



Puerto Rico:

A Tropical Tax Getaway

eBook

& TAX ACTS 20/22

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Table of Contents

PROSPERING IN PUERTO RICO	03
TAX ACT 20	04
TAX ACT 22	05
ENTERPRISES	06
ENTREPRENEURS	07
EXPORTERS	08
LIFE IN PUERTO RICO	09
WORK IN PUERTO RICO	10
THE GOLDEN MILE	11
CONTACT INFO	12

PROSPERING IN PUERTO RICO

In recent years, many U.S. businesses have struggled to stay competitive due to a trying economy and the burden of heavy taxation. In turn, Puerto Rico has enacted its own unique tax acts to stimulate the island's economy and provide exclusive benefits to high net-worth individuals.

Puerto Rico's booming financial district, luxury real estate and new tax laws have swiftly positioned the island as a highly sought-after destination for large enterprises, entrepreneurs and exportation services alike.

This eBook illuminates these different tax acts and the benefits of living and operating out of the "All Star Island."

Tax Act 20

Tax Act 20, also known as the Export Services Act, is the golden opportunity for investors and export service companies to engage in business activity within the U.S. while internationally benefiting from extremely low tax rates.



TAX BENEFITS

Tax Act 20 imposes a flat rate of 4% on corporate profits and ensures dividends paid from profits on exported services are 100% tax exempt. Businesses are also given up to 100% tax exemption for property taxes during the first five years of their operations and 90% tax exemption for personal property taxes for business. Tax benefits under Act 20 will be available until December 31, 2035.

APPLICATION REQUIREMENTS

In order to apply and qualify for Tax Act 20, an applicant must request and obtain a tax exemption decree and conduct their professional services out of Puerto Rico. Businesses are required to have at least three full time employee residents of Puerto Rico within six months of opening operations, and five within two years of opening operations.

Tax Act 22

Tax Act 22, also known as the Individual Investors Act, encourages personal and professional investment in Puerto Rico, by providing attractive tax exemptions.



TAX BENEFITS

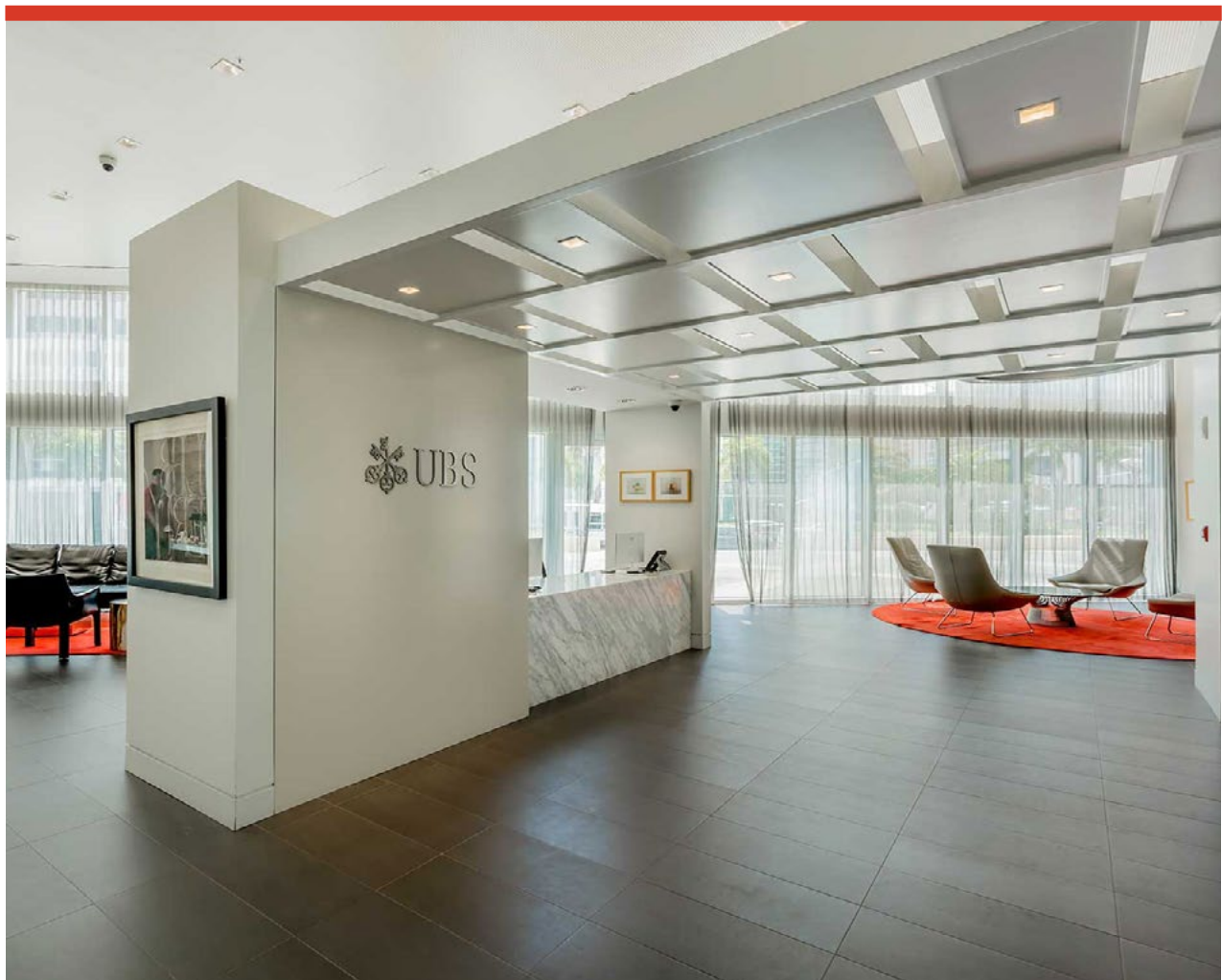
Tax Act 22 offers high net worth investors, who reside and operate out of Puerto Rico for more than half the year, 100% tax exemption on their dividend, interest and capital gains.

