

# PRESS RELEASE

TRANSLATION



## Office of the Secretary

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### **PUERTO RICO TREASURY ANNOUNCES NOVEMBER REVENUES TOTALED \$488.6 MILLION; \$15.4 MILLION BELOW ESTIMATES AND \$36.7 MILLION ABOVE NOVEMBER 2014 REVENUES**

*The agency revises revenue estimates by \$508 million for FY 2016*

**(San Juan, Puerto Rico)** – Puerto Rico Treasury Secretary Juan Zaragoza Gómez announced that net revenues recorded in the General Fund in November were \$488.6 million, which represents a decrease of \$15.4 million, or 3.2%, with respect to estimates included in the original \$9.8 billion budget for FY 2016.

“November is usually one of two months that register lower collections during the fiscal year. This is the third consecutive month during this fiscal year that revenues have missed budget estimates. Fiscal year-to-date (July-November) revenues total \$3.051 billion, representing an increase of approximately \$149.5 million year-over-year, but \$23.9 million below estimates for the same period during FY 2016,” Zaragoza Gómez stated.

Given the behavior of year-to-date revenues, the Treasury Secretary announced that following the publication of the Commonwealth Financial Information and Operating Data Report dated November 6, 2015, revenue estimates for FY 2016 were revised from \$9.8 billion to \$9.292 billion, a \$508 million reduction. The main factors contributing to this revision were: revenues below estimates during the last quarter of FY 2015 (April-June), which were the basis to prepare estimates for the FY 2016 budget; the effect of the legislation that excluded certain services from paying the business-to-business SUT; and the behavior of revenues from certain categories from July to November.

In November, individual income taxes registered a \$31.3 million decrease compared to November 2014. This is due to the fact that, in FY 2015, the Treasury Department received \$29.4 million in non-recurring revenues associated with Act 77 of 2014, which granted a temporary period during which certain transactions, such as those involving Individual Retirement Accounts (IRAs), retirement plans and other capital assets, could be prepaid at preferential rates.

Sales and Use Tax (SUT) collections for November totaled \$191.5 million, approximately \$74.9 million more than in November 2014. This difference is the result of the increase in the SUT rate to 10.5% from 6%. SUT revenues were allocated as follows: \$109.3 million, corresponding to the 6% rate, was allocated to COFINA and the other \$82.2 million, corresponding to the 4.5% rate, was allocated to the General Fund.

Corporate taxes registered both upward and downward changes in November. Specifically, corporate income tax revenues registered an \$8.2 million decrease. Non-resident withholdings, which include royalties from the use of manufacturing patents, registered a \$21.9 million decrease. In this category, actual revenues were \$25 million below estimates. Foreign excise tax collections increased by \$10 million year-over-year.

Regarding consumption excise taxes, alcoholic beverages increased by \$4.9 million in November. Motor vehicle excise taxes were up by \$7.6 million. This is the first year-over-year increase in motor vehicle excise taxes for a month in FY 2016. Year-to-date revenues in this category have registered a \$31.9 million decrease. This can be attributed to the fact that a number of corporations claimed approximately \$32 million in tax credits. Compared to estimates, these revenues have decreased by \$17.4 million year-to-date.

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General Fund Net Revenues  
November  
(million of \$)

Items	November			Estimate	Collections
	2014-15	2015-16	Dif.	Original November	vs. Estimate
Gross General Fund Net Revenues	490.9	528.6	37.7	544.0	(15.4)
Reserve for Refund	(39.0)	(40.0)	(1.0)	(40.0)	-
General Fund Net Revenues	451.9	488.6	36.7	504.0	(15.4)
Individual	164.6	133.3	(31.3)	143.2	(9.9)
Corporations	28.5	20.3	(8.2)	28.3	(8.0)
Non-Resident Withholdings	61.6	39.7	(21.9)	64.7	(25.0)
Sales and Use Tax	-	82.18	82.2	88.7	(6.5)
Property Taxes	2.1	0.5	(1.6)	0.1	0.4
Foreign (Act. 154)	92.8	102.8	10.0	89.9	12.9
Alcoholic Beverages	17.2	22.1	4.9	18.4	3.7
Cigarettes	10.8	8.7	(2.1)	7.8	0.9
Motor Vehicles	21.7	29.4	7.6	18.2	11.2
Excises on Off-Shore Shipment Rum	20.3	20.2	(0.1)	20.9	(0.7)
Others	32.3	29.4	(2.9)	23.8	5.6

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

Items	November			Estimate	Collections
	2014-15	2015-16	Dif.	Original Jul - Nov	vs. Estimate
Gross General Fund Net Revenues	3,096.5	3,251.0	154.5	3,274.9	(23.9)
Reserve for Refund	(195.0)	(200.0)	(5.0)	(200.0)	-
General Fund Net Revenues	2,901.5	3,051.0	149.5	3,074.9	(23.9)
Individual	867.9	735.1	(132.8)	763.2	(28.1)
Corporations	492.3	487.3	(5.0)	469.1	18.2
Non-Resident Withholdings	235.6	212.9	(22.7)	247.4	(34.5)
Sales and Use Tax	0.0	329.8	329.8	343.1	(13.3)
Property Taxes	7.9	6.8	(1.1)	4.2	2.6
Foreign (Act. 154)	757.9	770.7	12.8	773.1	(2.4)
Alcoholic Beverages	94.9	101.4	6.6	97.0	4.4
Cigarettes	64.0	29.9	(34.1)	47.1	(17.2)
Motor Vehicles	111.7	79.9	(31.9)	97.3	(17.4)
Excises on Off-Shore Shipment Rum	96.0	94.1	(1.9)	89.4	4.7
Others	173.5	203.3	29.8	144.0	59.3