, known as the "Act to Regulate the Business of Public Parking Areas for Motor Vehicles" and the regulations promulgated thereunder, and completes the work in a term of 5 years, counted from the designation of the Area as located in an urban center, shall be entitled for the purposes of computing income taxes, to exclude from the gross income subject to taxation, 10% of the net</p>	PR Internal Revenue Code Section 1051.08 (b) (5)	Corporate Income Tax Return 2016 (Form 480.2) Schedule B Part II Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>income originating from the operation of said parking structure. D. Special Income Tax Exemption on Interest Generated by Loans Any financial entity that grants private loans for the financing of urban centers revitalization projects, shall be entitled to a special exemption of 100% of the interest received on said loans. E. Tax Credit for Infrastructure Investment The Office of the Director may recommend to the Secretary of the Department of Housing and the Secretary of the Department of the Treasury to grant credits for special housing investments, to urban center revitalization projects that qualify under the provisions of Act No. 98 of August 10, 2001, known as the "Tax Credits for Special Investments in Housing Infrastructure Act," provided, that the Department of Housing may be recommended to grant up to a maximum 100% tax credit for investment in infrastructure, in urban center revitalization projects that include housing components of any kind. F. Excise Tax Exemption Products sold in businesses established in Urban Centers in which improvements are being performed, pursuant to this Act, shall be exempted from the payment of excise taxes provided in Section 85 of Act No. 223 of November 30, 1995, and in Section 2015 of the Internal Revenue Code of 1994. G. Tax Credit for Investments in Construction Projects in Urban Centers Any person who carries out a construction or improvement project in an urban center pursuant to the provisions of this Act shall be entitled to a tax credit of one 100% of the invested amount on his/her income tax return.</p>		

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 162	Corporate Tax	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	The amount of Tax Credit for Merchants Affected by Urban Center Revitalization. Every commercial entity established in the area affected by the construction of the revitalization projects in urban centers, will be entitled to claim an 8% tax credit from 50% of the gross sales generated during the construction period	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 5	Corporate Income Tax Return 2016 (Form 480.2) Schedule B Part II Line 5

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 163	Corporate Tax	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	<p>PR Internal Revenue Code Section 1051.09: (a) Any eligible business that purchases eligible products manufactured in Puerto Rico, including components and accessories, shall be entitled to claim a credit against the taxes provided in this Subtitle A, as provided in subsection (c) of this Section.</p> <p>(c) The credit granted under this section shall be computed as follows:</p> <p>(1) First, the amount of purchases of eligible products manufactured in Puerto Rico, made by the eligible business during the tax year shall be determined.</p> <p>(2) Then, the average purchases of eligible products manufactured in Puerto Rico made by the eligible business for the 3 of the 10 preceding tax years, reflecting minor purchases, shall be determined; i.e., excluding the 7 years when the amount of purchases was highest.</p> <p>(3) Amount of the Credit.</p> <p>(A) In general. The credit for purchases of eligible products shall be 10% of the excess purchases of said eligible products, as determined in paragraph (1), over the average determined in paragraph (2).</p> <p>(B) In the case of products manufactured in Puerto Rico by tuna processing plants, the credit shall be 10% of the total purchases of said eligible products, as determined in paragraph (1), without applying the limitations provided in subsection (b)(2)(B) of this Section. (C) Credit limitation. The credit provided by this section may be used to reduce the tax of the eligible business levied under Subtitle A, by up to 25%. Any credit not used by the eligible business may be carried forward to subsequent tax years until used in full, subject to the preceding limitation.</p>	PR Internal Revenue Code Section 1051.09	Corporate Tax Return 2016 (Form 480.2) Schedule B Part II Line 6

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 164	Corporate Tax	Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	PR Internal Revenue Code Section 1051.09: (b) Credits subject to moratorium: (4) Subparagraph (a) of Article 17 of Act No. 183 of December 27, 2001, as amended, known as the Puerto Rico Conservation Easement Act; Line 7 – Enter the amount of credit for the establishment and donation of a conservation easement, equal to 50% of the value of the eligible conservation easement.	PR Internal Revenue Code Section 1051.08 (b) (4)	Corporate Tax Return 2016 (Form 480.2) Schedule B Part II Line 7
TEB - 165	Corporate Tax	Credits carried from previous years	The total of carryforward credits determined on line 27, Part II of Schedule B Corporation of the income tax return filed in the previous year, which are subject to moratorium under Sections 1051.11 and 1051.12 of the Code. The taxpayer must include with the return a detail that includes the taxable year in which the credit was originated, the amount of credit generated per taxable year, the amount of credit carried over per taxable year used in previous taxable years, the taxable year in which any balance of such credit was claimed and the balance of credit available for the current taxable year.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 9	Corporate Tax Return 2016 (Form 480.2) Schedule B Part II Line 9
TEB - 166	Corporate Tax	Other credits not included on the preceding lines	The total of credits subject to moratorium that has not been included on the previous lines. Include with your return a schedule showing a breakdown of the credits included on this line. In addition, you must submit evidence of the credit that is being claimed: PR Internal Revenue Code Sections 1051.08 (1) Subparagraph (b) of Article 21 of Act No. 70 of June 23, 1978, as amended, known as the Puerto Rico Solid Waste Authority Act;	PR Internal Revenue Code Sections 1051.08 (b) (1) | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 10	Corporate Tax Return 2016 (Form 480.2) Schedule B Part II Line 10

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 167	Corporate Tax	Purchase: Solid Waste Disposal (Act 159-2011)	<p>The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.</p> <p>Act 159-2011: Section 4.— Tax Credit for Investment in Exempt Facilities. (a) Subject to the provisions of subsections (b), (c), and (e) of this Section, any investor shall be entitled to a credit for investment in exempt facilities equal to 50% of the eligible investment to be applied in two (2) installments: half of said credit shall be used during the year in which the exempt facility obtained the necessary financing for its total construction, and the balance thereof shall be used in the subsequent year or years, as established by the Secretary in the administrative determination approving the granting of the credit. If an escrow account is opened and then closed because the financing needed for the total construction of the exempt facility was not obtained, the participants shall not be entitled to the credit.</p>	PR Internal Revenue Code Section 1051.11 (b) (1)	Corporate Tax Return 2016 (Form 480.2) Schedule B Part IV Line 1

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 168	Corporate Tax	Purchase: Santurce Theatrical District (Act 178-2000)	<p>The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.</p> <p>Act 178-2000: Section 11.- Tax credit for investing in theatrical businesses.- (a) Subject to the provisions of subsection (c) of this Section, all investors, including participants in a fund, shall be entitled to a credit for investing in theatrical businesses for a limit of up to \$5,000,000 per fiscal year and of \$2,000,000 per fiscal year for the rehabilitation of existing structures of their eligible investment or their investment in securities of a Securities Fund, or Funds to be claimed in 2 installments: for up to half of said credit in the year in which the theatrical business obtained the necessary financing for its operation, should such a financing be required, and the balance of said credit, within the next 2 subsequent years.</p>	PR Internal Revenue Code Section 1051.08 (b) (3)	Corporate Tax Return 2016 (Form 480.2) Schedule B Part IV Line 3
TEB - 169	Corporate Tax	Purchase: Other Credits	The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part IV Line 8	Corporate Tax Return 2016 (Form 480.2) Schedule B Part IV Line 8

Not subject to Moratorium

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 170	Corporate Tax	Credit for increase in investments	(a) The tax levied by this Subtitle on the dividends derived from industrial development income received by corporations organized under the laws of any U.S. state engaged in trade or business in Puerto Rico shall be credited by three (3) percent of the investment made by the subsidiary before January 1, 1993 in the acquisition, construction and enlargement of buildings and other structures used in the manufacture in excess of the investment in such properties possessed by the subsidiary as of March 31, 1977. In the case of corporations that have not enjoyed a tax exemption under Act No. 73 of May 28, 2008, known as the ""Puerto Rico Economic Development Incentives Act,"" or any similar prior law or any other superseding or complementary law, for two (2) tax years, this credit shall be allowed to the parent corporation for the increase in investments made by the subsidiary after the termination of its second year of tax exemption. This credit may be carried forward to subsequent tax years. (b) Investments in real property made for the purpose of qualifying for the dispensation provided in paragraph (6) of subsection (a) of Section 4 of the Puerto Rico Tax Incentives Act, as amended, may not be used for purposes of this section.	PR Internal Revenue Code Section 1051.05	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 14

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 171	Corporate Tax	Credit for investment in film industry development (Act 27-2011), including purchases.	<p>(b) Amount of the credit. -</p> <p>(1) In the case of Film Projects, the credit granted in Article 7.3 (a) will be equal to:</p> <p>(A) Forty percent (40%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico, not including payments made to Non-Resident Talent; and</p> <p>(B) twenty percent (20%) of the amounts certified by the Auditor as disbursed in relation to Production Expenses of Puerto Rico that consist of payments to Non-Resident Talent. The credits generated by Production Expenses of Puerto Rico consisting of payments to Non-Resident Talent will not be subject to the limitations imposed in Article 7.3 (b) (3).</p> <p>(2) In the case of Infrastructure Projects, the credit granted in Article 7.3 (a) shall be equivalent to twenty-five percent (25%) of the amounts certified by the Auditor as disbursed in relation to the development and / or expansion of the Infrastructure Project in question.</p>	Section 7.3 Act 27-2011 Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 15	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 15
TEB - 172	Corporate Tax	Credit to investors who acquire an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001), including purchases.	<p>Reduces the costs of acquiring exempted businesses covered under the industrial tax incentives laws which are undergoing the process of closing their operations in Puerto Rico by granting a tax credit of up to 50% of the amount of the cash investment.</p> <p>(a) General rule.—All investors may claim an industrial investment credit equal to 50% of their eligible investment made after the approval of this Act, to be taken in 2 installments: the first half of said credit, in the year in which the eligible investment is made; the second half, in subsequent years.</p>	Art. 2(a) Act 109 - 2001 | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 16	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 16

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 173	Corporate Tax	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	(a) Amount of the Credit.- Amount of Credit. - A credit will be granted against the contribution imposed by this Subtitle for the donations generated or managed as a result of the effort of the Patronage of the Santa Catalina Palace or the Patronage of the State Capitol of the Legislative Assembly. The amount of this credit will be one hundred percent (100%) of the amount donated during the taxable year. (b) This credit will be in lieu of the deduction for donations granted by Section 1033.15 (a) (3). The amount of credit that can not be claimed in the taxable year in which the donation is made may be carried forward to the following taxable years until it is fully used. (c) The tax credits to be granted may not exceed two million five hundred thousand dollars (\$ 2,500,000) in the aggregate, for any taxable year. (d) Verification.- Any individual, corporation or partnership that claims the credit herein provided shall attach with their income tax return a certification issued by the Patronage of the Palace of Santa Catalina showing that the donation was made and accepted.	PR Internal Revenue Code Section 1051.11 (d)	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 17
TEB - 174	Corporate Tax	Credit for investment Act 73-2008, including purchases.	Section 6.—Credit for Industrial Investment.— (b) General Rule.— (1) Subject to the provisions of clause (2) of this subsection, any investor may claim a credit for industrial investment equal to 50% of his/her eligible investment made after the date of approval of this Act, to be taken in 2 or more installments: the first half of said credit, in the year in which the eligible investment is completed, and the balance of said credit, in the following years.	Section 6 Act 73-2008 | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 18	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 18
TEB - 175	Corporate Tax	Credit for investment Act 83-2010 (Green Energy Incentives)	Section 2.11.-Credits.- (c) Green Energy Source Research and Development Investment Credit- (1) Any exempt business that holds a decree granted under this Act may claim a research and development investment credit equal to 50% of the special eligible investment made in Puerto Rico.	Art. 2.11(c) Act 83 - 2010 | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 19	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 19

