



WHAT IS PUERTO RICO'S ACT 60?

Puerto Rico's Act 60 aims to increase investment in Puerto Rico through tax incentives. Before this Act took effect, there were a series of Puerto Rican tax benefits from Acts 20 (Export Services Act) & 22 (Individual Investors Act). Act 60 consolidates those benefits and updates qualification requirements

TAX BENEFITS PROVIDED UNDER ACT 60

0% tax on Passive Income (capital gains, dividends, interest)

4% Income tax

2-4% Corporate Tax (Businesses over 3 million are taxed at 4%, while companies with less than 3 million are taxed at 2% for the first 5 years)

75% exemption on Property taxes

50% exemption on Municipal Taxes

REQUIREMENTS TO PARTICIPATE IN ACT 60

BONA FIDE RESIDENCY IN PUERTO RICO



Physical Presence Test

- Present in Puerto Rico for **183 days** of the Tax Year (does not have to be consecutive)
- Present **549 days (or more) in the U.S. territory during the tax year AND 2 immediately preceding tax years** (a minimum of 60 days presence in the U.S. territory in each of these 3 years)



Must not have a tax home outside of Puerto Rico



Must not have a closer connection to other places, evaluated by

- Permanent Home
- Spouse and Kids
- Voting Jurisdiction
- Social or Religious organizations

THE TAX BENEFITS ONLY APPLY TO PUERTO RICAN-SOURCED INCOME

Individuals who gain capital gains before establishing bona fide residency in Puerto Rico are subject to US Tax