

PRESS RELEASE

TRANSLATION



Office of the Secretary

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TREASURY COLLECTS \$854 MILLION IN DECEMBER; CORPORATE INCOME TAX REACHES HIGHEST LEVEL FOR DECEMBER, UP BY \$30 MILLION, OR 10%, COMPARED TO DECEMBER 2013, AND BY \$47 MILLION COMPARED TO ESTIMATES

Fiscal year-to-date SUT revenues exceed prior year period by \$41 million; allocations to COFINA are completed for the first time in December

(San Juan, Puerto Rico) – Treasury Secretary Juan Zaragoza Gómez announced that preliminary General Fund revenues totaled \$854 million last December, with \$597 million corresponding to income taxes, which are up by \$39 million compared to December 2013.

Even though total revenues were below estimates by \$64 million in December, Zaragoza Gómez stated that there were certain categories that exceeded estimates. “Corporate income taxes were the main driver this month totaling \$336 million, the highest level for a month of December. This represented \$30 million, or 10%, more compared to December 2013, and \$47 million above estimates for this month,” Zaragoza Gómez stated.

The Officer indicated that another important category was the individual income tax at \$179 million, which registered a \$7 million increase on a year-over-year basis. However, collections were below monthly estimates by \$61 million. These estimates included about \$40 million from the extension of the temporary period during which taxpayers could prepay certain transactions, such as Individual Retirement Accounts (IRAs), retirement plans and other capital assets. The law extending the period to January 31, 2015 was approved late last month, on December 22, 2014, preventing taxpayers from taking advantage of the preferential rates. Taxpayers who were unable to take advantage of these benefits are expected so do in January 2015, which will bring additional

resources. \$151 million were collected during the original term of the preferential rates for these prepayments.

As to the 6.0% state Sales and Use Tax (SUT) revenues, Zaragoza Gómez explained that December revenues increased by 3.5%, rising to \$121.5 million. SUT revenues were the highest for a month of December since the SUT was implemented in November 2006. Fiscal YTD (July-December) SUT revenues totaled \$690 million, for a year-over-year increase in adjusted revenues of 6.3%, or \$41 million. SUT revenues have registered consecutive year-over-year increases during the last 17 months.

The Treasury Secretary pointed out that December SUT revenues completed the amount of \$670 million that are transferred to COFINA to service the debt issued by COFINA. This is the first fiscal year when the transfer of SUT revenue to COFINA is completed in December; previously this took place in January. “This means that from now until the end of the fiscal year, from the total amount of all SUT revenues, 5.5% will be allocated to the General Fund and 0.5%, to the Municipal Administration Fund,” he stated.

Certain excise taxes collections showed increases. Alcoholic beverages and tobacco products registered \$5 million and \$4 million increases, respectively. Meanwhile, motor vehicles reflected a \$12 million reduction. According to automobile industry sources, auto sales should improve given that a law was recently passed reducing the excise tax by 15% and lower retail gas prices.

There are two main reasons for the \$77 million year-over-year decrease in the foreign corporation excise tax (Act 154). First, last October, one corporation reached the maximum cap for the excise tax for the calendar year, as opposed to 2013 when it reached the maximum cap in December. Consequently, this corporation did not make any payments in December. Second, another corporation made some payments last year that were not recurrent this year.

Finally, Zaragoza Gómez announced that collections for the first half of FY 2015 are \$97 million, or 2.5%, below estimates.

General Fund Net Revenues
December
(million of \$)

Items	December		Dif.	Estimate December	Collections vs. Estimate
	2013-14	2014-15			
Gross General Fund Net Revenues	974.3	893.0	(81.2)	957.0	(64.0)
Reserve for Refund	(49.0)	(39.0)	10.0	(39.0)	-
General Fund Net Revenues	925.3	854.0	(71.2)	918.0	(64.0)
Individual	172.6	179.1	6.5	240.3	(61.2)
Corporations	305.5	335.7	30.2	288.8	46.9
Non-Resident Withholdings	73.8	78.4	4.6	73.8	4.6
Sales and Use Tax	-	-	-	0.8	(0.8)
Property Taxes	0.8	1.1	0.4	-	1.1
Foreign (Act. 154)	176.5	99.9	(76.6)	148.0	(48.1)
Alcoholic Beverages	26.4	31.8	5.4	25.7	6.1
Cigarettes	15.7	19.8	4.1	15.1	4.7
Motor Vehicles	40.7	28.6	(12.2)	39.1	(10.5)
Excises on Off-Shore Shipment Rum	25.6	27.3	1.6	11.8	15.5
Others	87.5	52.3	(35.2)	74.6	(22.3)

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

Items	July - December		Dif.	Estimate Jul - Dec	Collections vs. Estimate
	2013-14	2014-15			
Gross General Fund Net Revenues	4,252.6	3,989.5	(263.2)	4,086.0	(96.5)
Reserve for Refund	(294.0)	(234.0)	60.0	(234.0)	-
General Fund Net Revenues	3,958.6	3,755.5	(203.2)	3,852.0	(96.5)
Individual	879.5	1047.0	167.6	1074.0	(27.0)
Corporations	923.7	828.0	(95.7)	823.7	4.3
Non-Resident Withholdings	432.6	314.0	(118.6)	298.6	15.4
Sales and Use Tax	-	-	-	0.8	(0.8)
Property Taxes	10.1	9.0	(1.1)	0.0	9.0
Foreign (Act. 154)	900.5	857.8	(42.7)	900.0	(42.2)
Alcoholic Beverages	143.2	126.7	(16.5)	143.3	(16.6)
Cigarettes	80.5	83.8	3.3	76.5	7.3
Motor Vehicles	195.7	140.3	(55.4)	191.8	(51.5)
Excises on Off-Shore Shipment Rum	158.3	123.2	(35.0)	134.1	(10.9)
Others	234.7	225.7	(9.0)	209.2	16.5

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