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 176	<i>Corporate Tax</i>	Credits carried from previous years	The total of carryforward credits determined on line 27, Part II of Schedule B Corporation of the income tax return filed in the previous year which are not subject to moratorium under Sections 1051.11 and 1051.12 of the Code. The taxpayer must include with the return a breakdown including the taxable year in which the credit was originated, the amount of credit generated per taxable year, the amount of credit carried over per taxable year used in previous taxable years, the taxable year in which any balance of such credit was claimed and the balance of credit available for the current taxable year.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 21	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 21
TEB - 177	<i>Corporate Tax</i>	Other credits not included on the preceding lines	Act No. 362 of December 24, 1999, as amended, Sections 5 and 6 of Act No. 73 of May 28, 2008 and Section 4050.10 Credit for Purchases of Products Manufactured in Puerto Rico, Section 1051.07 Credit for the Increase in Purchases of Puerto Rico Farm Products, Section 1052.03 Tax Credits Program for the Acquisition of Newly Constructed Dwellings, and Section 1052.04 Tax Credit Program for the Acquisition of Existing Dwellings | The total amount of other tax credits not subject to moratorium not included on the preceding lines, for example, the credit for contributions to former governors foundations, provided as follows. A credit equivalent to 100% of the amount contributed during the taxable year to former governors foundations is granted for its operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and Former First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay for the construction, operation and all necessary expenses for the true fulfillment of the purposes of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in the aggregate, for any taxable year.	PR Internal Revenue Code Section 1051.08 (d) | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part II Line 22	Corporate Income Tax Return 2016 (Form 482.0) Schedule B Part II Line 22

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 178	Corporate Tax	Purchase: Tourism Development (Act 78-1993)	<p>Act 78 provides 90% exemption on income from eligible tourism activities, including benefits and dividends distributed from the exempt business to his shareholders or partners, as well as distributions in liquidation. The exemption period will be for a period of 10 years.</p> <p>(a) General Rule.</p> <p>Subject to the provisions of subsection (c) of this Article, every investor (including a participant) will be entitled to a credit for tourism investment equal to 50% of their eligible investment or their investment in securities of a fund, to be taken in 2 terms: The first half of said credit in the year in which the exempt business obtained necessary financing for the total construction of the tourism project, and the balance of said credit, in the following year.</p>	Art. 5 Act 78 - 1993	Corporate Tax Return 2016 (Form 480.2) Schedule B Part IV Line 10
TEB - 179	Corporate Tax	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	Credit for Investment in Research and Development, Clinical Tests, Toxicological Tests, Infrastructure, Renewable Energy, or Intangible Property.— (1) Any tax-exempt business that holds a decree granted under this Act or under preceding tax incentives laws may claim a credit for investment equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the date of approval of this Act by said tax-exempt business or by any entity affiliated thereto.	Sec. 5(c) of Act 73, 2008	Corporate Tax Return 2016 (Form 480.2) Schedule B Part IV Line 13
TEB - 180	Corporate Tax	Purchase: Economic Incentives (Strategic Projects) (Act 73-2008)	Credit for Investment in Strategic Projects.— (1) Any tax-exempt business that holds a decree granted under this Act or under preceding laws may claim a credit for investment equal to fifty percent (50%) of the eligible investment made in strategic projects in Puerto Rico after the approval of this Act by the tax-exempt business or by any entity affiliated to the taxexempt business.	Sec. 5(g) of Act 73, 2008	Corporate Tax Return 2016 (Form 480.2) Schedule B Part IV Line 14

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 181	Corporate Tax	Purchase: Other Credits	Other tax credits not subject to moratorium not included on the preceding lines.	PR Internal Revenue Code Section 1051.11(d) | Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part IV Line 17	Corporate Tax Return 2016 (Form 480.2) Schedule B Part IV Line 17
INCENTIVE ACT					
<i>Preferential Tax Rate</i>					
TEB- 182	Corporate Tax	Act 135 - 1997, Tax Incentives Law of 1998	Tax-exempt businesses that have had operations exempted under Act No. 135 of December 2, 1997, as amended, and which have enjoyed a fixed income tax rate not greater than four percent (4%), but of not less than two percent (2%), may enjoy a fixed rate on their net industrial development income under this Act that is equal to the rate levied under said preceding decree, provided the Secretary of Development, with the previous favorable recommendation of the Secretary of the Treasury and the Executive Director, determines that said rate serves to benefit the best economic and social interests of Puerto Rico.	Act 135-1997	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI) Schedule V Incentives
TEB- 183	Corporate Tax	Act 73 - 2008, Economic Incentives for the Development of Puerto Rico	Act No. 73 of 2008, known as the Economic Incentives Act for the Development of Puerto Rico, was established to provide the adequate environment and opportunities to continue developing a local industry, offer an attractive tax proposal, attract direct foreign investment and promote economic development and social betterment in Puerto Rico.	Act 73 - 2008	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI) Schedule X Incentives

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 184	<i>Corporate Tax</i>	Act 20 - 2012, Export Services	Act No. 20 of 2012, known as the Act to promote the exportation of services, provides attractive tax incentives for companies that establish and expand their export services businesses in the island. In addition, the law promotes investments on research and development and initiatives from the academic and private sectors by granting credits and exemptions for these activities. Furthermore, it helps to decrease operational and energy spending for companies moving to the island in order to help their operations remain profitable and efficient.	Act 20 - 2012	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Industrial Development (Form 480.30(II)DI) Schedule AAIncentives
TEB- 185	<i>Corporate Tax</i>	Act 52 - 1983, Tourist Incentives Law of Puerto Rico	To determine Tourism Activities (hotels, condohotels, Puertorican inns, tourist seaports, theme parks, port facilities and other tourist facilities) eligible for temporary tax incentives	Act 52 - 1983	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule L Incentives
TEB- 186	<i>Corporate Tax</i>	Act 78 - 1993, Tourism Development Law of Puerto Rico	Act 78 provides 90% exemption on income from eligible tourism activities, including benefits and dividends distributed from the exempt business to his shareholders or partnes, as well as distributions in liquidation. The exemption period will be for a period of ten (10) years.	Act 78 - 1993	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule L Incentives
TEB- 187	<i>Corporate Tax</i>	Act 74 - 2010, Tourism Development Law of Puerto Rico	The Act for Tourism Development, offered through the Puerto Rico Tourism Company, provides incentives for the development of world-class tourist industry. The benefits granted under this law will be valid for 10 years from the time that the eligibility of the tourism project is established and if they are eligible they can be extended to apply to the operational phase for an additional 10 years. Act 74 is most commonly used by large hotel projects, but a variety of projects can qualify.	Act 74 - 2010	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule L Incentives

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 188	Corporate Tax	Act 118 - 2010, Law of Incentives for Municipal Economic Development and Tourism	<p>Businesses engaged in eligible activities may elect to benefit from incentives provided by Act No. 118 of 2010, also known as the “Municipal Economic Development and Tourism Incentives Act” (“Act 118”). Act 118 provides incentives to projects developed in municipalities that are economically distressed, including Vieques and Culebra, that show a decrease in municipal business taxes. Act 118 establishes a Selection Committee, comprised by the Secretary of Economic Development and Commerce, the Secretary of the Treasury, the Executive Director of the Tourism Company, the Municipal Affairs Commissioner and a public interest representative named by the Governor of Puerto Rico, with the consent of the Senate of Puerto Rico. This Selection Committee selects the projects eligible for the benefits under Act 118. These projects must have at least three basic components: a) A world-class hotel that holds at least a four (4) star rating; b) Varied commercial and recreational establishments; and c) Other entertainment facilities typical of a 4-star hotel, including a casino, as such facilities are defined in Act No. 221 of 1948, known as the “The Games of Chance Act”. The preferred income tax rate available to the tourism business on its tourism gaming net revenue will depend on the concessionaire’s total investment of private capital, as provided below:</p> <p>a) Investments of \$500,000,000 or more shall be granted a fixed, 25% tax rate; b) Investments of \$750,000,000 or more shall be granted a fixed, 15% tax rate; c) Investments of \$1,000,000,000 or more shall be granted a fixed, 10% tax rate; and d) Investments of \$1,250,000,000 or more shall be granted a fixed, 8% tax rate.</p>	Act 118 - 2010	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Tourism Development (Form 480.30(II)DT) Schedule Z Incentives

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 189	<i>Corporate Tax</i>	Act 83 - 2010, Puerto Rico Green Energy Incentives Law	Establishes standards to promote renewable energy, in accordance with short, medium and long-term compulsory targets, known as the Renewable Energy Portfolio	Act 83 - 2010	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Green Energy (Form 480.30(II)EV) Schedule Y Incentives
TEB- 190	<i>Corporate Tax</i>	Act 362 - 1999, Law for the Development of the Film Industry	Puerto Rico's Development of the Film Industry Act, Act No. 362 of December 24, 1999, allows producers of motion pictures and other films to substantially reduce their production costs while paying low or no taxes on their profits. The film entity also enjoys a reduced Puerto Rico income tax rate of 7% and its dividends and liquidating distributions are exempt from taxation. The property used in the film project enjoys a 90% exemption from real and personal property taxes, and full exemption from municipal license taxes, excise taxes and hotel taxes. With careful tax planning, it may also be possible to enjoy full exemption on the income from the film project.	Act 362 - 1999	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Film Industry (Form 480.30(II)C) Schedule W Incentives

