



PUERTO RICO: AN ISLAND WITH A MILLION REASONS TO VISIT

Over 5 million people visit Puerto Rico every year and this number is expected to increase. At this time, there are more than \$580 million invested in tourism projects underway and over \$2.8 billion still under development, such as a diverse array of hotels, resorts, casinos, and golf courses, amid other tourist attractions throughout the Island.

With this in mind, the Government of the Commonwealth of Puerto Rico provides incentives through Act No. 74 of 2010, known as the Tourism Development Act, to facilitate and promote world-class tourism projects.

Incentives

- Tax credits equal to the lesser of 10% of total project cost or 50% cash from investors, which can be monetized
- 100% exemption on municipal construction excise tax
- 100% exemption on imported goods and sales tax
- 100% exemption on municipal licenses
- 90% exemption on income tax
- 90% exemption on property tax
- The benefits under this law will remain valid for a period of 10 years from the opening date of the eligible tourism project and includes a 10-year extension

BUSINESSES ELIGIBLE TO BENEFIT FROM ACT NO. 74:

- Guesthouses, hostels, hotels, condo-hotels, timeshare vacation clubs, excluding casinos
- Theme parks, golf courses managed by, or associated with, a hotel that is an exempt business, marinas and port facilities in areas that promote and encourage tourism
- Natural resources used as entertainment sources
- Other facilities acting as recreational or entertainment sources, which encourage internal and/or external tourism

Project requirements to qualify for these incentives:

- Fully financed by private capital investments
- World-class hotel with at least a four-star rating
- A variety of commercial and recreational establishments

TOURISM INCENTIVES FOR THE ECONOMIC DEVELOPMENT OF MUNICIPALITIES ACT:

Act 118 of 2010, known as the Tourism Incentives for the Economic Development of Municipalities Act, intends to facilitate development of world-class resorts in strategic locations.

This act will grant a rebate on net income tax payment rates from tourist facilities' gambling operations.

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