

JUNTA  
BORICUA



# GAME-CHANGERS WELCOME HOME

Be Part of Puerto Rico's Comeback



# ABOUT ABOUT

Invest Puerto Rico



# About Us

# Invest Puerto Rico

## MANDATE

Invest Puerto Rico, a not-for-profit 501c3, was created by Act 13-2017 as the official business attraction organization for the island, leveraging the expertise of the private and public sectors.

## MISSION

Promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the island.

## VISION

Serve as a transformational and results-oriented accelerator of economic development in Puerto Rico.



# About Us Our Services

We help companies and investors establish their operations on the island by:



Providing data & information about Puerto Rico's economy & industry sectors.



Assisting with the process of identifying commercial & industrial real-estate for projects.



Connecting companies with the talent they need to operate.



Connecting organizations in the public, private, nonprofit & academic sectors.



Connecting investors with local projects & businesses seeking capital.

# How We Work

## Functional Areas



### Create Awareness

Raise awareness of Puerto Rico to generate market activity

### Lead Generation

Build the project portfolio and execute more transactions

### Product Improvement

Create a competitive environment

### Stakeholder Liaison

Building a collaborative ecosystem

# Focus Sectors



## BIOSCIENCES

- ▶ Pharmaceuticals, Class 3 medical devices, cell and gene therapy, agricultural biotechnology, etc.



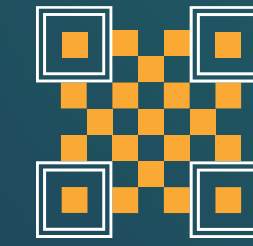
## AEROSPACE

- ▶ Design and Engineering Services
- ▶ Lightweight Component Manufacturing



## ENERGY

- ▶ Developers, financiers, and large-scale technology providers



## TECHNOLOGY

- ▶ Technology support services, software development, SaaS, blockchain, AI, cybersecurity, etc.



## ADVANCED MANUFACTURING

- ▶ Filling supply chain gaps such as 3D printing, electronics, etc.



## SERVICES PROFESSIONAL

- ▶ Knowledge economy, includes legal and accounting firms, client support centers, consulting and design services, etc.



## CREATIVE INDUSTRIES

- ▶ Film and music pre- and post-production, digital animation and digital games



## EMERGING SECTORS

- ▶ Circular economy, blue economy, etc.

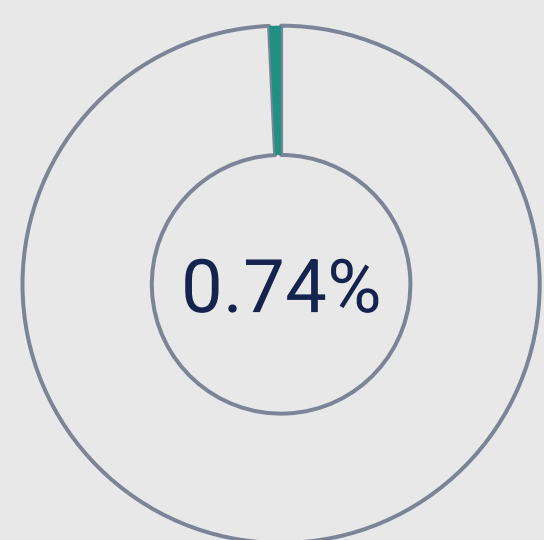
# Puerto Rico's Economy



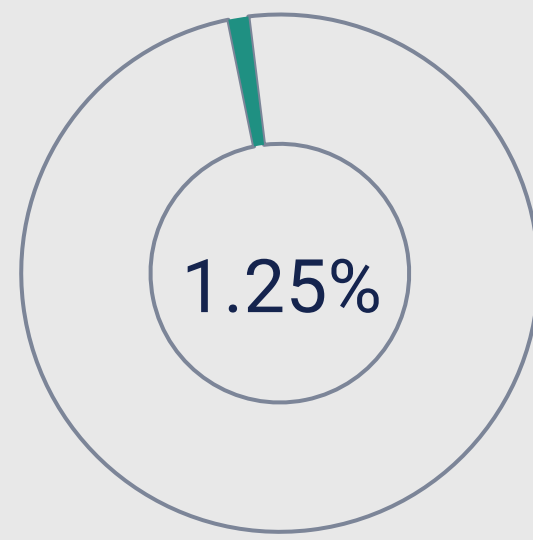


# Puerto Rico's Current Panorama

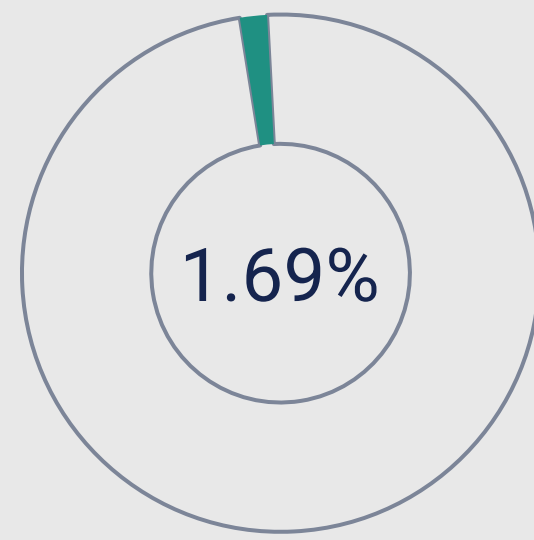
The Largest & Most Diversified Economy In The Caribbean.