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 191	<i>Corporate Tax</i>	Act 27 -2011, Law of Economic Incentives for the Film Industry of Puerto Rico	Under Act No. 27 of 2011, as amended, known as the "Puerto Rico Film Industry Economic Incentives Act" ("Act 27"), film producers engaged in eligible activities may benefit from the following exemptions for a film project filmed in Vieques and/or Culebra. Tax exemptions for eligible production businesses, including film producers and studio operators, are the following: a) 4% fixed income tax rate on income derived from the production (6% to 10% fixed income tax rate in the case of studio operators); b) 100% tax exemption on dividend distributions; c) 90% tax exemption from personal property taxes. The taxable portion will be subject to the regular tax rate, that currently can be up to 8.83%; therefore, after considering the 90% exemption, the effective tax rate would be up to 0.883%; d) 90% tax exemption from real property taxes. The taxable portion will be subject to the regular tax rate, that currently can be up to 10.83%; therefore, after considering the 90% exemption, the effective tax rate would be up to 1.083%; e) 100% tax exemption on municipal license taxes, construction taxes and other municipal taxes; and f) 100% tax exemption on excise taxes on articles imported by the grantee to be used in the eligible activities.	Act 27 -2011	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Film Industry (Form 480.30(II)C) Schedule W Incentives
TEB- 192	<i>Corporate Tax</i>	Act 168 - 1968, Tax Incentives Law for Hospital Facilities	Law 168 of 1968 grants incentives to persons dedicated to the operation of hospitals and / or health houses in Puerto Rico and adjacent facilities; and to establish the conditions under which they will enjoy said incentives, as well as to exempt from the payment of contributions the bonds, promissory notes or other obligations and fifty (50) percent of the interest on them, that these entities issue to raise the funds or the capital necessary for its purposes.	Act 168 - 1968	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 193	<i>Corporate Tax</i>	Act 148 - 1988, Special Law for the Rehabilitation and Development of Santurce	In addition to any other incentives, the Law creates a set of special incentives for developers of rehabilitation projects or new construction of structures for housing or mixed uses in the Santurce neighborhood. To encourage economic activity in the Santurce neighborhood this law allows any business or industry that is established in said neighborhood, or that increases its employment, within a period of five (5) years counted from the effectiveness of this law, take as a deduction from income tax an amount equal to five percent (5%) of the minimum wage paid in each new job created, for a term of five (5) years. It also provides that any business or new industry in the categories mentioned, when calculating the tax, can deduct from its net income up to one hundred and ten percent (110%) of the rent paid for the premises it occupies, for a period of ten (10) years.	Act 148 - 1988	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB- 194	<i>Corporate Tax</i>	Act 75 - 1995, Special Law for the Rehabilitation and Development of Río Piedras	In addition to any other incentives, the Law creates a set of special incentives for developers of rehabilitation projects or new construction of structures for housing or mixed uses in the Santurce neighborhood. To encourage economic activity in the Santurce neighborhood this law allows any business or industry that is established in said neighborhood, or that increases its employment, within a period of five (5) years counted from the effectiveness of this law, take as a deduction from income tax an amount equal to five percent (5%) of the minimum wage paid in each new job created, for a term of five (5) years. It also provides that any business or new industry in the categories mentioned, when calculating the tax, can deduct from its net income up to one hundred and ten percent (110%) of the rent paid for the premises it occupies, for a period of ten (10) years.	Act 75 - 1995	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB- 195	<i>Corporate Tax</i>	Act 225 - 1995, Law on Agricultural Contributive Incentives of Puerto Rico	The Act establishes the requirements to qualify the "bona fide" farmers and exempt them from the payment of all kinds of taxes on movable and real property, municipal license tax, taxes, income taxes, excise taxes and all municipal and/or state taxes or fees.	Act 225 - 1995	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 196	<i>Corporate Tax</i>	Act 14 - 1996, Special Law for the Development of Castañer	In addition to any other incentives, any business or industry established or to be established in Castañer will be entitled to an additional deduction for wages paid, for the purpose of computing their income tax, equivalent to five percent (5%) of the applicable minimum wage of each new job, created after the approval of this Act. This deduction shall be in addition to any other granted by any law and shall be for a term of fifteen (15) years. Any business or industry that is established in a Special Planning Zone in Castañer within a period of fifteen (15) years, from the date of designation of said Zone, shall be entitled to a special deduction for purposes of its income contribution. , equivalent to fifteen percent (15%) of the rent paid. This deduction will be in addition to any other granted by any law.	Act 14 - 1996	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB- 197	<i>Corporate Tax</i>	Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	Act 178 of 2000 creates a Theater District whose parameters shall cover from Calle Bolívar to Calle Ernesto Cerra in Santurce, as part of Development and Rehabilitation of Santurce, in order to establish a cultural activities center in Santurce, grant special incentives to stimulate the rehabilitation of the area and citizen participation; and create a Task Force under the Chairperson of Planning Board.	Act 178 - 2000	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 198	<i>Corporate Tax</i>	Act 1 -2013, Employment Now Law	Act 1 of 2013 creates the "Jobs Now Act" in order to allow for the creation of fifty thousand (50,000) new jobs within a term of eighteen (18) months; establish an incentives program geared toward ensuring the permanence, stability, and continuity of existing businesses; foster economic opportunities to encourage the creation of small- and medium-sized businesses by giving them preferential treatment in the incentives program; grant an energy credit to participating businesses as a strategy to incentivize job creation and counteract the high operating expenses related to electric power consumption; create an alternate process to streamline the granting of permits without undermining environmental protection or the safety of our constituents; stimulate capital investment and economic development; revert the deterioration in economic indicators of both labor force participation and unemployment rates; set forth a wage subsidy for any business that hires employees who were laid off as a result of the application of Act No. 7-2009, as amended; establish the minimum content of the Special Job Creation Agreement so that businesses may benefit from the provisions of this Act.	Act 1 -2013	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB- 199	<i>Corporate Tax</i>	Act 72 - 1962, The Dairy Industry Corporation of Puerto Rico	Law 72 -1962 exempts from the payment of property taxes and the contribution of income to the Dairy Industry Corporation of Puerto Rico, Inc., as long as the capital stock of said corporation belongs to the Milk Industry Development Fund created by Law no. 34 of June 11, 1957.	Act 72 - 1962	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 200	<i>Corporate Tax</i>	Act 52 - 1989 - International Bank Center	This Act intends to expand the potential market of the International Banking Center of Puerto Rico and the promotion and knowledge of Puerto Rico through financial circles around the world will be significantly increased. The main benefits of an international banking center for Puerto Rico are the expansion of the service sector, the direct and indirect creation of jobs and the growth of economic activity. Among the Incentives provided in the law, the income from eligible activities derived from International Banking entities will be exempt for Income Tax purposes.	Act 52 - 1989	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB- 201	<i>Corporate Tax</i>	Act 273-2012, International Financial Center	Act No. 273, also known as the "International Financial Center Regulatory Act" (the "Act"). The Act provides tax exemptions to businesses engaged in eligible activities in Puerto Rico. To avail from such benefits, a business needs to become an International Financial Entity ("IFE") by applying for a permit and license and obtaining a tax exemption decree	Act 273 - 2012	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
TEB- 202	<i>Corporate Tax</i>	Act 185 - 2014, Private Equity Fund	Private Equity Funds not only represent a proven alternative to investment, but also constitute a financing and economic propulsion tool that facilitates the pooling of private capital in order to finance the expansion of companies, restructure businesses at risk and to promote pioneering businesses in full development. In addition, by promoting this investment vehicle used by investors around the world, it promotes the creation of jobs for professionals in the field of securities and financial business in Puerto Rico, as well as the development of the securities industry on our Island. Private equity funds generally pay a 4% tax rate on gains.	Act 185 - 2014	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 203	<i>Corporate Tax</i>	Act 22-2012, Transfer of Investors to Puerto Rico	Act No. 22 of 2012, Seeks to attract new residents to Puerto Rico by providing a total exemption from Puerto Rico income taxes on all passive income realized or accrued after such individuals become bona fide residents of Puerto Rico. This relocation should result in new local investments in real estate, services and other consumption products, and in capital injections to the Puerto Rico banking sector, all of which will accelerate the economy of the island.	Act 22 -2012	Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs Special Acts (Form 480.30(II)LE) Schedule P Incentive
<i>Credits</i>					
TEB - 204	<i>Corporate Tax</i>	Credit for products manufactured in Puerto Rico	The Act 135 - 1997 provides for exempt business that possesses a decree granted under this Act or under previous incentive laws that purchase products manufactured in Puerto Rico, including components and accessories, may take a credit against the tax on industrial development income, equal to twenty-five percent (25%) of the purchases of such products, during the taxable year in which said credit is taken, reduced by the average of the purchases of said products during the three (3) previous taxable years, or that part of said period that was applicable, up to a maximum of twenty-five percent (25%) of the aforementioned contribution	Act 135 - 1997	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 1

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 205	Corporate Tax	Credit attributable to losses or for investment in the Capital Investment Fund, including purchases.	<p>This Act has the main purpose of facilitating the co-participation of the private and public sector in the formation of investment capital oriented towards high-risk projects. The Fund Administrator will be entitled to a tax credit equivalent to twenty-five (25) percent of the amount of money received by the Fund as private proprietary interests in the Fund. The investment funds were created with the purpose of providing for a complementary program in order to induce the economical development of Puerto Rico. Such programs allow the co-participation of the public and private sector in the formation of capital investment guided toward projects of:</p> <ol style="list-style-type: none"> 1. high risk, under the Capital Investment Fund Act (Act 3 of October 6, 1987, as amended), and the Puerto Rico Capital Investment Funds Act of 1999 (Act 46 of January 28, 2000); Allowed credit percentage 25% 2. tourism, under the Puerto Rico Tourism Development Act of 1993 (Act 78 of September 10, 1993, as amended); Allowed credit percentage 50% 3. agriculture, under the Puerto Rico Agricultural Tax Incentives Act (Act 225 of December 1, 1995, as amended); Allowed credit percentage 50% 4. solid waste disposal and/or handling facilities (Act 70 of June 23, 1978, as amended) , Allowed credit percentage 50%; and 5. production of feature films, under Special Partnership (Section 1114.28 of the Puerto Rico Internal Revenue Code of 2011, as amended (Code)) , Allowed credit percentage 50%. 	Act 46 - 2000	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 2 & Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 2, From Schedule Q

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 206	<i>Coporate Tax</i>	Credit for increase in investments	Credits attributable to dividends received from industrial development income corresponding to 3% of the investment made by the subsidiary in the acquisition, construction and expansion of buildings and other structures used in manufacture, in excess of the investment in such properties owned by the subsidiary as of March 31, 1977. In those cases of corporations which have not benefited from tax exemption under Act No. 8 of 1987 for two taxable years, this credit will be granted to the parent company for the increase in investments made by the subsidiary after the end of its second year of tax exemption. To be entitled to the credit, the investment should have been made prior to January 1, 1993. This credit can be carried forward to the following taxable years. Nevertheless, investments made in real property to obtain the waiver indicated in paragraph 6, subsection (a) of Section 4 of Act No. 8 of 1987, cannot be used for purposes of this credit.	Act No. 8 of 1987	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 3
TEB - 207	Coporate Tax	Credit for purchases of products manufactured in Puerto Rico and Puerto Rican agricultural products	<p>Section 1051.07: The credit provided by this Section shall be not less than five (5) percent and up to a maximum of twenty (20) percent of the increase in the value of purchases of agricultural products harvested, produced and processed in Puerto Rico during the taxable year particular in which the credit is claimed, on the purchases of said products during the base period</p> <p>Section 1051.09 The credit for purchases of eligible products will be ten (10) percent of the excess of purchases of those eligible products</p>	PR Internal Revenue Code Section 1051.07 & 1051.09	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 4

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 208	<i>Corporate Tax</i>	Credit for donation of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended), including purchases.	<p>The final purpose of this measure is to achieve collaboration between the private sector, non-profit organizations and the Government to enable the conservation of areas of natural or cultural value through the establishment of conservation easements.</p> <p>In general, any person, natural or legal, that constitutes an eligible conservation easement or donates an eligible land in accordance with the provisions of this Law, may opt for a tax credit equal to fifty percent (50%) of the value of the eligible conservation easement or of the eligible land at the date of the donation, to be taken in two (2) terms:</p> <ol style="list-style-type: none"> 1. The first half of said credit in the year in which the establishment of the conservation easement or the donation of the eligible land occurs; 2. The balance of said credit, in the following year. 	Act 183 - 2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 5 & Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 6
TEB - 209	<i>Corporate Tax</i>	Credit for construction investment in urban centers (Act 212-2002, as amended), including purchases.	<p>Its purpose is to link the private sector in the rehabilitation process of urban centers, while receiving incentives that allow it to invest in our urban centers. It is necessary to create instruments that make private investment profitable in urban centers with a guarantee from the government that government procedures will be reduced as much as possible.</p> <p>Among the benefits to the private sector are the following:</p> <p>Any commercial entity established in the area affected by the construction of the Revitalization projects in the Urban Zones will be entitled to a tax credit of eight (8) percent of the fifty (50) percent of the gross sales generated during the period of construction.</p>	Act 212 - 2002	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 7

