Our Mission

- Achieve competitiveness and reduce the cost of doing business in Puerto Rico
- Become the main innovation center of the Caribbean, the US and Latin America
- Facilitate creativity and sustainable projects
- Develop and support our human capital

Transform Puerto Rico’s Economy

- Small Business
- R&D
- DMO
- Flexibility

Science & Technology
Industrial Sector
Enterprise PR
Markets
Jobs Creation
Incentives Code
Exports
Reforms
DMO

Puerto Rico’s Economy

Government of Puerto Rico
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE

PRIDCO
Create new and well paying jobs

Strengthen our entrepreneurial sector and increase exports of goods and services from our Small & Medium Enterprises

Facilitate the expansion of our current businesses and industrial base

Strategic Sectors & Focus

- Attract new businesses to invest in Puerto Rico
- Create new and well paying jobs
- Strengthen our entrepreneurial sector and increase exports of goods and services from our Small & Medium Enterprises
- Facilitate the expansion of our current businesses and industrial base
About Us

**Privileged geographical location:**
Easy access to U.S., Latin America and Europe.

**Population:** 3.4 million (as of July 2016)
**Languages:** Spanish & English

**Direct flights to major cities**
(Miami 2.5 hrs., New York 3.5 hrs., Spain 8 hrs.)

Puerto Rico residents and businesses are subject to the legal protection and mandates of both the U.S. and the Puerto Rico Constitutions.
A Modern and Diversified Economy

**GNP**
$70.1 billion

**GDP**
$105.0 billion

**GDP PER CAPITA**
$30,516

**EXPORTS VALUE**
$71.9 billion

**IMPORTS VALUE**
$43.3 billion

**Gross Domestic Product Share by Main Economic Sector Fiscal Year 2016**

- **Manufacturing**: 47.3%
- **Government**: 7.0%
- **Services**: 6.2%
- **Commerce**: 7.6%
- **Finance, Insurance and Real Estate**: 19.8%
- **Tourism**: 8.0%
- **Agriculture**: 0.8%
- **Utilities**: 1.9%
- **Construction & Mining**: 1.0%
- **Others**: 3.3%

**MANUFACTURING SECTOR GDP**

- **42.8%** Bio-Pharma
- **22.7%** Basic Chemicals
- **19.1%** Computer and Electronics
- **5.3%** Medical Devices
- **2.8%** Beverages & Tobacco
- **2.4%** Food
- **1.6%** Electrical Equipment
- **3.3%** Appliances and Component

*Contribution of the Tourism Sector to GDP is based on an estimate made by the World Travel Tourism Council and does not necessarily match the information in the Statistical Appendix of the PR Planning Board.

Source: PR Planning Board
Our Workforce: Key Competitive Advantage

Educated, technical and bilingual

The University of Puerto Rico – Mayagüez Campus is a top engineering school in the U.S.¹

University attendance has growth in the last several decades with women making up more than 55% of all students.¹

Highly educated workforce with vast knowledge in US and global regulations

Highly competitive wage rate. 30% to 50% lower labor cost than the mainland U.S.²

High retention and low turnover rates

Avg. Wage Rate

$28,740  $49,630

Source: PRMA – Miami ¹
Bureau of Labor Statistics 2016²
Puerto Rico’s Legal Framework

The Benefits of a U.S. Jurisdiction:

- All U.S. legal protections and regulatory framework
- Access to Federal funds & government contracts
- Intellectual property protected by U.S. laws
- Ability to use Made in U.S.A. label
- U.S. trade agreements
- FINRA & SEC, FDIC regulated financial sector
World-Class Infrastructure

- Island-wide broadband and fiber optic network
- More than 24,000 miles of highway with access to mass-transit system
- 3 International & 7 regional airports
- 11 seaports and trans-shipment seaport with post-panama vessel capability
- Puerto Rico has 7,206 acres of properties designated as Foreign - Trade Zone
- World class events and meeting facilities
Highly Diversified Industrial Base

- Life Sciences
- Aerospace
- Information Technology
- Finance, Banking and Insurance
- Export Services
- Creative Services
- Food Processing
- Logistics & Supply Chain
- Puerto Rican Rum
Science and High-Tech Related Industries
(BIO-Pharma Industry Contribution to Puerto Rico)

Bio-Pharma Industry GDP: 30%
Jobs: 78,000
Capital Investment: $10 Billion

Source: Newsletter PIA Insider 2016 10th Edition
Puerto Rico Clusters Map – Industries

- Expansions
- New Business
**Attractive Tax Structure**

**Economic Incentives for the Development of Puerto Rico** *(Act 73-2008)*

- **4% Corporate income tax rate** for manufacturing & related activities *(12% withholding tax on royalty payment)*

- **50% tax credit** with for eligible research and development activities

- **90% exemption for 15 years** on real and personal property taxes

- **60% exemption** on municipal license tax

- **100% exemption** on dividends distribution
Attractive Tax Structure

**Export Services**  
(Act 20-2012)

- 4% fixed income tax rate on export services.  
  *(Rate may be reduced to 3% when 90% of gross income is derived from export services and the export services are considered to be strategic)*

- 100% exemption on dividends distribution

**Individual Investors**  
(Act 22-2012)

- 100% exemption on local taxes for new residents on certain passive income  
  *(i.e. interest, dividends, capital gains)*

- Residency requirement: **183 days** in Puerto Rico

- In addition, the individual investors shall comply with the requirement of **Section 937** of the U.S. Internal Revenue Code
Attractive Tax Structure

**Tourism Incentives** (Act 74-2010)

- Tax credit equal to 10% of the total project costs, or 50% of the cash investment made by investors *(whichever is less)*
- **100% exemption** on municipal construction excise taxes
- **100% exemption** on sales and uses taxes
- **100% exemption** on excise taxes and other municipal taxes for new projects or **90% exemption**, if existing project
- **90% exemption** on income tax or **100% exemption** if project is located in the island municipalities of Vieques or Culebra
Attractive Tax Structure

**International Insurance Center**  
(Acts 399 & 400; Act 98-2011)

- Exemption from *premium taxes*
- Exemption on *dividends and other profit distributions* made by the International Insurer and International Insurance Holding Company
- Exemption on *municipal franchise*, real and personal property taxes
- 4% *tax rate on net income*, in excess of $1.2 million
- Other benefits

**International Financial Center**  
(Act 273-2012)

- Income Tax - 4% flat rate
- Dividends/Other distributions of profits
  - - 6% for Puerto Rico shareholders
  - - 0% for non-Puerto Rico shareholders
- Municipal License Tax - 0%
- Property Tax - 0%
Puerto Rico is an island of opportunities where any company can establish, relocate or expand their operations while enjoying the benefits of doing business in a U.S. jurisdiction.

Take Advantage. Puerto is Open for Business!
CONTACT US

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