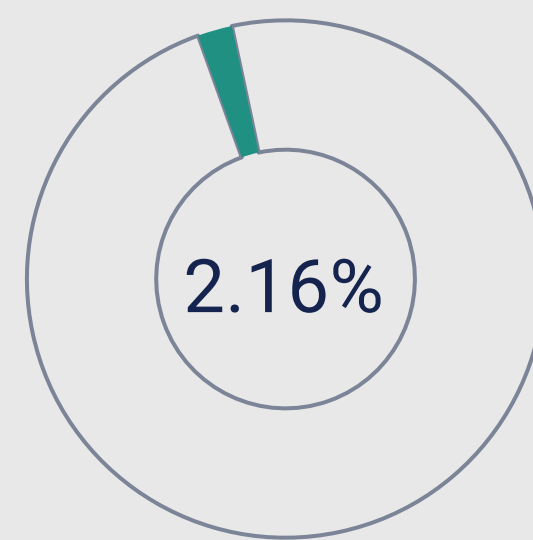
Agriculture & Mining



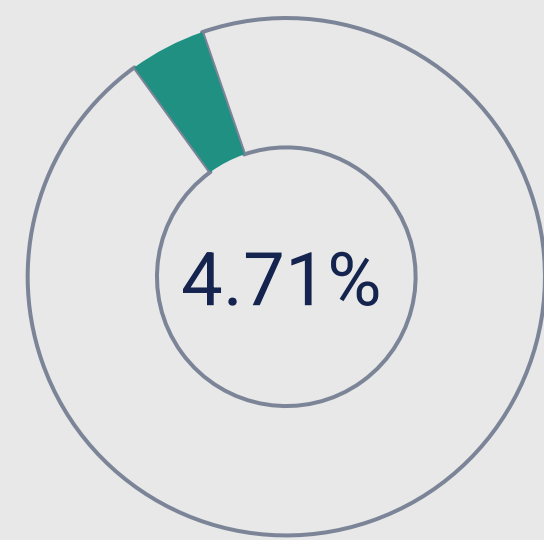
Construction



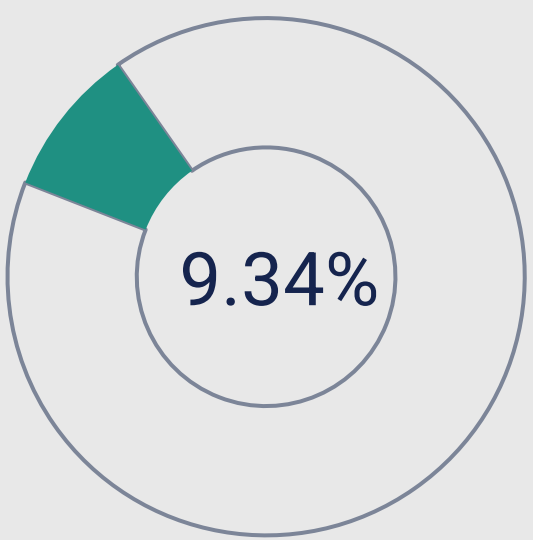
Logistics



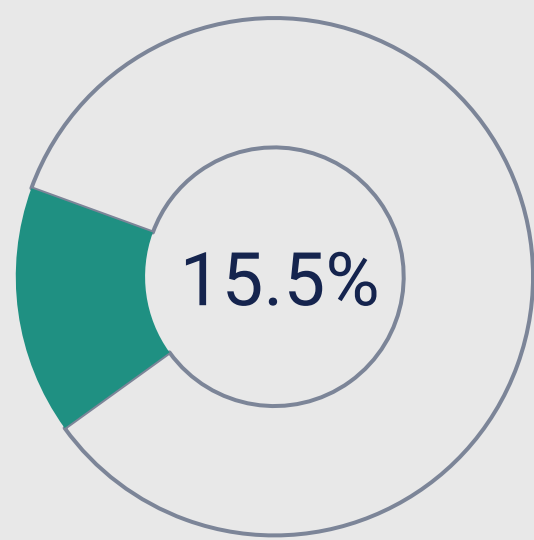
Utilities



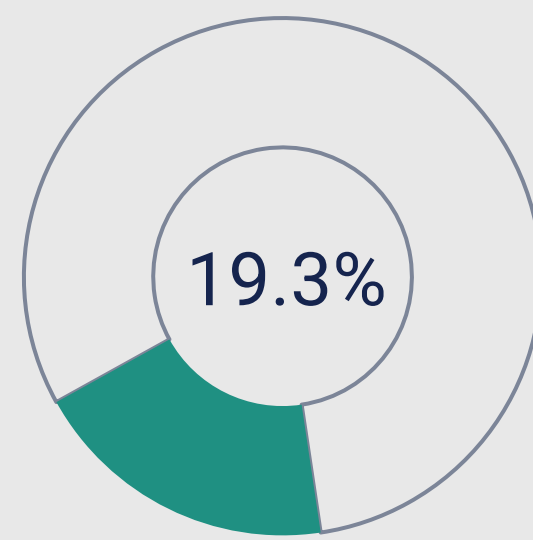
Government



Commerce & Retail



Services



Finance, Insurance & Real Estate

**Exports Value**  
\$63.6 billion

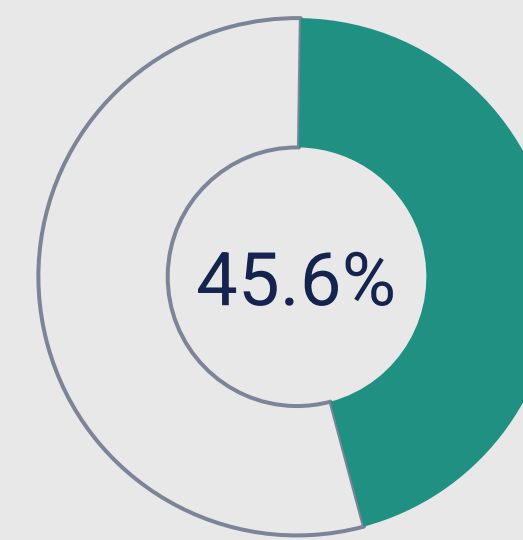
**Imports Value**  
\$56.3 billion