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 210	Coporate Tax	Credit for merchants affected by urban centers revitalization (Act 212-2002, as amended)	<p>Its purpose is to link the private sector in the rehabilitation process of urban centers, while receiving incentives that allow it to invest in our urban centers. It is necessary to create instruments that make private investment profitable in urban centers with a guarantee from the government that government procedures will be reduced as much as possible.</p> <p>Among the benefits to the private sector are the following:</p> <ul style="list-style-type: none"> (i) Tax Credit for Investment in Infrastructure (ii) Tax Credit for Investment in Construction in Urban Centers 	Act 212 - 2002	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 8 & Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 7
TEB - 211	Coporate Tax	Other credits not included on the preceding lines	Including, but not limited to, the credit for extraordinary investment in housing infrastructure, and credit for investment in new construction or substantial rehabilitation of rental housing units for low or moderate income families. Act 98-2001 grants a tax credit for infrastructure investment to developers of housing projects, recommended by the designated officials of the Housing epartment and the Department of the Treasury. It will be subject to the taxpayer's request and the approval by the Secretary of the Treasury of 2017 an administrative determination under Act 98-2001 and the applicable regulations. Act 212-2002, as amended, and Regulation No. 7777 of November 30, 2009. Act 140-2001 provides that every owner of a rental housing project for low or moderate income families may qualify for a tax credit for investment in a new construction for substantial rehabilitation of such housing units.	Act 98-2001, Act 98-2001 and Act 140-2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 9
TEB - 212	Coporate Tax	Credits carried from previous years	Include total of credits claimed but not used in previous years that are subject to moratorium under Sections 1051.11 and 1051.12 of the Code	PR Internal Revenue Code Sections 1051.11 and 1051.12	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits subject to Moratorium, Line 10

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 213	Coporate Tax	Purchase: Solid Waste Disposal (Act 159-2011)	<p>This Act repeals Article 21 of Act No. 70, supra, which incorporates the credit for investment in facilities for reduction, disposal and / or treatment of solid waste, for the sole purpose of creating an exclusive law that contains the same legislative intention of Act No. 15, supra, as well as tempering its content to the current reality.</p> <p>In general, every investor shall be entitled to a credit for investment in exempt facilities equal to fifty percent (50%) of his eligible investment, to be taken in no less than two (2) installments:</p> <ol style="list-style-type: none"> 1. Up to half of said credit in the year in which the exempt facility obtained the necessary financing for its total construction, and 2. The balance of said credit in the following year(s) 	Act 159 - 2011	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 1
TEB - 214	Coporate Tax	Purchase: Act 178 - 2000, Special Law for the Creation of the Theater District of Santurce	<p>Act 178 of 2000 creates a Theater District whose parameters shall cover from Calle Bolívar to Calle Ernesto Cerra in Santurce, as part of Development and Rehabilitation of Santurce, in order to establish a cultural activities center in Santurce, grant special incentives to stimulate the rehabilitation of the area and citizen participation; and create a Task Force under the Chairperson of Planning Board.</p> <p>Any investor, including a participant in a fund, will be entitled to a credit for investment in theatrical businesses up to a limit of five (5) million dollars (\$ 5,000,000) per fiscal year, and two (2) million dollars (\$ 2,000,000) per fiscal year in rehabilitations of existing structures of the eligible investment or investment in securities of a Securities Fund, or Funds to be claimed in two (2) terms:</p> <ol style="list-style-type: none"> 1. Up to half of said credit in the year in which the theatrical business obtained the financing necessary for its operation, if needed and 2. The balance of said credit, in the next two (2) following years. 	Act 178 - 2000	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 3

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 215	Coporate Tax	Purchase: Credit for investment in housing infrastructure (Act 98-2001, as amended)	<p>(i) A tax credit will be granted to a Combined that is previously approved by the agency and by the Secretary of Housing in an amount equal to one hundred percent (100%) of the investment made, to carry out the design, development and construction of the Infrastructure of Regional or Municipal Impact to be transferred to the Commonwealth of Puerto Rico.</p> <p>(b)Through this Act, a tax credit equivalent to a portion of the investment in infrastructure that serves residential projects is created, in order to lower the construction costs of residential projects in Puerto Rico and in this way make homes more accessible to our residents.</p> <p>The Credit to be granted to the petitioner will be made up of two parts:</p> <p>(i) a credit for the extraordinary investment in infrastructure required by any agency that benefits housing projects and other projects that do not belong to the petitioner or in which the petitioner, its shareholders, partners or persons having an interest in it, do not have a majority ownership interest and</p> <p>(ii) a credit for the extraordinary investment in infrastructure that benefits the Housing Project of the petitioner.</p>	Art. 4(a)(i) and (b) of Act 98 - 2001	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 4
TEB - 216	Coporate Tax	Purchase: Credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families (Act 140-2001)	<p>This Act aims to encourage private companies to build or rehabilitate housing unit projects for rent to low and moderate income persons or families. Through this legislation, the Government of the Commonwealth of Puerto Rico will grant a tax credit for investment in the new construction or substantial rehabilitation of housing units to be rented to low-income families.</p> <p>As general rule, the Act provides that any owner of a rental housing project may qualify for a fifty cent (\$ 0.50) tax credit for every dollar (\$ 1.00) of Eligible Investment used in the new construction or substantial rehabilitation of housing units for rent to low-income families or moderate.</p>	Art. 1.2(a) Act 140 - 2001	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 5

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 217	Coporate Tax	Purchase: : Other	The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B Part III	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits subject to Moratorium, Line 8
Not subject to Moraratorium					
TEB - 218	Coporate Tax	Credit for contributions to: (33) Santa Catalina's Palace Patronage and/or (34) Patronage of the State Capitol of the Legislative Assembly]	A credit will be granted against the contribution imposed by this Subtitle for the donations generated or managed as a result of the effort of the Patronage of the Santa Catalina Palace or the Patronage of the State Capitol of the Legislative Assembly. The amount of this credit will be one hundred percent (100%) of the amount donated during the taxable year.	PR Internal Revenue Code Section 1051.06	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 15
TEB - 219	Coporate Tax	Credit for hospital units over payroll expenses	Tax credit of up to fifteen percent (15%) of the total eligible payroll expenses that may be used to cover up to fifty percent (50%) of the income tax	Art. 1(a) Act 168 - 1968	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 16

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 220	Coporate Tax	Credit for purchases of products manufactured in Puerto Rico	The Act states that if an exempted business that has a decree granted under this Act or under the previous incentive laws, buys products manufactured in Puerto Rico, including components and accessories, it will be entitled to take a credit against the industrial development income tax provided in section (a) of Section 3 of this Act, or against the income tax under the previous incentive law applicable to you equal to twenty-five percent (25%) of the purchases of such products, during the taxable year in which take the referred credit, up to a maximum of fifty percent (50%) of the aforementioned contribution.	Section 5(a)(1), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 17
TEB - 221	Coporate Tax	Credit for investment in research and development, including purchases.	The Act 73-2008 provides for a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Section 5(c)(1), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 18
TEB - 222	Coporate Tax	Credit for investment in machinery and equipment	The Act 73-2008 provides for a credit for investment in machinery and equipment equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Section 5(d)(1), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 19
TEB - 223	Coporate Tax	Credit to reduce the cost of electric power	The Act 73-2008 states that every industrial client of the Electric Power Authority who has a decree granted under this Act or under any previous incentive Act, may take a credit only against the income tax under subsection (a) of Section 3 of this Act or the contribution on income applicable under previous incentive laws equal to three percent (3%) of the payments made to the Electric Power Authority for the net consumption of electric power in relation to the operation of the eligible business during the corresponding taxable year.	Section 5(e)(1), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 20

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 224	Coporate Tax	Credit for investment in strategic projects, including purchases.	The Act 73-2008 provides for a credit for investment in strategic projects equal to fifty percent (50%) of the eligible investment in strategic projects made in Puerto Rico after the approval of this Act by the exempted business or by any affiliated entity of the exempt business.	Section 5(g)(1), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 21
TEB - 225	Coporate Tax	Credit for industrial investment, including purchases.	<p>The Act 73-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act, to be taken in two (2) or more installments:</p> <ol style="list-style-type: none"> 1. The first half of said credit in the year in which the eligible investment is completed and 2. The balance of said credit, in the following years. 	Section 6(b)(1), Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part II, Credits Not subject to Moratorium, Line 22

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 226	<i>Corporate Tax</i>	Other credits not included on the preceding lines	Including, but not limited to, the credit for industrial investment in a exempt business that is in process of closing its operations in Puerto Rico, credit for contributions to former governors foundations and special credits granted as a result of an adjustment made by the Federal Internal Revenue Service or by means of a Closing Agreement (subject to the limitations established by the tax exemption grant, Closing Agreement or any pronouncement made by the Secretary of the Treasury). Act 109-2001 provides that every investor may claim a credit for industrial investment in an exempt business that is in process of closing its operations in Puerto Rico, equal to 50% of its eligible investment to be claimed in two installments: the first half in the year that the eligible investment was made and the balance in subsequent years. Also, a credit equivalent to 100% of the amount contributed during the taxable year to former governors foundations is granted for its operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay for the construction, operation and all necessary expenses for the true fulfillment of the purpose of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in the aggregate, for any taxable year.	Closing Agreement, Act 109-2001	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 24
TEB - 227	<i>Corporate Tax</i>	Credits carried from previous years	Include the total of credits claimed but not used in previous years which are not subject to moratorium under Sections 1051.11 and 1051.12 of the Code.	Sections 1051.11 and 1051.12	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part II, Credits Not subject to Moratorium, Line 25

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 228	Coporate Tax	Purchase: Tourism Development (Act 78-1993)	The Act 73-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment or investments in fund securities made after the approval of this Act, to be taken in two (2) or more installments: 1. Up to half of said credit in the year in which the exempt facility obtained the necessary financing for its total construction, and 2. The balance of said credit in the following year(s)	Act 78 - 1993	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 10
TEB - 229	Coporate Tax	Purchase: Film Industry Development (Act 27-2011)	In the case of Film Projects, the credit granted shall be equal to: (A) Forty percent (40%) of those amounts certified by the Auditor as disbursed in connection with all Puerto Rico Production Expenditures, except for payments made to Nonresident Talent; and (B) twenty percent (20%) of those amounts certified by the Auditor as disbursed in connection with Puerto Rico Production Expenditures consisting of payments to Nonresident Talent. Credits generated by Puerto Rico Production Expenditures consisting of payments to Nonresident Talent shall not be subject to the limitations imposed in Section 7.3(b)(3). Subject by limitations imposed in this Act	Act 27 - 2011	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 11
TEB - 230	Coporate Tax	Purchase: Acquisition of an Exempt Business that is in the Process of Closing its Operations in Puerto Rico (Act 109-2001)	The Act 109-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act to be taken in two (2) or more installments: 1. Up to half of said credit in the year in which the investment is made, and 2. The balance of said credit in the following year(s)	Act 109 - 2011	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 12
TEB - 231	Coporate Tax	Purchase: Economic Incentives (Research and Development) (Act 73-2008)	The Act 73-2008 provides for a credit for investment in research and development equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the approval of this Act by said exempt business or by any affiliated entity thereof	Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess anda Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 13

