



PUERTO RICO: MANUFACTURING INCENTIVES ACT

In order to bolster the manufacturing sector as well as other strategic areas, the Island's Government has created an aggressive economic and tax incentives program with the purpose of helping operations in the Island become more profitable to those companies who manufacture here.

Act No. 73 of 2008, known as the Economic Development Incentives Act, provides tax incentives for companies that establish and expand their Island operations, as well as tax credits for creating jobs and investing in research and development.

These incentives were created to ensure the Island's competitiveness in attracting investments and they are an opportunity for companies all over the world, particularly those dedicated to state-of-the-art technologies and added value.

In addition, the law promotes investments on research and development and initiatives from the academic and the private sectors by granting credits and exemptions for these activities. Furthermore, it helps to decrease operational and energy spending for companies moving to the island in order to help their operations remain profitable and efficient.

TAX BENEFITS:

- 4% fixed tax
- 0% to 1% income tax from innovative activities
- Up to 50% tax credit for purchasing local and recycled products
- Up to \$5,000 tax credit for job creation
- Up to 50% tax credit for research and development
- Special rebates for investing in structures, machinery and equipment
- Up to 50% tax credit for investing in efficient energy use and renewable energy machinery and equipment

For more information on the various incentives provided under the Puerto Rico laws, please visit

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and access our incentives alerts on the following topics:

- Cruise Industry Incentives Act
- Economic Incentives for the Development of Puerto Rico Act
- Export Services Incentives Act
- Film Industry Incentives Act
- Green Energy Incentives Act
- Incentives for Business Activity Performed in Vieques and Culebra
- Incentives for Rum Producers in Puerto Rico
- Individual Investors Act
- Manufacturing Incentives Act
- Municipal Economic Development and Tourism Incentives Act
- Puerto Rico Housing Incentives
- Tax Exemptions for Scientists
- Tourism Development Act