APPLICATION REQUIREMENTS

In order to benefit from Act 22, applicants must become a bona fide resident of the island prior to the expiration date of January 2036 and submit evidence of having filled form 8898 to notify the IRS of their new residency. Within two years of residency on the island, the applicant must also purchase property and open a bank account solely in Puerto Rico with a \$5,000 annual contribution to nonprofit organizations operating in Puerto Rico.

Enterprises

In recent years, [seasoned investors](#), corporations and [fortune 500 companies](#) have been left desperately searching for innovative measures to stay competitive while maintaining mission-critical working capital. With Tax Acts 20/22, Puerto Rico has become the perfect solution for professionals that are looking to live, operate and eventually retire in a promising socio-economic climate without renouncing their U.S. citizenship. In addition to the alluring tax benefits, Puerto Rico's quality of life, low cost of living, excellent healthcare, tropical weather, stunning beaches and thriving food and arts scene offers business owners a picture-perfect trajectory toward retirement.



Entrepreneurs



In today's cutthroat market, [entrepreneurs and start-ups](#) struggling to maximize revenue while maintaining valuable working capital during initial business operation are moving to the island to benefit from Acts 20 and 22. Since their enactment in 2012, Puerto Rico's Department of Economic Development and Commerce has cited that "approximately 250 high net worth individuals have moved their businesses to the island."

Programs in Puerto Rico, such as [Parallel 18](#), are attracting young and successful entrepreneurs. With these government sponsored accelerator programs, Puerto Rico is becoming the "new Silicon Valley," resulting in \$14 million in sales and new jobs on the island.

Exporters



[Export service businesses](#) are having an increasingly important role in the global trade industry, with United States as the leading exporter. However, businesses are faced with having to pay hefty income taxes on their worldwide income. With Act 20, Puerto Rico has now become an international export service center for industries such as law, engineering, R&D, insurance, legal services and manufacturing businesses. These industries are now able to expand their services to clients outside of the island, with little to no tax on export services, creating an environment for companies to flourish.

Life in Puerto Rico

Puerto Rico is home to some of the world's best golf courses, state-of-the-art tennis courts, marinas, beaches, rainforests, restaurants and nature trails. As part of the U.S. territory, those looking to make the move to the island can expect a vibrant bilingual community with U.S. currency, highly acclimated private schools and professional health care from quality hospitals—making the transition equal parts exciting and easy.



The cost of living in Puerto Rico is over 11% lower than the U.S. average, punctuated by exclusive residences and luxurious real estate, such as [Bahia Beach](#) and [Dorado Beach's](#) residential resort communities.



The island is also filled with enticing places to eat and drink such as San Juan which offers some of the most established restaurants and progressive Puerto Rican cuisine. And, with an average year round temperature of 82 degrees, Puerto Rico's "perfect weather" has earned them the 'capital of the Caribbean' title.

Work in Puerto Rico



Today, over 150 companies have made the move to Puerto Rico. Between the low cost of doing business and hiring labor, businesses are able to reallocate their profits and expand their businesses locally and internationally.

Hato Rey, Puerto Rico's Financial District, has become a real estate mecca for investors, and the island has become home to some of the most established companies such as General Electric, Microsoft and Axon. Businesses moving to the island will find advanced telecommunications infrastructure, so your business will be adequately connected with the rest of the world.



Going the “Golden Mile”



With the continued influx of new business cropping up across Puerto Rico, so have new office buildings. In the heart of Hato Rey, the flourishing financial district known as the “Golden Mile” is home to [American International Plaza](#) (a sixteen story, 326,275 rentable sq. ft. office tower) and its sister property, [270 Plaza](#) (a twenty story, 213,543 rentable sq. ft. office tower); both currently offer some of the most attractive leasing options for big corporations and small companies alike.

Both state-of-the-art towers boast turn-key office space, concierge oriented service, best-in-class fiber, 24-hour security with controlled access, 100% backup power and water, Energy Star certification and flexible floor planning. What’s more, American International Plaza and 270 Plaza have been deemed the “best U.S. Standard Class A buildings in Puerto Rico” for Act 20/22 investors and businesses.



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