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 232	<i>Corporate Tax</i>	Purchase: Economic Incentives(Industrial Development) Act 73-2008	The Act 73-2008 provides for a credit for industrial investment equal to fifty percent (50%) of his eligible investment made after the approval of this Act, to be taken in two (2) or more installments: 1. The first half of said credit in the year in which the eligible investment is completed and 2. The balance of said credit, in the following years.	Act 73 - 2008	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 15
TEB - 233	Corporate Tax	Purchase: Green Energy Incentives (Research and Development) (Act 83-2010)	The Act 83 - 2010 provides for businesses that purchase products manufactured in Puerto Rico, including components and accessories, to be entitled to take a credit against the IEV tax provided in this Act equal to twenty-five percent (25%) of the purchases of such products, during the taxable year with respect to which the referred credit is taken, up to a maximum of fifty percent (50%) of the aforementioned contribution. This credit will be granted only for purchases of products that have been manufactured by companies not related to said exempt business.	Act 83 - 2010	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 16
TEB - 234	<i>Corporate Tax</i>	Purchase: Other	The amount of the tax credit available for the taxable year corresponding to the act (or acts) under which you acquired the tax credit. Enter in the space provided. The limitation related to the credits subject to moratorium will be made over the total credits subject to moratorium included on line 8, Part II of this Schedule, and not over each credit included in this part. To claim any of the credits included in this part, the taxpayer must submit with the return a sworn statement notifying the Secretary of the Treasury the purchase or transfer of the credit.	Instructions Booklet Income Tax Return 2017 of Taxable Corporations Schedule B, Part III, Line 17	Schedule B Incentives, Recapture of Credit Claimed In Excess and Tax Credits, Part III, Breakdown of the Purchase of Tax Credits, Credits Not subject to Moratorium, Line 17

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
Credits - Other Incentives Acts					
TEB - 235	Corporate Tax	Credit for taxes withheld on royalty payments	Act 135-1997 creates the Tax Incentives Act of 1998 to, among others, determine which operations shall be eligible for tax incentives under this Act and define the nature, extent and scope thereof. This Act provides a partial credit in the payment of royalties, rents and license fees. Exempted businesses may request the Secretary of State, prior express consent of the Secretary and the Executive Director of the Industrial Development Company, to authorize them to accredit the excess over one hundred million dollars (\$100,000,000) of annual tax withheld on royalties, rents and license fees, with respect to high technology products against the tax imposed under of this law on such high-tech products.	Act 135-1997 (Section 5(c))	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives,Part III, Line 4 (d)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 236	Corporate Tax	Special credits granted	<p>Act 109-2001 provides that every investor may claim a credit for industrial investment in an exempt business that is in process of closing its operations in Puerto Rico, equal to 50% of its eligible investment to be claimed in two installments: the first half in the year that the eligible investment was made and the balance in subsequent years.</p> <p>Also, a credit equivalent to 100% of the amount contributed during the taxable year to former governors foundations is granted for its operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay for the construction, operation and all necessary expenses for the true fulfillment of the purpose of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed \$1,000,000 in aggregate, for any taxable year."</p> <p>| In said line, the taxpayer must include the total amount of other tax credits not subject to moratorium not included on preceding lines, including, but not limited to, the credit for industrial investment in a exempt business that is in process of closing its operations in Puerto Rico, credit for contributions to former governors foundations and special credits granted as a result of an adjustment made by the Federal Internal Revenue Service or by means of a Closing Agreement .</p>	Act 109-2001 / Act 290-2000 / Act 302-2012 / Among Others	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives,Part III, Line 4 (a)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 237	Coporate Tax	Credit for losses of United States parent company	Act 135-1997 creates the Tax Incentives Act of 1998 to, among others, determine which operations shall be eligible for tax incentives under this Act and define the nature, extent and scope thereof. This Act provides a credit for losses of the parent company. An exempted business that holds a decree granted under this Act which is a subsidiary of a United States parent company, which, after consolidating the income of the exempted business shows a loss on their consolidated Federal income tax return (applying the amount of any operating loss carry-over through an accounting method acceptable to the Secretary of the Treasury) for a specific taxable year, or has availed itself of a bankruptcy procedure under applicable Federal statutes, may be granted an incentive in the form of a credit against the payment of the fixed income tax rate applicable to the industrial development income derived during the taxable year of the loss.	Act 135-1997 (Section 5(a))	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives,Part III, Line 4 (c)
TEB - 238	Coporate Tax	Credit for intellectual property transfer	Act 73-2008 establish the "Economic Incentives Act for the Development of Puerto Rico," to provide the adequate environment and opportunities to continue developing a local industry; offer an attractive tax proposal to attract direct foreign investment and promote economic development and social betterment in Puerto Rico. This Act provides a credit for investment equal to fifty percent (50%) of the special eligible investment made in Puerto Rico after the date of approval of this Act by said tax-exempt business or by any entity affiliated thereto. The credit is for investment in research and development, clinical tests, toxicological tests, infrastructure, renewable energy, or intangible property (including intellectual property).	Act 73 - 2008 (Section 5(c))	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule X Incentives,Part IV, Line 5(f)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 239	Coporate Tax	Credit for job creation	Act 73-2008 establish the "Economic Incentives Act for the Development of Puerto Rico," to provide the adequate environment and opportunities to continue developing a local industry; offer an attractive tax proposal to attract direct foreign investment and promote economic development and social betterment in Puerto Rico. This Act provides a credit for the creation of jobs. Any tax-exempt business that begins operations after July 1, 2008, shall be granted a credit for each job created during its first year of operations. The amount of this credit shall depend on the industrial development zone where the operations of said tax-exempt business are located.	Section 5 (b), Act 73 - 2008	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule X Incentives,Part IV, Line 5(b)
TEB - 240	Coporate Tax	Other applicable credits	Refers to Line 4n, Part III, Schedule V Incentives of Form 480.30(II)DI. Said line must include any other credit that the taxpayer is entitled to claim. An investor who buys an exempt business that is in the process of closing its operations in Puerto Rico may claim, with certain limitations, a credit equal to 50% of the eligible investment, in two installments: half in the year that the eligible investment is realized and the balance in subsequent years. This line must also include the credit claimed for contributions made to the Santa Catalina's Palace Patronage and the credit for contributions to former governors' foundations.	Act 290-2000 / Act 109-2001 / Act 302-2012	INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 135-1997 2017, Form 480.30(II)DI, Schedule V Incentives,Part III, Line 4 (n)
TEB - 241	Coporate Tax	Credit for "Closing Agreements"	The PR Internal Revenue Code (IRC) grants the Secretary or his authorized representative the authority to enter into a written agreement with any person relating to the liability of such person, or of the person or estate for which he acts, in respect of any tax levied by the PR IRC, for any taxable period. In a case by case basis, credits can be granted by means of a Closing Agreement.	PR Internal Revenue Code of 2011 Section 6051.07	Schedule B Incentives, Recapture of Credit Claimed In Excess and a Tax Credits, Part II, Credits Not subject to Moratorium, Line 24

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 242	Corporations	Special deductions, Payroll deduction	In general, Act 135-1997 states that in addition to any other deduction provided by law, any exempt business that possesses a decree granted under this law dedicated to manufacturing and that generates a net income from its exempt operations, shall be granted a special deduction for payroll equivalent to fifteen percent (15%) of the production payroll of the exempt business, up to fifty percent (50%) of your income from industrial development.	Section 4(a), Act 135 - 1997	Schedule N Incentives & Schedule V Incentives , Partially Exempt Income Under Act 8 of 1987 & Income Tax for Exempt Business Act 135-1997, Part I & Part II, Special deductions Line 4 a
TEB - 243	Corporations	Special deductions, Human resources training and improvement expenses deduction	In general, any exempt business that possesses a decree granted under this law or under previous tax incentive laws, in addition to any other deduction provided by law, will be granted a special deduction equal to the amount of training expenses to improve productivity and quality control, promote total quality management, and improve communication skills of employees, incurred in excess of the annual average of said expenses incurred during the three (3) tax years completed before the effective date of this law .	Section 4(b), Act 135 - 1997	Schedule N Incentives & Schedule V Incentives , Partially Exempt Income Under Act 8 of 1987 & Income Tax for Exempt Business Act 135-1997, Part I & Part II, Special deductions Line 4 b
TEB - 244	Corporations	Special deductions, Research and development expense deduction	As a general rule the Act 135-1997 states that any exempt business that possesses a decree granted under this law shall be granted any other deduction provided by law, or under previous tax incentive laws, in addition to any other deduction provided by law, a special deduction equal to the amount of the expenses incurred in the research and development of new products or industrial processes, or the improvement thereof, that is deductible in the taxable year as established by the Internal Revenue Code of Puerto Rico, excluding any amount received as a donation, subsidy or incentive from the Government of Puerto Rico	Section 4(c), Act 135 - 1997	Schedule N Incentives & Schedule V Incentives , Partially Exempt Income Under Act 8 of 1987 & Income Tax for Exempt Business Act 135-1997, Part I & Part II, Special deductions Line 4 c

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 245	Corporations	Special deductions, Investment on buildings, structures, machinery and equipment deduction	In General, Act 135-1997 states that any exempt business that possesses a decree granted under this law or under previous tax incentive laws shall be granted the choice to deduct in the taxable year in which it incurs them, instead of any capitalization of expenses required by the Internal Revenue Code of Puerto Rico, the total expenses incurred in the purchase, acquisition or construction of buildings, structures, machinery and equipment, provided that said buildings, structures, machinery and equipment: (i) have not been previously used or depreciated by any other business or person in Puerto Rico, and (ii) are used to manufacture the products or perform the services for which the benefits provided under this law were granted.	Section 4(e), Act 135 - 1997	Schedule N Incentives, Schedule V Incentives & Schedule X, Partially Exempt Income Under Act 8 of 1987 , Income Tax for Exempt Business Act 135-1997 & Income Tax for Exempt Business under Act 73-2008, Part I & Part II, Special deductions Line 4 d & Part III (Sch X) Line 8,
TEB - 246	Corporations	Special deductions, Deduction for purchases of products manufactured in Puerto Rico	Any exempt business under this law, or under previous incentive laws, will be granted a deduction, in alternative, for the purchase of products manufactured in Puerto Rico, equivalent to fifteen percent (15%) of purchases of such products, subject to limitations.	Section 4(f), Act 135 - 1997	Schedule V Incentives, Income Tax for Exempt Business Act 135-1997, Part II, Line 8

