

PRESS RELEASE

TRANSLATION



Office of the Secretary

August 7, 2014
Contact: María E. Quintero

Email: maru.quintero@hacienda.gobierno.pr
Tel: 787-398-0486

STRONG START TO FISCAL YEAR 2015:

JULY 2014 REVENUES EXCEED JULY 2013 REVENUES BY \$129 MILLION AND ESTIMATES BY \$37 MILLION

SALES AND USE TAX COLLECTIONS INCREASE BY 5.7%

(San Juan, Puerto Rico) – Treasury Secretary Melba Acosta Febo reported that the preliminary revenue for July 2014, the first month of fiscal year 2015, totaled \$624 million, exceeding July 2013 revenue by \$129 million, or 26%. This number also surpassed July 2014 estimates by \$37 million.

Acosta Febo stated, “Preliminary revenues for July 2014 are a good sign for the beginning of fiscal year 2015. Since January 2013, we have been on a steady path towards recovery and fiscal accountability. This month’s results strengthen the foundation for Puerto Rico’s future economic growth.”

Higher collections were driven mainly by a \$148 million increase in the foreign corporation excise tax (Act 154). This increase is due in large part to an increase in the tax rate to 4.0% from 2.75% in July 2013, which was the last month that the tax rate was 2.75% (purchases made under Act 154 are reported the following month). Another driver was corporate income tax revenue of \$99 million, up \$16 million, or 19%, compared to July 2013. This increase was driven by payments of gross receipt taxes, payments by Corporations that had filed for an extension, and payments of estimate taxes.

With respect to Sales and Use Tax (SUT) collections, Acosta Febo commented that the approval of Act 18 of 2014 strengthened the Puerto Rico Sales and Use Tax Financing Corporation’s

(COFINA's) financial capacity by restructuring the SUT so that the state tax rate is 6.0% and the municipal tax rate is 1.0%. In addition, to protect the financial stability of the municipalities, this law established a special fund known as Municipal Administration Fund (MAF), through which the municipalities will continue receiving the economic benefits of the revenues attributable to the 0.5%.

Acosta Febo continued, "July SUT revenues at the 6.0% rate reached \$113.7 million, all of which was deposited in COFINA for debt service. For the purposes of comparing July 2014 and July 2013 SUT collections, the SUT figure at 6.0% would be equivalent to \$104.2 at the 5.5% rate. When July 2013 revenues are adjusted by the amnesty's non-recurring amount, which was \$12.8 million, the comparable amount totals \$98.7 million (\$111.5 million - \$12.8 million). Accordingly, SUT revenues increased by \$5.6 million, or 5.7%."

Excise taxes for motor vehicles, alcoholic beverages, and cigarettes declined on a year-over-year basis. There was also a reduction in the excise tax on off-shore shipments of rum. "This reduction is due to a decline in the reimbursement per gallon of rum to \$10.50 in July 2014 compared to \$13.25 in July 2013. It is expected that during this fiscal year, as in previous years, a tax extender will be approved retroactively and this excise tax will again be \$13.25 per gallon," the Officer concluded.

General Fund Net Revenues					
July					
(million of \$)					
Items	July		Dif.	Estimate July	Collections vs. Estimate
	2013-14	2014-15			
Gross General Fund Net Revenues	544.0	663.2	119.2	626.2	37.0
Reserve for Refund	(49.0)	(39.0)	10.0	(39.0)	-
General Fund Net Revenues	495.0	624.2	129.2	587.2	37.0
Individual	140.4	142.1	1.7	157.2	(15.1)
Corporations	83.3	99.3	16.1	103.0	(3.7)
Non-Resident Withholdings	28.7	17.2	(11.5)	28.7	(11.5)
Sales and Use Tax	-	-	-	-	-
Property Taxes	4.1	0.7	(3.4)	-	0.7
Foreign (Act. 154)	135.0	283.3	148.4	208.0	75.3
Alcoholic Beverages	19.2	16.2	(3.0)	19.8	(3.6)
Cigarettes	17.3	14.9	(2.4)	14.4	0.5
Motor Vehicles	13.3	7.1	(6.2)	16.8	(9.7)
Excises on Off-Shore Shipment Rum	29.2	15.6	(13.6)	17.1	(1.5)
Others	24.6	27.8	3.2	22.2	5.6

###