**GNP** \$81.55 billion

**GDP** \$117.9 billion

**GDP per Capita** \$36,162

### MANUFACTURING SECTOR EXPORTS



Manufacturing

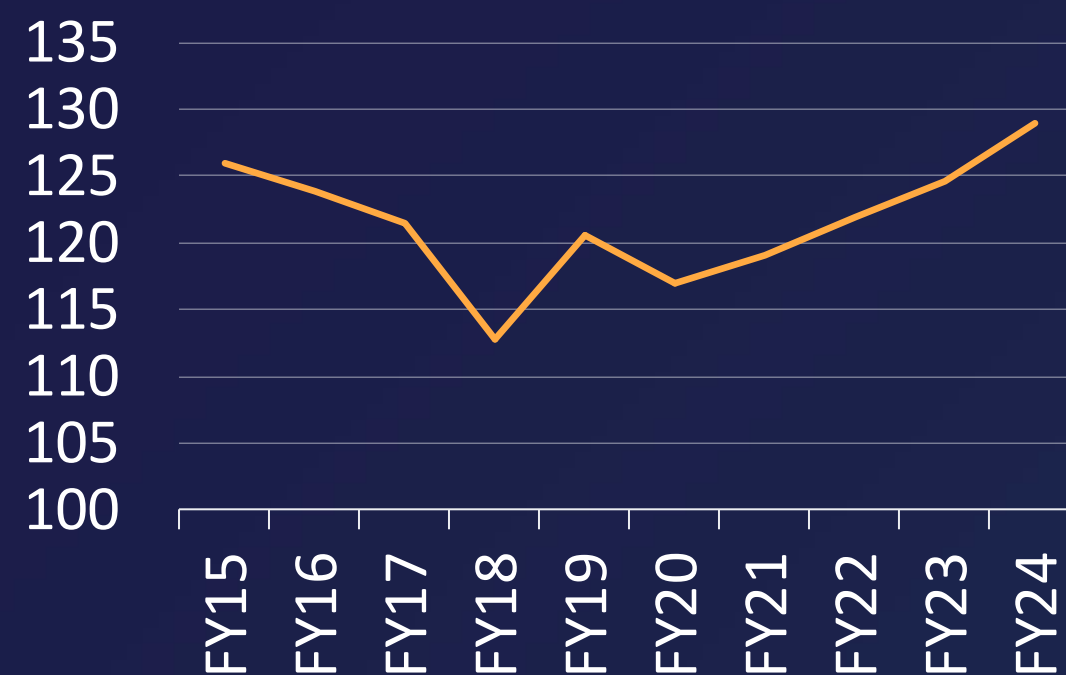
- 76.08% Pharmaceutical & Medicines
- 9.38% Medical Devices
- 3.08% Electrical Equipment, Appliances & Components
- 2.53% Computers & Electronics
- 1.94% Food, Beverages & Tabaco
- 1.91% Basic Chemicals
- 5.08% Others

# Economic Indicators Pointing Upwards

**10%**

Economic growth and constant increases in the Indexes of Economic Activity & Manufacturing Over 5-year period