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
<i>Exemption</i>					
TEB - 247	<i>SUT</i>	Exemption for Promotional Material	<p>(a) All tangible personal property deemed promotional material introduced into Puerto Rico shall be exempt from the payment of the use tax; provided that, to enjoy this exemption, the entity must present the Certificate of Use Tax-Exempt Imported Promotional Material granted by the Puerto Rico Tourism Company.</p> <p>(b) Promotional material (“giveaways”) are all tangible personal property supplied at no cost for a promotional purpose by a promoter, exhibitor as defined in Section 4060.04, meeting planner or congress, to a participant in a convention, trade show, forum, meeting, incentive travel or congress.</p> <p>(c) The prizes, gifts, emoluments or awards given as part of incentive travel or recognition shall be covered under the provisions of this section.</p>	PR Internal Revenue Code Section 4030.05	Tax on Imports Monthly Return. Form AS 2915.1 D Line 3. P. Giveaways (Section 4030.05)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 248	SUT	Exemption on Taxable Items from a Transfer of Residence	<p>(a) Any nonresident individual of Puerto Rico or a person in the service of the Armed Forces of the United States Government or of the Government of Puerto Rico who is officially relocated to lend his services in (a) Puerto Rico, and who is interested in establishing or re-establishing his residence in Puerto Rico, shall be entitled to introduce, free of sales and use tax levied in this Subtitle, used taxable items that constitute a reasonable and effective part of a relocation and belong to him as much as they belong to other members of his family who accompany him.</p> <p>(b) In the case of a person in the service of the Armed Forces of the Government of the United States of America or of the Government of Puerto Rico, who is officially relocated to lend his services in Puerto Rico, the exemption provided in subsection (a) of this section shall be extended to the other members of his family who accompany him. For such purposes, the term "members of their family" shall mean father, mother or any other relative who is under the immediate custody of the military service person and who has to return to Puerto Rico because said military service person has been stationed in a place where he cannot carry with him.</p> <p>(c) Military service personnel who live alone overseas, without any spouse or dependent through whom they may introduce the taxable items in Puerto Rico, could remit them to their spouse or closest relative, accompanied by a copy certifying their relocation order.</p>	PR Internal Revenue Code Section 4030.09	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.H. Change of residence (Section 4030.09)
TEB - 249	SUT	Exemption on Rights of Admission	The admission fees to athletic events or any other events promoted by public or private elementary school, middle school, high school, universities or colleges, dedicated to rendering educational services, shall be exempt from the sales and use tax determined by this Subtitle.	PR Internal Revenue Code Section 4030.10	Sales and Use Tax Monthly Return. Form AS 2915.1 Line 16. Exempt Admissions (NAICS 61 Educational Services)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 250	SUT	Exemption on Food Items	The following food items shall be exempt from the payment of sales tax: 1) food and food ingredients as defined in Section 4010.01(a); 2) prepared food items served to patients or residents of any hospital or other physical installation or facility fundamentally designed and operated for the care of sick, old, weak, physically or mentally handicapped people or people who require special care and attention, where the items constitute part of a transaction in combination with the sale of health or medical services; 3) prepared foods, served to students in school cafeteria and those which constitute part of a transaction combined with the sale of educational services; 4) Prepared foods, provided that they constitute part of a transaction combined with the charge for occupying a hotel room subject to a tax levied by the Department of Tourism of Puerto Rico.	PR Internal Revenue Code Section 4030.11	Personal Consumption Expenditures by major type of product: Food Fiscal Year 2017 (Puerto Rico Planning Board)
TEB - 251	SUT	Exemption for Prescription Drugs	(a) Medicines for human consumption that may be acquired solely or exclusively under a medical prescription (Rx products) including the jars and lids security tags and bags inherent to the office of prescription drugs, shall be exempt from the taxes provided in the Subtitle.	PR Internal Revenue Code Section 4030.12	Personal Consumption Expenditures by major type of product: Health & Medical Services Fiscal Year 2017 (Puerto Rico Planning Board)
TEB - 252	SUT	Exemption on Articles and Equipment to Supplement Physical or Physiological Deficiencies for Disabled Persons	(a) Articles and equipment expressly designed to supplement physical or physiological deficiencies for "disabled persons," as said term is defined in Act No. 264 of August 31, 2000, as amended, known as "Puerto Rico Assistive Technology Program Act," and in Act No. 238 of August 31, 2004, as amended known as "Bill of Rights for Persons with Disabilities Act," shall be exempt from the taxes provided by this Subtitle.	PR Internal Revenue Code Section 4030.13	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.I. Items and equipment to compensate for physical deficiencies (Section 4030.13)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 253	SUT	Exemption on Lease of Real Property	The following shall be exempt from the sales and use tax: (a) the tax on the payment of the leasing of real property, paid by a lessee to the lessor on the property constituting the principal residence of the lessee, or student housing; and (b) the tax on the payment of leasing real property for commercial purposes, paid by a merchant, including payment for office or sales spaces, for storage and parking lots.	PR Internal Revenue Code Section 4030.14	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 531)
TEB - 254	SUT	Exemption for Care Services Rendered by Child Care Centers	The care services rendered by child care centers licensed by the Department of the Family, consisting of registration costs and monthly care payments, shall be exempt from the taxes provided in this Subtitle. This exemption does not apply to payments for services of an educational or recreational nature.	PR Internal Revenue Code Section 4030.15	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 62441)
TEB - 255	SUT	Exemption for Funeral Services	Funeral services up to four thousand (4,000) dollars are exempt from the payment of the sales and use tax. Funeral services mean all services, that are in combined or individual form, that are provided by a funeral parlor for the wake and final disposition of a human body. The excess on the amount provided shall be subject to sales and use tax.	PR Internal Revenue Code Section 4030.16	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 81221)
TEB - 256	SUT	Exemption for Solar-Electric Equipment	There shall be exempt from the payment of the sales and use tax, the solar-electric equipment used to produce electric power, including their accessories and parts, provided they are necessary to enable them to comply with such purpose.	PR Internal Revenue Code Section 4030.17	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.J. Solar equipment (Section 4030.17)
TEB - 257	SUT	Exemption for Care Services Rendered by Elderly Care Centers	The care services rendered by establishments for elderly person pursuant to Act No. 94 of June 22, 1977, as amended, known as the "Elderly Persons Establishments Act," licensed by the Department of the Family, consisting of admission costs and monthly care payments, shall be exempt from the taxes provided in this Subtitle. This exemption does not apply to payments for services of a social, recreational or educational nature, training, or any other services not directly related to care services.	PR Internal Revenue Code Section 4030.18	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 62331)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 258	SUT	Exemptions on Articles for Manufacturing Machinery, Medical-Surgical Material, Supplies, Articles, Equipment and Technology Used in the Performance of Health Services	Any health services facility that enjoys the provisions of Act No. 168 of June 30, 1968, as amended, known as "Hospital Tax Exemption Act," or a similar subsequent law shall be exempt from payment of the sales and use tax established in this Subtitle on the purchase of articles acquired for the exclusive use of the facility, such as machinery, medical-surgical material, supplies, articles, equipment and technology used solely in the performance of health services in the process of diagnosing and treating illness in human beings.	PR Internal Revenue Code Section 4030.19	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.K. Articles, equipment and technology used to render health services (Section 4030.19)
TEB - 259	SUT	Exemption for Textbooks	Exemption for printed books. All printed books are exempt from payment of the sales and use tax. Exemption for uniforms and supplies. An exemption is granted from the sales and use tax provided in Sections 4020.01 and 4020.02, as applicable, during a period of two (2) days in the month of July and in the month of August, on the retail sale of uniforms and materials as defined herein.	PR Internal Revenue Code Section 4030.20	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 451211)
TEB - 260	SUT	Exemption for Uniforms and Materials	Exemption for printed books. All printed books are exempt from payment of the sales and use tax. Exemption for uniforms and supplies. An exemption is granted from the sales and use tax provided in Sections 4020.01 and 4020.02, as applicable, during a period of two (2) days in the month of July and in the month of August, on the retail sale of uniforms and materials as defined herein.	PR Internal Revenue Code Section 4030.20	Canasta 2010 Departamento del Trabajo y Recursos Humanos
TEB - 261	SUT	Exemption for Sales Made by Churches.	Any merchant constituting a voluntary retail goods and services chain program organized under the provisions of Act No. 77 of June 25, 1964, as amended, or a program under a similar structure created under Act 239-2004 of September 1, 2004, as amended, is relieved from the requirement to collect, withhold and deposit the tax levied in this Subtitle, on sales made before July 1, 2014, of tangible personal property acquired for resale by a member or partner of such programs.	PR Internal Revenue Code Section 4030.21	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Exempted Sales (NAICS 81311)

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TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 262	SUT	Exemption for Bona Fide Farmers.	Bona fide farmers, duly certified by the Department of Agriculture, shall be exempt from payment of the sales and use tax on the acquisition of the following articles, when acquired for exclusive use in their farm businesses:	PR Internal Revenue Code Section 4030.22	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.L. Bona fide farmer (Section 4030.22)
TEB - 263	SUT	Exemption from Payment of the Sales and Use Tax for Concession Holders under the Puerto Rico Tourism Development Laws	<p>Any business to which a Tax Exemption and Credit Allowance has been granted under Act 74 of July 10, 2010, known as the Tourism Development Act of 2010, as amended, or under any superseding law or prior similar law shall enjoy a full exemption from the sales and use tax on those articles used by the concession holder with respect to a tourism activity, as defined in Act 74-2010, as amended, known as the "Puerto Rico Tourism Development Act of 2010" or any superseding law.</p> <p>The exemption shall not apply to those articles or other properties of such a nature that they are properly part of the concession holder's inventory and represent property held primarily for sale in the ordinary course of the trade or business.</p>	PR Internal Revenue Code Section 4030.23	Tax on Imports Monthly Return. Form AS 2915.1 D. Line 3.M. Tourism development concessionary (Section 4030.23)

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 264	SUT	Designated professional services	Means legal services and the following professional services, as regulated by their respective Examining Boards, under the Department of the State of Puerto Rico, as applicable: (1) Agronomists; (2) Architects and landscape architects; (3) Certified Public Accountants; (4) Agents, vendors and real estate companies; (5) Professional draftsmen; (6) Professional appraisers of real estate; (7) Geologists; (8) Engineers and Surveyors; (9) On or after October 1, 2015, services rendered by a "returns, statement or refund claim specialist", as defined in Subtitle F of this Code, with respect to the preparation or review of returns, statements or refund claims associated with the taxes levied by this Code or the U.S. Internal Revenue Code; and (10) Designated professional services, as defined in this subsection, if they are rendered by a nonresident to a person located in Puerto Rico, regardless of the place where the service is rendered, provided that said service bears a direct or indirect relationship with the operations or activities carried out in Puerto Rico by said person. (11) Notwithstanding the provisions of this subsection, designated professional services shall not be subject to the rate provided in Sections 4210.01(c) and 4210.02(c) of this Code.	PR Internal Revenue Code Section 4010.01 (nn)(3)(B) and 4010.01 (ll)	n.d.a.
TEB - 265	SUT	Educational services, including tuition costs	Solely refers to services rendered covering registration costs and other charges relating to the provision of courses offered by entities regulated by the Puerto Rico Board of Education.	PR Internal Revenue Code Section 4010.01. (nn) (3) (D)	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 61100, 61111, 61121, 61131, 61141, 61142, 61143, 61151, 61160, 61161, 61162, 61163, 61169, 61171)
TEB - 266	SUT	Interest and other charges for the use of money and charges for services provided by financial institutions.	Interest and other charges for the use of money and charges for services provided by financial institutions as defined in Section 1033.17(f)(4), excluding bank charges subject to the provisions of clause (i) of subparagraph (A) of paragraph (2) of this subsection;	PR Internal Revenue Code Section 4010.01. (nn) (3) (E)	Personal Consumption Expenditures by major type of product: Financial Services Fiscal Year 2017 (Puerto Rico Planning Board)

