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Tax Update

Additional Eligible Activities Under the Economic Incentives Act and the Puerto Rico Export Services Act

Act 232-2014 amends the Economic Incentives Act for the Development of Puerto Rico (Act 73-2008) and the Puerto Rico Export Services Act (Act 20-2012) to add eligible businesses.

As amended, Act 73-2008 will consider the manufacturing of boxes, bottles and containers produced from corrugated cardboard as an activity eligible for incentives thereunder. These incentives include income taxation at a generally applicable rate of 4%, 90% property tax exemption and 60% municipal license tax exemption.

Further, Act 20-2012, as now amended includes the following services as eligible activities:

- Distribution and logistics carried out at the headquarters or similar regional offices of an entity engaged in rendering such services;
- Strategic and organizational planning of processes, distribution and logistics to persons outside Puerto Rico;
- Commercial and mercantile distribution of products manufactured in Puerto Rico to other jurisdictions;
- Assembly, bottling and packaging operations of products to be exported;
- Marketing centers principally dedicated to provide spaces and services such as: clerical, translation and information processing sources, communications, marketing, telemarketing and other consulting services rendered to businesses outside Puerto Rico, including export and marketing businesses, commercial and aggregate consulates, governmental agencies responsible for the foreign trade, barter and exhibition centers for products and services; and
- Trading companies that derive no less than 80% of their gross income from: (a) the purchase of products manufactured in or outside Puerto Rico and the resale of such products for use, consumption and disposition outside Puerto Rico or (b) commissions received from the sale of products for use, consumption and disposition outside of Puerto Rico, subject to certain conditions.

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