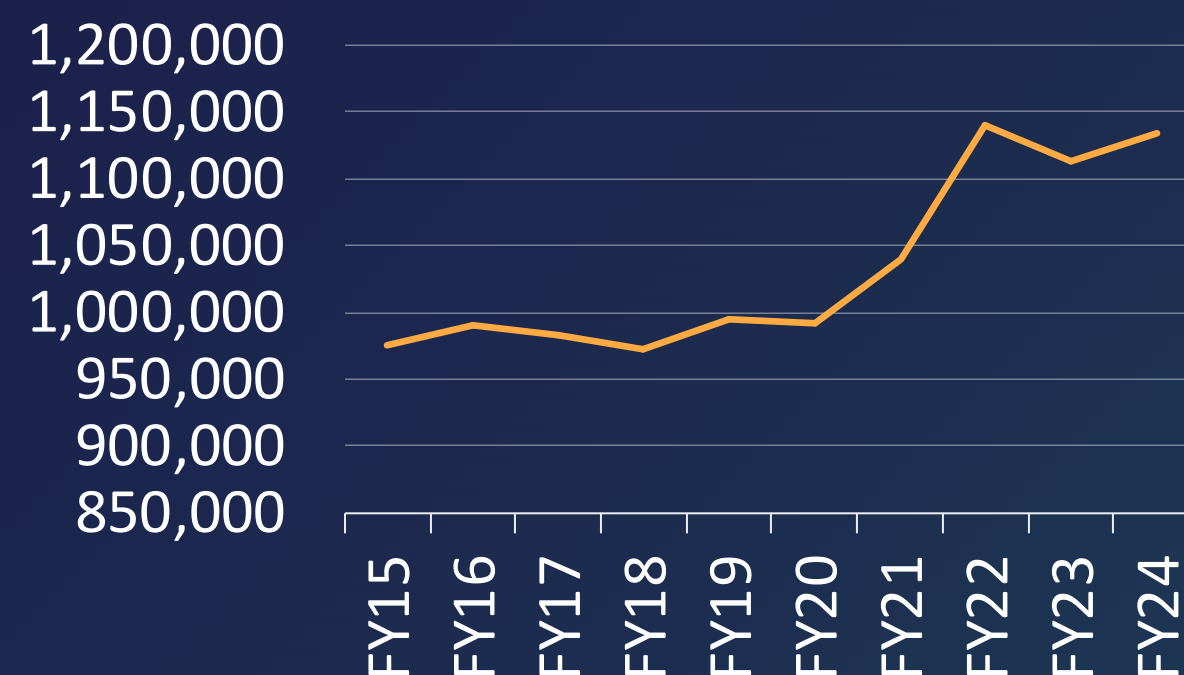
**Economic Activity Index**



**15%**

An unprecedented increase in total employment over that last 5 years

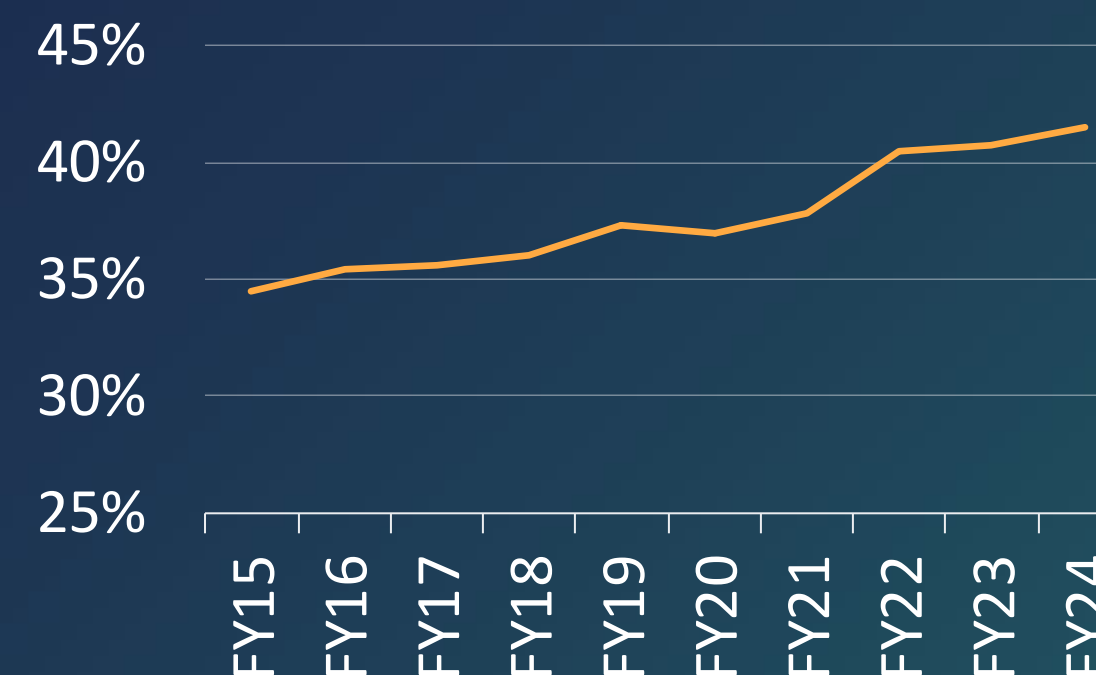
**Total Employment**



**5%**

Increase in the labor participation rate over 5-year period

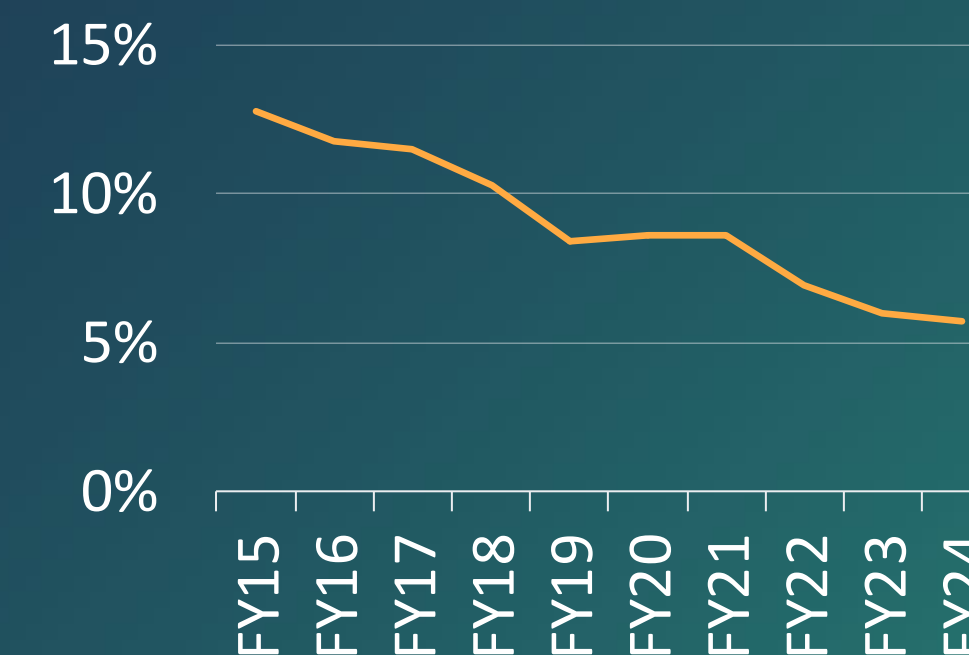
**Labor Force Participation (%)**



**5.7%**

Unemployment rate, the lowest in our history, with over 1,134,000 people employed; a target that has not been registered in more than a decade

**Unemployment Rate (%)**





# OUR VALUE PROPOSITION

Why Puerto Rico

# Puerto Rico's World Class Network

A Thriving Network of World-Class Business That Are Leveraging All The Island Has To Offer.