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 267	SUT	Insurance services and commissions	(F) Insurance services and commissions, including the issuance of any insurance contract, without being limited to life, health, property and casualty insurance, warranty and extended warranty service contracts, property titles, reinsurance and excess limit, disability, credit insurance, annuities and bonds, and service charges on the issuance of the aforementioned instruments	PR Internal Revenue Code Section 4010.01. (nn) (3) (F)	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services (NAICS 52400, 52411, 52412, 52421, 52429)
TEB - 268	SUT	Health or medical hospital services	(G) Health or medical hospital services, whether for human beings or animals, not including the medications issued by prescription or provided by veterinarians for use on animals, including those administrative services provided to an insurance company qualifying for total reimbursement by "Medicare", "Medicaid", or the Commonwealth of Puerto Rico health insurance card;	PR Internal Revenue Code Section 4010.01. (nn) (3) (G)	Sales and Use Tax Monthly Return. Form AS 2915.1 15. Sale of Exempt Services
TEB - 269	SUT	Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars	(H) Services rendered by persons whose annual business volume does not exceed fifty thousand (50,000) dollars. When a person belongs to a controlled group as defined in Section 1010.04, the business volume of said person shall be determined considering the business volume of all members of the controlled group. For purposes of this subparagraph a partnership, special partnership and corporation of individuals shall be regarded as a corporation under Section 1010.04 to determine whether it is a member of the controlled group. In the case of a person who is an individual, the business volume shall be determined considering the business volume from all trades or businesses or income-producing activities	PR Internal Revenue Code Section 4010.01. (nn) (3) (H)	SC 2914, APPLICATION FOR REGISTRATION CERTIFICATE OF MERCHANT, Line 10
<i>Exclusions</i>					
TEB - 270	SUT	Vehicles	(2) The term tangible personal property excludes: (B) Automobiles, truck tractors, ATV vehicles, motorcycles, vessels, heavy equipment, buses, trucks and manual hook or non-heavy equipment trailers	PR Internal Revenue Code Section 4010.01. (gg) (2) (B)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 271	SUT	Gasoline	(2) The term tangible personal property excludes: (D) Gasoline, aviation fuel, gas oil or Diesel oil, crude petroleum, oil byproducts and finished products, and any other mixture of hydrocarbons, except propane gas and its byproducts or gases of a similar nature;	PR Internal Revenue Code Section 4010.01. (gg) (2) (D)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board
TEB - 272	SUT	Electricity	(2) The term tangible personal property excludes: (E) Electricity generated by the Electric Power Authority or any other organization that generates electricity	PR Internal Revenue Code Section 4010.01. (gg) (2) (E)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board
TEB - 273	SUT	Water	(2) The term tangible personal property excludes: (F) Water supplied by the Aqueduct and Sewer Authority	PR Internal Revenue Code Section 4010.01. (gg) (2) (F)	Expenditure of Consumption by Selected Product Groups, Fiscal Year 2017, provided by The Puerto Rico Planning Board

VEHICLES

Credits

TEB- 274	Excise Tax	Refund of Excise Taxes on Vehicles Powered by Alternative or Combined Energy	A reimbursement of the payment of excise taxes levied by this Subtitle shall be granted to motor vehicles powered by alternative or combined energy, introduced into or manufactured in Puerto Rico.	PR Internal Revenue Code Section 3030.03	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
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Exemptions

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 275	Excise	Exemption Public Carriers for the First Vehicle Including School Transportation and Heavy Vehicles	When the carrier is the owner of more than one motor vehicle that shall be used in the transportation of passengers for pay, the owner shall have the right to enjoy the exemption from the payment of excise tax on the first registered motor vehicle, but not on the others. Such first motor vehicle shall continue to enjoy the exemption herein granted in the case of a sale, alienation, or transfer, provided that the original buyer used it for the transportation of paying passengers for a minimum period of three (3) years. Motor vehicles used for the transportation of school students shall also be exempt.	PR Internal Revenue Code Section 3030.05	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 276	Excise	Consular Officers and Employees Exemptions	There shall be exempt from the excise tax established in Section 3020.07 of Chapter 2 of this Subtitle, vehicles acquired or introduced in Puerto Rico for the personal use of consular officers and employees of foreign countries in Puerto Rico, provided said countries extend a like privilege to representatives of the United States of America in accordance with the 1961 Vienna Convention on Consular Relationships Treaty and to officers who occupy positions in offices of the Government outside Puerto Rico.	PR Internal Revenue Code Section 3030.06	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 277	Excise	Exemptions for Handicapped Persons	(a) Any person who may have had both hands or feet amputated or who may be permanently paraplegic, or any person with a permanent disability of a similar nature, is eligible for an exemption from the payment of excise taxes established in Section 3020.08 with respect to one (1) motor vehicle especially prepared and equipped to supply the associated necessities for his or her impediment, pursuant to the regulations adopted thereby.	PR Internal Revenue Code Section 3030.07	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 278	Excise	Church Exemptions Vehicles which hold twelve (12) or more passengers	Vehicles which hold twelve (12) or more passengers, excluding the driver, which are registered for the first time in Puerto Rico, that are acquired and used exclusively by churches for the transportation of their parishioners to the religious services, shall be exempt from the payment of the excise taxes mentioned in Section 3020.07 of Chapter 2 of this Subtitle	PR Internal Revenue Code Section 3030.08	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

PUERTO RICO TAX EXPENDITURE REPORT FOR TAX YEAR 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 279	Excise	Exemptions for Donations to the Puerto Rico Police and the Police of the Municipal Governments	An exemption is granted from the payment of the excise taxes provided by this Subtitle for new vehicles and motorcycles acquired by a nonexempt natural or legal person, for the only purpose of donating them to the Puerto Rican Police and Municipal Governments for vigilance, crime prevention, the protection of property and other public services rendered by the Municipal Guard.	PR Internal Revenue Code Section 3030.09	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 280	Excise	Exemptions on Articles for Manufacturing	Any raw material to be used in Puerto Rico for the manufacture of finished products, excluding hydraulic cement, as well as truck tractors, trucks or bulk carriers that are exclusively and permanently used within the manufacturing plant, shall be exempt from the taxes stipulated in this Subtitle, according to the provisions defined in Section 3020.08.	PR Internal Revenue Code Section 3030.10	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 281	Excise	Exemption on the first five thousand (5,000) dollars of the excise tax on any non-luxury automobile for Nonprofit Charitable Institutions	The first five thousand (5,000) dollars of the excise tax on any non-luxury automobile, provided that this exemption shall apply to two automobiles per calendar year, except in the case of vehicles known as "vans" or "minivans", which shall not be subject to this limitation,	PR Internal Revenue Code Section 3030.15	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
TEB - 282	Excise	Exemption over Articles Acquired by Government Agencies	Any article acquired for official use by the agencies and instrumentalities of the Government of the United States of America shall be exempt from the payment of the excise taxes levied in this Subtitle	PR Internal Revenue Code Section 3030.16	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 283	Excise	Exemption on Articles Belonging to Persons in Government Service	<p>(a) Any article acquired for official use by the agencies and instrumentalities of the Government of the United States of America shall be exempt from the payment of the excise taxes levied in this Subtitle.</p> <p>(b) There shall be exempt from the excise taxes prescribed by Sections 3020.08 and 3020.09 of Chapter 2 of this Subtitle vehicles, vessels and heavy construction equipment acquired for official use by the departments, agencies, administrations, bureaus, boards, commissions, offices, public corporations, public instrumentalities and municipalities of the Government of Puerto Rico, including the legislative and judicial branches.</p> <p>(c) Any automobile of the Government of the United States of America and the Government of Puerto Rico which is sold at public auction, shall be subject to the payment of excise tax as established by this Subtitle for used vehicles.</p> <p>(d) The excise taxes on an article acquired by the Department of the Treasury shall be deemed to have been paid on the introduction of said article when said article has been acquired to be awarded as a prize as part of the sales and use tax inspection program, as part of the prizes granted under Act No. 10 of May 24, 1989, as amended, known as the "Act to Authorize the Additional Lottery System," or for any other purpose. The excise tax levied by Article 12 of Act No. 10 of May 24, 1989, as amended, on prizes awarded by the Department of the Treasury, shall not apply to cash prizes.</p>	PR Internal Revenue Code Section 3030.17	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 284	Excise	Category III ambulances	(12) Category III ambulances shall be exempt from the tax contained in this section, in which case no amount of excise tax shall be levied or collected. For purposes of this Code, "Category III Ambulance" shall refer to any ambulance intended for the transportation of ill, injured, wounded, disabled, handicapped or invalid persons, pursuant to the regulations established by the Public Service Commission for said category. In addition, ambulances in this category are especially designed, build and equipped with a mobile emergency room. Said ambulances shall be operated by medical emergency technicians authorized by the Secretary of Health.	PR Internal Revenue Code Section 3020.08 (a)(12)	Data Entry System of the Office of Excise Taxes, Motor Vehicles, Treasury Department of Puerto Rico
CIGARRETES					
<i>Exemptions</i>					
TEB - 285	Excise	Tourists and Residents of Puerto Rico Traveling Abroad	The introduction of two hundred (200) cigarettes is allowed entry without levying tax as stipulated in this Subtitle. Any excess over two hundred (200) cigarettes shall be subject to the payment of excise taxes. The cost of the exempted cigarettes shall be understood as included within the amount of the exemption.	PR Internal Revenue Code Section 3030.13	n.d.a.
TEB - 286	Excise	Exemption on Tobacco Products sold or transferred to military stores, canteens or other facilities operated by the trust-building of the Puerto Rico National Guard or your dealer.	(a) Exempt from tax set at this Subtitle, cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder, electronic cigarettes, nicotine cartridges and vaporizers, sold or transferred to the ships of foreign license plates and the United States of America and those sold to the war ships of foreign countries and to vessels from foreign countries in courtesy visit in Puerto Rico. This exemption shall be granted only when the delivery of cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder, electronic cigarettes, nicotine cartridges and vaporizers, is done according to the rules and procedures established by the Registrar and his violation will entail the obligation of payment of the taxes that are part of the introducer or distributor, as the case may be. All introducer or distributor wishing to take advantage of this exemption shall provide a guarantee to answer for the payment of such means. (b) Also, shall be exempt from payment of means cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder,	PR Internal Revenue Code Section 3030.18	n.d.a.

