

PRESS RELEASE

TRANSLATION



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PUERTO RICO SALES AND USE TAX COLLECTIONS TOTALED \$190.7 MILLION IN AUGUST 2015, \$22.2 MILLION ABOVE ESTIMATES

General Fund Revenues totaled \$550.0 million, up \$109.4 million compared to August 2014 and \$15.2 million compared to estimates

(San Juan, Puerto Rico) – Treasury Secretary Juan Zaragoza Gómez announced that Sales and Use Tax (SUT) Revenues collections in August 2015 totaled \$190.7 million. These collections correspond mainly to final sales and imports conducted in July 2015, which was the first month the new 10.5% state SUT rate was in effect. Collections were \$22.2 million, or 13.2%, above estimates.

Zaragoza Gómez stated that the fact that SUT revenues exceeded estimates during the first month at the new rate was very positive. August 2015 estimates took into account the possible effect of purchases made in advance of the rate increase. Nevertheless, the monetary values of the tax base subject to the SUT were very similar for August 2015 and August 2014. The Officer attributed this to a higher capture rate, because the SUT is being collected at ports, and to oversight measures related to debt collection efforts, among several other factors.

“The increase can also be attributed to the fact that the level of aggregate expenditure on consumption has been aided by economic factors, such as a relative reduction of energy prices associated to the price of oil,” he added.

The \$190.7 million SUT collected in August 2015 was distributed as follows: \$108.6 million to COFINA—corresponding to the 6.0% rate, from the total 10.5% state rate—to cover the debt service, and \$82.1 million to the General Fund—corresponding to the 4.5% rate. The base amount allocated to COFINA increases each fiscal year at a rate of 4%, which this fiscal year is \$26.8 million more

than last fiscal year, for a total base amount of \$696.3 million. The fiscal year-to-date (July-August) allocation to COFINA was \$251.3 million, a \$29.2 million year-over-year increase. This allocation represents 36.1% of the base amount that has to be deposited for FY 2016, compared to 33.2% of the total base amount deposited for the same period in FY 2015.

Sales and Use Tax Collections
(millions of \$)

	August 2014-15	August 2015-16	Dif	Jul-Aug 2014-15	Jul-Aug 2015-16	Dif
Total	108.4	190.7	82.3	222.1	345.1	123.0
COFINA	108.4	108.6	0.2	222.1	251.3	29.2
General Fund	-	82.1	82.1	-	93.8	93.8

General Fund Net Revenues totaled \$550.0 million in August 2015, a \$109.4 million year-over-year increase. Collections were \$15.2 million above estimates. Fiscal year-to-date collections exceeded collections on a year-over-year basis, as well as estimates: FYTD revenues totaled \$1,176.5 million, up \$111.7 million compared to the same period last year and \$36.3 million compared to estimates.

The main revenue categories showed mixed results in August 2015. Individual income taxes and non-resident withholdings reflected decreases of \$2.8 million and \$10.5 million, respectively, while corporate income taxes reflected a \$5.8 million increase.

The foreign excise tax was the main revenue driver, with \$178.3 million, or 32.4% of total collections in August 2015. In the year-over-year comparison, this category reflected a \$73.3 million increase as a result of the specific effect of one transaction by one corporation. Revenues for other consumption excise taxes, such as for alcoholic beverages, were similar on a year-over-year comparison. Cigarette excise taxes reflected a decrease due to changes in the composition of the companies in the market; this is expected to return to normal in the coming months. In addition, motor vehicle taxes were down \$8.4 million, which is explained mostly by the fact that several companies have claimed certain tax credits.

General Fund Net Revenues
August
(million of \$)

Items	August		Dif.	Estimate	Collections
	2014-15	2015-16		August	vs. Estimate
Gross General Fund Net Revenues	479.6	590.0	110.4	574.8	15.2
Reserve for Refund	(39.0)	(40.0)	(1.0)	(40.0)	-
General Fund Net Revenues	440.6	550.0	109.4	534.8	15.2
Individual	133.7	130.9	(2.8)	136.5	(5.6)
Corporations	35.4	41.2	5.8	25.6	15.6
Non-Resident Withholdings	40.2	29.7	(10.5)	32.2	(2.5)
Sales and Use Tax	-	82.13	82.1	72.2	9.9
Property Taxes	0.8	0.5	(0.3)	0.1	0.4
Foreign (Act. 154)	105.0	178.3	73.3	157.9	20.4
Alcoholic Beverages	19.8	19.7	(0.1)	18.0	1.7
Cigarettes	14.0	2.2	(11.8)	11.0	(8.8)
Motor Vehicles	23.1	14.7	(8.4)	20.7	(6.0)
Excises on Off-Shore Shipment Rum	26.1	34.2	8.1	34.1	0.1
Others	42.4	16.4	(25.9)	26.5	(10.1)

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

Items	July - August		Dif.	Estimate	Collections
	2014-15	2015-16		Jul - Aug	vs. Estimate
Gross General Fund Net Revenues	1,142.8	1,256.5	113.7	1,220.2	36.3
Reserve for Refund	(78.0)	(80.0)	(2.0)	(80.0)	-
General Fund Net Revenues	1,064.8	1,176.5	111.7	1,140.2	36.3
Individual	275.8	294.4	18.6	292.8	1.6
Corporations	134.8	137.5	2.8	120.6	16.9
Non-Resident Withholdings	57.4	60.0	2.6	60.3	(0.3)
Sales and Use Tax	0.0	93.8	93.8	81.7	12.1
Property Taxes	1.5	5.1	3.6	3.9	1.2
Foreign (Act. 154)	388.3	437.2	48.8	412.2	25.0
Alcoholic Beverages	36.0	42.5	6.5	36.5	6.0
Cigarettes	28.9	11.9	(17.0)	21.7	(9.8)
Motor Vehicles	30.2	16.1	(14.1)	24.8	(8.7)
Excises on Off-Shore Shipment Rum	41.7	34.2	(7.5)	34.1	0.1
Others	70.2	43.8	(26.4)	51.6	(7.8)