# Workforce Top-Notch Talent

#1

in the US graduating  
Hispanic engineers

**18,000**  
undergraduate  
**2,500**  
post-graduate

Degrees awarded in STEM  
and health fields annually  
totaling 50% of university  
graduates

#1

in the US in terms of  
percentage of labor  
force working in  
STEM field

**50k**

Skilled tech workers will join PR's  
workforce by 2035 due to the  
21st Century Techforce program  
- making us a top 10 jurisdiction  
for tech talent

# Workforce Development

The Goal is to Make Puerto Rico a Top 10 State/Territory for 21<sup>st</sup> Century Talent

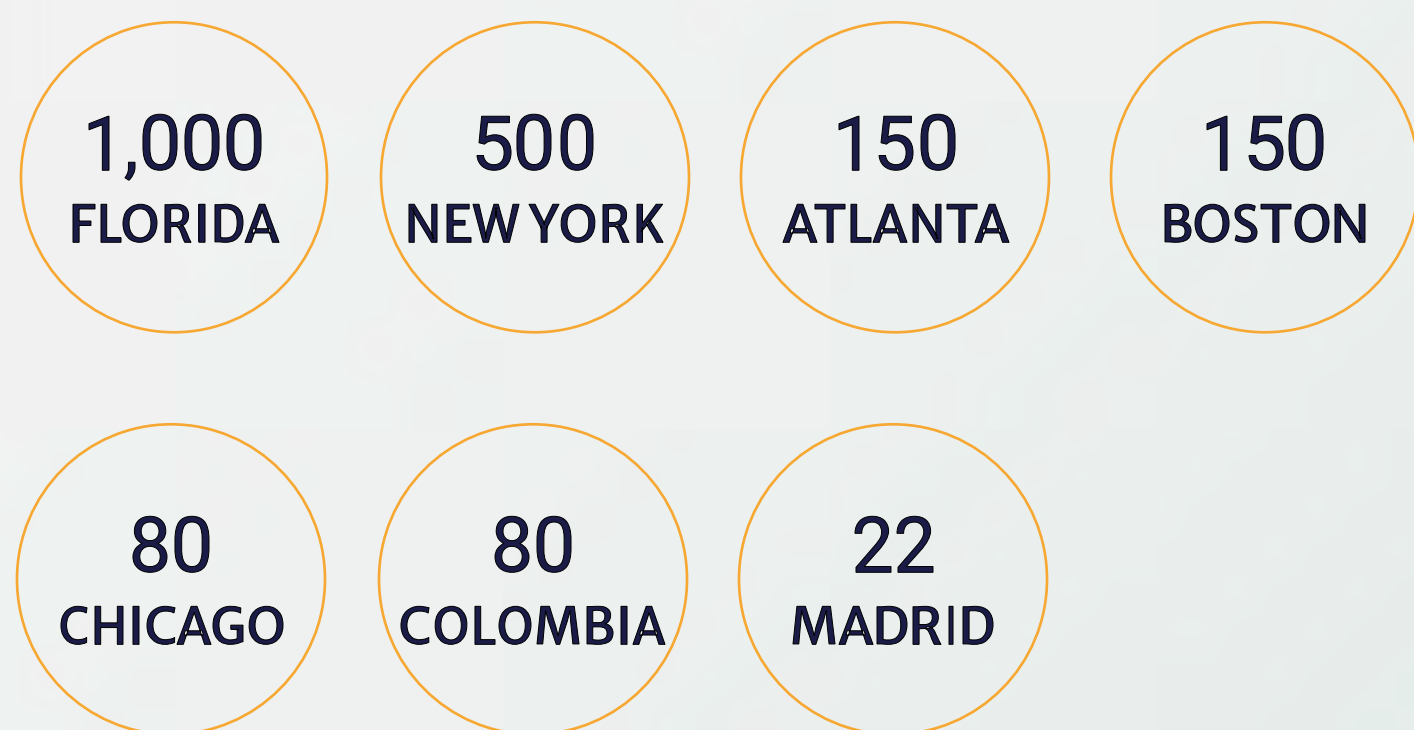
- ▶ Local talent retention, and attraction group ConPRometidos has identified around 30,000 individuals across the U.S. that are interested in coming back to the island.
- ▶ The Workforce Development Program at the Department of Economic Development and Commerce (DDEC) administers training and employment funds.
- ▶ Puerto Rico's Incentive Code (Act 60) also confers credits to employers who have a hard time filling roles, enabling companies to attract difficult-to-recruit talent to the island.
- ▶ The 21st Century Techforce initiative is leading efforts to provide suitable programs, develop a robust workforce, and coordinate effective action between different institutions.

# Stay Connected From Puerto Rico

Puerto Rico's Strategic Location Makes It the Ideal Entry Point To North & Latin American Markets

- ▶ Direct access to east coast, Europe, and LATAM.
- ▶ The San Juan Airport is the largest airport in Puerto Rico with non-stop passenger flights scheduled to 48 destinations in 14 countries with airlines flying from and to San Juan.

## DIRECT MONTHLY FLIGHTS



# Benefit from Unique Tax Incentives

Tax incentives are organized under The Puerto Rico Incentives Code - Act 60 of 2019.

- ▶ Puerto Rico's unique position as an unincorporated U.S. territory allows Puerto Rico to offer some of the most attractive tax incentives in the world.
- ▶ Under Internal Revenue Code §933, Puerto Rico sourced income is excluded from U.S. federal tax. Puerto Rico corporations are treated as foreign corporations for U.S. income tax purposes.
- ▶ Act 60 incentivizes eligible activities in the following areas:
  - ▶ Export of Goods & Services
  - ▶ Individuals
  - ▶ Finance & Insurance
  - ▶ Visitors Economy
  - ▶ Manufacturing
  - ▶ Agriculture
  - ▶ Infrastructure & Green Energy
  - ▶ Creative Industries
  - ▶ Entrepreneurship