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
			<p>electronic cigarettes, nicotine cartridges and vaporizers that, after they have been removed from the factories or ports, are taken out of the market by reason of being unfit for normal consumption, always and when they are destroyed under the supervision of the Registrar. In such a case, the Secretary shall reimburse or credited the tax to the person who has paid.</p> <p>(c) In addition, shall be exempt from tax established in this Subtitle cigarettes, cigars, tobacco loose, cigarette paper, tubes of cigarette, chewing tobacco, tobacco powder, electronic cigarettes, nicotine cartridges and vaporizers, where they are sold or transferred to the users as defined in the Law 23-1991, as amended, of the military stores, canteens or other facilities operated by the trust-building of the Puerto Rico National Guard or your dealer.</p> <p>(d) Are exempted from the tax set in this subtitle, cigarettes, cigars, loose tobacco, cigarette, cigarette, chewing tobacco, pipe tobacco powder, electronic cigarettes, cartridges of nicotine and vaporizers introduced or manufactured in Puerto Rico for exportation, subject to those requirements or conditions imposed by the Secretary by regulation, provided that this exemption shall not apply to cigarettes ", cigars, loose tobacco, chewing tobacco, tobacco powder, paper of cigarette, cigarette tubes, electronic cigarettes, nicotine cartridges and sprays that are sold in shops and Terminal air or maritime people who don't leave the customs territory of the United States."</p>		
FUEL					
<i>Exemptions</i>					
TEB- 287	Excise	Excludes natural gas of "Other Fuel"	(b) Excluded from the term gasoline, for purposes of this section, shall be liquid gases such as propane, butane, ethane, ethylene, propylene, butylenes and any mixture thereof. To the purposes of this section the term "any other fuel" excludes natural gas, propane gas and their byproducts or gases of similar nature.	PR Internal Revenue Code Section 3020.06 (b)	Puerto Rico Electric Power Authority (PREPA), Fuels Office
TEB- 288	Excise	Residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority	(d) The excise tax provided in subsection (a) of this section shall not apply to the residual Fuel number 6, when it is acquired by the Puerto Rico Electric Power Authority for the generation of electricity. This subsection shall apply if the specific gravity of said fuel does not exceed 24.9 degrees API with a corrected temperature to sixty degrees Fahrenheit (60°F).	PR Internal Revenue Code Section 3020.06 (d)	Puerto Rico Electric Power Authority (PREPA), Fuels Office

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 289	Excise	Residual Fuel number 6, when it is acquired by industries and businesses when it is used for their management of production	(e) The excise tax provided in subsection (a) of this section shall not apply to residual Fuel number 6, when it is acquired by industries and businesses established in Puerto Rico when it is used for their management of production. This subsection shall apply if the specific gravity of said combustible does not exceed 24.9 degrees API with a corrected temperature to sixty degrees Fahrenheit (60°F).	PR Internal Revenue Code Section 3020.06 (e)	Tax on Imports Monthly Return Form AS 2915.1 D: B. Raw material, machinery, and equipment (Manufacturing process) (Section 4030.06)
TEB- 290	Excise	Aviation gasoline and any combustible product in the case it was for use and consumption in propelling air transportation vehicles, destined to be consumed in air trips between Puerto Rico and other places or in air trips within the territorial. (2 cent)	(g) In accordance with Act Number 82 of June 26, 1959, as amended, the levying and collection of excise taxes on gasoline fixed in paragraph (1) of subsection (a) of this section shall be suspended in the case of aviation gasoline and any combustible product for use and consumption in propelling air transportation vehicles, destined to be consumed in air trips between Puerto Rico and other places or in air trips within the territorial limits of Puerto Rico, provided, that, in lieu of said tax levied in this section, the Ports Authority imposes a duty on said products of two (2) cents per gallon or fraction of a gallon and collects it from the suppliers operating in the airports of Puerto Rico.	PR Internal Revenue Code Section 3020.06 (g)	Based on partial information provided by the Port Authority, Oficina Asuntos Tarifarios y Estudios Económicos Puerto Rico, Port Authority of Puerto Rico

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
CRUDE OIL AND PETROLEUM PRODUCTS					
<i>Exclusions</i>					
TEB- 291	Excise Tax	Generation of the Electric Power Authority or Other entity	(h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (B) any generating plant solely only relating to that portion of natural gas used to generate electricity sold to the Electric Power Authority or any successor entity;	PR Internal Revenue Code Section 3020.07(h)(1)(A) and 3020.07A (h)(1)(A)	Puerto Rico Electric Power Authority (PREPA), Fuels Office
TEB- 292	Excise Tax	Natural gas used to generate electricity sold to the Electric Power Authority or any successor entity	h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (B) any generating plant solely only relating to that portion of natural gas used to generate electricity sold to the Electric Power Authority or any successor entity;	PR Internal Revenue Code Section 3020.07(h)(1)(B) and 3020.07A (h)(1)(B)	Puerto Rico Electric Power Authority (PREPA), Fuels Office
TEB- 293	Excise Tax	The Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands	(h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (C) the Maritime Transportation Authority, any successor entity or any entity that operates the maritime transport system serving the Municipality of Vieques and Culebra islands.	PR Internal Revenue Code Section 3020.07(h)(1)(C) and 3020.07A (h)(1)(C)	Internal Study, "Metodología Para Establecer Captación De Los Arbitrios Sobre Combustibles Y Petróleo Crudo Y Sus Derivados", p. 16.

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 294	Excise Tax	Businesses holding a decree granted under Act 73-2008, with respect to the provisions of subparagraphs (6) and (8) of Section 9 of said Act, or equivalent sections of previous or superseding industrial incentive laws	(h) Exemptions. The tax levied in this section shall not apply to: (1) Crude oil, unfinished oils, products derived from petroleum , or any other hydrocarbon mixture (including natural gas) used to generate electricity by: (D) businesses holding a decree granted under Act 73-2008, with respect to the provisions of subparagraphs (6) and (8) of Section 9 of said Act, or equivalent sections of previous or superseding industrial incentive laws.	PR Internal Revenue Code Section 3020.07(h)(1)(D) and 3020.07A (h)(1)(D)	n.d.a.
TEB- 295	Excise Tax	Crude oil, partly unfinished products, the end products derived from oil, or any other hydrocarbon mixture used as lubricants or fuel for generating steam for cooking, canning and sterilization of raw material obtained from industrial fishing.	(h) Exemptions. The tax levied in this section shall not apply to: (7) Crude oil, unfinished oils, oil end-products, or any other hydrocarbon mixture used as lubricants or fuel in the generation of steam for cooking, canning and sterilization of raw materials in industrial fisheries.	PR Internal Revenue Code Section 3020.07(h)(7) and 3020.07A (h)(7)	n.d.a.

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 296	Excise Tax	Crude oil, partly unfinished products, end products derived from oil, or any other hydrocarbon mixture used for vessels which render wharf services or using fuel for cargo ships, cruise ships or any other vessel requiring these services, whether in territorial waters or beyond them.	(h) Exemptions. The tax levied in this section shall not apply to: (8) Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture used by vessels that provide towing and/or fueling services to freight ships, cruise ships and/or any other vessel requiring these services, in or out of territorial waters.	PR Internal Revenue Code Section 3020.07(h)(8) and 3020.07A (h)(8)	n.d.a.
TEB- 297	Excise Tax	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	(h) Exemptions. The tax levied in this section shall not apply to: (9) Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06; provided that, on and after the Effective Date (as defined in Article 12A of Act No. 74 of June 23, 1965, as amended by this Act), this exemption shall not apply to the increase of three dollars and twenty-five cents (\$3.25) established in subsection (a)(ii) of this section 3020.07A, and said articles also subject to the excise tax on "diesel oil" shall be subject to an excise tax of only three dollars and twenty-five cents (\$3.25) accordingly, under this section 3020.07A.	PR Internal Revenue Code Section 3020.07A (h)(9)	Tax on Imports Monthly Return Form AS 2915.1 D: B. Raw material, machinery, and equipment Manufacturing process), Section 4030.06), Branch Business Analysis & Integration Division DLA Finance-Energy (F8FWD) 2017. PREPA Fuels Office.

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB- 298	Excise Tax	Crude oil, unfinished oils, oil end products, or any other hydrocarbon mixture, subject to the excise tax on "diesel oil" established in subsection (a)(3) of Section 3020.06	(h) Exemptions. The tax levied in this section shall not apply to: (6) Crude oil, unfinished oils, oil end-products or any other hydrocarbon mixture used as lubricants or fuel to power aircraft and maritime vessels in their trips by air and sea between Puerto Rico and other places.	PR Internal Revenue Code Section 3020.07 (h)(6) and 3020.07A (h)(6)	n.d.a.
TEB- 299	Excise Tax	Crude oil, partly unfinished products, end products derived from oil or any other hydrocarbon mixture locally imported or sold to agencies and instrumentalities of the Federal Government.	"(h) Exemptions. The tax levied in this section shall not apply to: (3) Crude oil, unfinished oils, oil end products or any other hydrocarbon mixture imported or sold locally to the agencies and instrumentalities of the Federal Government."	PR Internal Revenue Code Section 3020.07 (h)(3) and 3020.07A (h)(3)	Defense Logistics Agency, 2017

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
DISTILLED SPIRITS AND ALCOHOLIC BEVERAGES					
<i>Exclusions</i>					
TEB - 300	Excise	Distilled spirits and alcoholic beverages when they are sold or transferred to the armed forces of the United States, including the National Guard of Puerto Rico	<p>There shall be exempt from the payment of taxes established by this Subtitle, the distilled spirits and alcoholic beverages when they are sold or transferred to the following persons, agencies and organizations:</p> <p>(1) The armed forces of the United States, including the National Guard of Puerto Rico (land and air):</p> <p>(A) the armed forces of the United States, when they are destined for use and consumption within duly authorized military establishments. The exemption shall extend to the use and consumption by active servicemen in their residences outside of military bases;</p> <p>(B) the armed forces of Puerto Rico when they are destined for use and consumption solely within duly authorized military establishments.</p> <p>(2) International organizations entitled to enjoy the privileges, exemptions and immunities such as International Organizations under P.L. No. 291, 79th Cong., 59 Stat. 669, and their foreign officials and employees.</p> <p>(3) Career diplomats recognized by the Puerto Rico Department of State when treaties of reciprocity exist between the governments they represent and the United States.</p> <p>(4) The exemption established in this section shall not apply to persons included in paragraphs (4), (5), (6) and (7) of Article 6 of Act No. 23 of July 23, 1991, as amended, known as the "Puerto Rico National Guard Institutional Trust Act.</p>	PR Internal Revenue Code Section 5023.01	System of payments made by collector centers.

TEB ID	Tax Regime	Tax Expenditure	Full Description	Legal Citation	Data Source for Tax Expenditure Estimates
TEB - 301	Excise	Distilled Spirits and Alcoholic Beverages Used in the Process of Manufacture, Research, Development or Experimentation in Laboratories or for Medicinal Purposes	The taxes established by this Subtitle shall not be collected on those alcoholic beverages sent by or withdrawn from a rectification or bottling plant or factory to be used in laboratories for analytical or experimental purposes.	PR Internal Revenue Code Section 5023.02	n.d.a.
TEB - 302	Excise	Special Exemption to Beer, Malt Extract and others. Progressive Tax in substitution of refer by 5021.01	In lieu of tax established in paragraph (2) of subsection (c) of Section 5021.01 of this and other fermented or unfermented analogous products whose alcohol content exceeds one and one-half (1 1/2) percent by per volume referred to in paragraph (2) of subsection (c) of the aforementioned section, that are produced or manufactured by persons whose total production, if any, of said products during the most recent tax year has not exceeded thirty-one million (31,000,000) gallons measure, a progressive tax per measured gallon produced, imported or introduced shall be collected	PR Internal Revenue Code Section 5023.04	System of payments made by collector centers.

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This bibliography lists the books and articles that form the source material that Hacienda referenced during the development of the PRTER. Much of the discussion in Sections I through IV of the PRTER was drawn from these sources and altered to apply to the tax law specific to Puerto Rico.

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