# Rebuilding Infrastructure

Federal Funding is Driving Infrastructure Improvements

**\$400M**

For broadband in the next 5 years

**\$200M**

To build a 5G Network

**\$12B**

To rebuild the energy microgrid

**9,100+**

projects currently in process, valued at \$6,547M

**1,600**

permanent reconstructions completed in 2022

**\$830M**

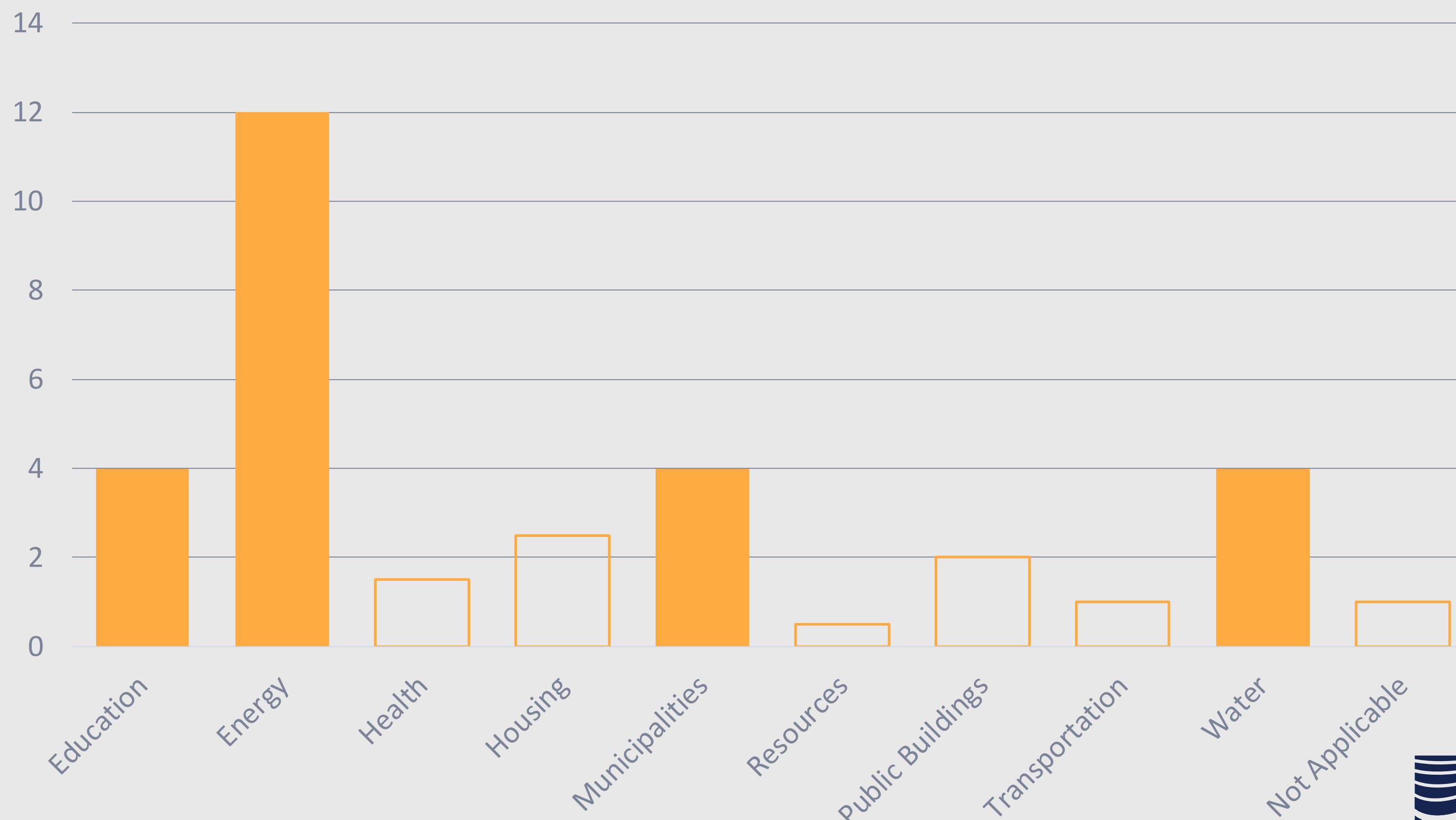
In highway & roads projects

**\$7,422M**

Of the PR Housing Dept. funds committed

**7,417**

families that have been served with new or renovated homes



# Access Partnerships That Help You Grow

Puerto Rico provides support services for businesses and individuals looking to invest and grow on the island. Invest Puerto Rico can connect you with key organizations that can assist you in getting established.

PUBLIC SECTOR	SERVICE PROVIDERS	ACADEMIA	NETWORKING GROUPS
MUNICIPALITIES	PRIVATE SECTOR	NONPROFITS	INDUSTRY PROFESSIONAL ASSOCIATIONS

# Thriving I&E Ecosystem

Puerto Rico's I&E ecosystem offers diverse coworking spaces, accelerators, and incubators, fostering growth & innovation



23+ coworking spaces around the Island.



Over 42 Accelerators & Incubators around the Island.



Puerto Rico's non dilutive funding model provides the lowest cost of capital of any source



Networking Opportunities



Emerging Blockchain / Web 3.0 Hub

# How We Help

## Business Tools

### **Impeller.**

- ▶ Platform that facilitates connections between investors and companies on the island

### Service Provider Directory

- ▶ A services directory to facilitate connections between service providers and businesses seeking to establish operations in Puerto Rico

### **RED ATLAS**

- ▶ Data and news platform to connect real estate professionals with accurate information about properties available on the market – industrial and commercial buildings

### Workforce Dashboard

- ▶ This tool contains information about the workforce in Puerto Rico; provides up-to-date information on talent availability and salaries, facilitating decision-making

### **panoràmica**

- ▶ A database of Puerto Rico's Innovation and Entrepreneurship ecosystem: startups, innovation, high-growth companies. It is powered by artificial intelligence

# Tax Incentives

Employee Schedule

EMPLOYEE	POSITION	HOURLY RATE	TOTAL HOURS	REGULAR PAY	OVERTIME PAY	TOTAL
JONES, K.	Manager	\$24.00	8.00	\$192.00	\$0.00	\$192.00
SMITH, J.	Sales Rep	\$18.00	8.00	\$144.00	\$0.00	\$144.00
...	...	...	...	...	...	...

DATE	IN	OUT	HOURS
10/24	8:00 AM	5:00 PM	8.00
10/24	8:00 AM	5:00 PM	8.00

# Benefit From Unique Tax Incentives

Tax incentives are organized under The Puerto Rico Incentives Code - Act 60 of 2019.

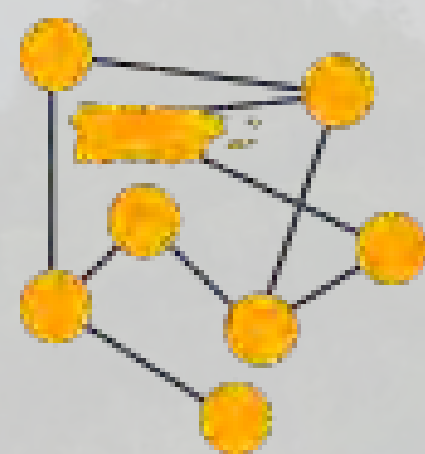
- ▶ July 1, 2019: Act No. 60-2019, also known as Puerto Rico's Incentive Code, was enacted in order to promote the Island's economic development, based on fiscal responsibility, transparency and efficiency in the way of doing business
- ▶ Encompasses the equivalent of more than 40 incentives acts that were previously administered by several government agencies
- ▶ Creates the Office of Incentives for Businesses in Puerto Rico ("OIN"), to administer, evaluate, process, and oversee applications for incentives, decrees granted, amendment requests, and other matters related to the approval of incentives under the Incentives Code
- ▶ Incentives Applications are available online: [incentives.ddec.pr.gov](https://incentives.ddec.pr.gov)

# Puerto Rico Incentives Code

## Act 60-2019



Individuals



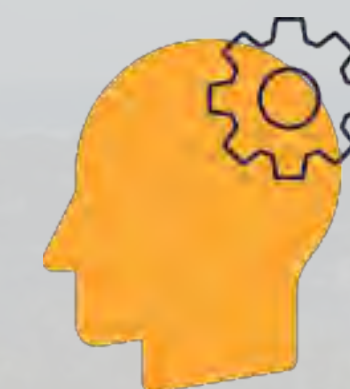
Export



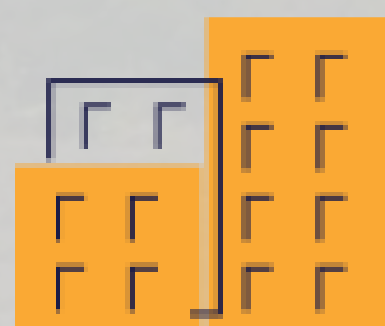
Finance & Investment  
Services



Visitors Economy



Manufacturing



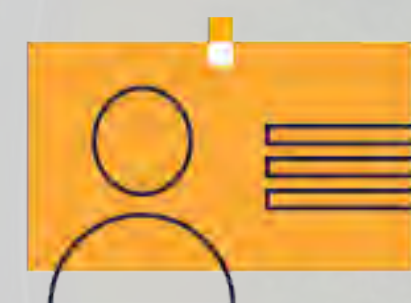
Infrastructure &  
Green Energy



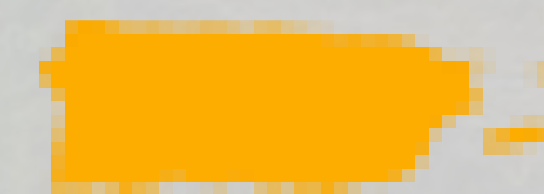
Agriculture



Creative Industries



Entrepreneurship



Opportunity Zones



Other Incentives

# Export Services Eligibility

Chapter 3, Act 60-2019

- ▶ Applicant must be an Individual or an entity with a bona fide office or establishment located in Puerto Rico, that performs or will perform eligible services.
- ▶ An existing entity can apply.
- ▶ Eligible services must be provided for the benefit of a client located outside of Puerto Rico
- ▶ Eligible Service cannot have Nexus with Puerto Rico



# Export Services Eligible Activities

## Chapter 3, Act 60-2019

- ▶ R&D
- ▶ Advertising & Public Relations
- ▶ Consulting Services
- ▶ Advice Services on matters related to any trade or business
- ▶ Creative Industries, Music, Design, Fashion, etc
- ▶ Centralized managerial services
- ▶ Productions of blueprints, engineering & architectural services & project management
- ▶ Professional Services
- ▶ Development of licensable computer science
- ▶ Distribution of programs in physical form, network, cloud computing or blockchain and income derived from subscriptions, licensing, or fees
- ▶ Call Centers
- ▶ Shared services centers
- ▶ Telecommunications & data between personas located outside Puerto Rico
- ▶ **Any other Export Activity deemed eligible by the Secretary**
- ▶ Educational & training services
- ▶ Hospital & laboratory services, including telemedicine facilities & medical tourism services
- ▶ Investment banking & other financial services

# Export Eligible Activities

Chapter 3, Act 60-2019

## Export Trade (80% Gross Income Requirement)

- ▶ Trading Company
- ▶ Commercial distribution of products manufactured in Puerto Rico
- ▶ Sale of products manufactured or harvested upon request
- ▶ Assembly, bottling, and packaging operations of products for export
- ▶ Storage, transportation and distribution (hubs) for products belonging to 3rd parties

# Export Decree Preferential Tax Rates & Exemptions

- ▶ Decree: constitutes a contract between the Grantee and the Government of Puerto Rico
- ▶ Tax Exemption Period: 15 years, extendable for 15 additional years
- ▶ One (1) year to start operations once the Decree is approved

**4%**

Income Tax Rate

**0%**

On Dividends

**75%**

Exemption on  
property taxes

**50%**

Exemption on  
municipal volume  
of business taxes

For new PYMES (SMEs) whose average volume of business is \$3M or less or Vieques and Culebra

<b>2%</b> First 5 years of Decree	Income Tax Rate
<b>100%</b> First 5 years of Decree	Property Tax Exemption
<b>100%</b> First 5 Years of Decree	Municipal Volume of Business Tax Exemption

# Manufacturing Eligible Activities

## Chapter 6, Act 60-2019

<p>Industrial Unit established permanently for the <b>commercial scale production of manufactured products</b></p>	<p>Partial <b>Recycling Activities</b> (at least 2: collection, distribution, reconditioning, compaction, shredding, pulverization) Total Recycling Activities</p>
<p><b>Key Supplier Services</b> (Specialized storage; Logistics regarding the distribution and export of Manufactured Products; Quality control and process, equipment, and systems validation services; Sterilization of instruments, equipment, and clean room garments; calibration and maintenance of equipment; the design of systems and processes that improve the quality and productivity of exempt operations) ✓Legal, accounting, or tax consulting services ≠ key services</p>	<p>Repair, maintenance and conditioning of aircraft and maritime vessels ✓Only eligible activity under Act 73-2008 with an extension option (benefits remain the same, unlike Act No. 135-1997 extension)</p>
<p><b>Property dedicated to Industrial Development</b> ✓Lessee can be a Grantee under Act 135-1997 or Act No. 73-2008</p>	<p><b>Development of programs and licensed or patented applications.</b> ✓Distribution: physical, online or through the cloud or as part of a blockchain</p>
<p>Research Enterprises and Industrial or Scientific Development of new products, services or industrial processes ✓R&amp;D IDI ≠ R&amp;D Eligible Investment for Tax Credit</p>	<p><b>Licensing of Intangible Property developed or acquired by Exempt Business</b> ✓Intangible Property- Means patents, inventions, formulas, processes, designs, patterns, know-hows, copyrights, trade secrets, literary, musical, or artistic compositions, trademarks, trade brands, trade names, brand names, franchises, licenses, contracts, methods, software, systems, procedures, goodwill, studies, trials technical data, and any other similar property.</p>

# Manufacture Decree

## Preferential Tax Rates & Exemptions

- ▶ Decree: constitutes a contract between the Grantee and the Government of Puerto Rico
- ▶ Tax Exemption Period: 15 years, extendable for 15 additional years
- ▶ One (1) year to start operations once the Decree is approved

**4%**

Income Tax Rate

**0%**

On Dividends  
Excise and Sale  
Tax on raw  
materials,  
machinery and  
equipment

**75%**

Exemption on  
property taxes

**50%**

Exemption on  
municipal volume  
of business taxes

For new PYMES (SMEs) whose average volume of business is \$3M or less or Vieques and Culebra

<b>2%</b> First 5 years of Decree	Income Tax Rate
<b>100%</b> First 5 years of Decree	Property Tax Exemption
<b>100%</b> First 5 Years of Decree	Municipal Volume of Business Tax Exemption

# Difficult to Hire Employee

## Chapter 2, Act 60-2019

- ▶ New or Existing Bona Fide Resident of Puerto Rico
- ▶ Full time employee
- ▶ Specialized knowledge is indispensable to an Exempt Business
- ▶ Not a Grantee under Act 22-2012 or analogous sections under the Incentives Code

Income	Benefits
Income Tax - salaries and benefits over \$100,000	Totally exempted
Income Tax - salaries and benefits \$100,000 and under	Ordinary Tax Rate
Decree Exempted Period: 15 years (subject to 15 additional years)	



# Young Entrepreneur

## Chapter 10, Act 60-2019

- ▶ A Resident Individual of Puerto Rico
- ▶ Between the ages of sixteen (16) and thirty-five (35) and
- ▶ Who has obtained his high school diploma or equivalent certification, or who is still enrolled in school leading to a high school diploma or certificate
- ▶ New Business must commence operations on or after the Application filing date
- ▶ Business must be operated, exclusively, by the Young Entrepreneur
- ▶ Benefits shall be limited to only one new business per Young Entrepreneur

<b>100%</b> Exemption	Income tax on first \$500,000 net income
<b>100%</b> Exemption	Personal property tax
<b>100%</b> Exemption	Municipal volume of business tax



# Additional Incentives Available to Qualifying Entities

## Workforce Training Incentives

- ▶ Workforce Innovation & Opportunity Act (WIOA)
- ▶ **On the Job Training:** 50% reimbursement of training of the participant for the duration of the training
- ▶ **Customized Training:** 50% reimbursement of training of the participant for the duration of the training. Especially designed to meet specific requirements by the employer
- ▶ **Incumbent Worker Training:** 50% reimbursement of the cost of training for the employee (at least 6 months on the job)
- ▶ **Apprenticeship:** 50% reimbursement of the training. Upon Completion of the Registered Apprenticeship program, the participant obtains a USDOL credential which is nationally accredited and recognizes the skills that were acquired.



# TopDoerr

[topdoerr.com](https://topdoerr.com)

# Next Steps

## How Can We Collaborate?

- ▶ Stay updated on positive news about economic development and business opportunities in Puerto Rico.
- ▶ Leverage your circle of influence. Share information about developments on the island with your contacts in the United States and other countries. Raise awareness about Puerto Rico and our unique value proposition; this could attract new business and investment, good jobs, and economic growth.
- ▶ Remain positive about Puerto Rico, even when the island faces challenging situations. Remember the strength of our cultural ties and how we can help each other and the island.
- ▶ Contact Invest Puerto Rico; stay connected to learn about new job or business opportunities, and let us know about opportunities to attract new businesses to the island.

Advocate for Puerto Rico

**#BeProudofYourWhere**

# THANK YOU THANK YOU

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