

PRESS RELEASE

TRANSLATION



Office of the Secretary

May 23, 2013
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PROJECTED REVENUE SHORTFALL FOR JUNE 30, 2013 NOW \$295 MILLION FROM ORIGINAL ESTIMATE OF \$965 MILLION, A 69% REDUCTION

TREASURY DEPARTMENT COLLECTS \$985 MILLION IN APRIL

(San Juan, PR) – Treasury Secretary Melba Acosta informed today that year-to-date revenues for FY 2013 totaled \$6.796 billion, which represents \$321 million less than the amount originally included in the budget. The deficit projection as of April 30, 2013 for fiscal year ending June 30, 2013, including certain transactions that will be closed before year end, is \$295 million, 69% less than the original \$965 million revenue deficit projection. This is one of the \$2.2 billion structural deficit components. This figure does not include the revenues expected from the recently implemented tax amnesty.

The FY 2013 deficit has been reduced mainly through the use of non-recurring measures. For next fiscal year the government administration has recommended and is currently evaluating permanent revenue measures.

On the other hand, Acosta stated that General Fund revenues totaled \$985 million in April, period on which income tax returns are filed. On a year-over-year basis, April 2013 revenues are not comparable to April 2012 levels due to the fact that last year's revenues include an extraordinary, non-recurring payment of \$209 million attributable to non-resident withholdings. This payment was not deducted from the base when the FY 2013 budget was configured. Excluding the non-recurring payment, April revenues were \$13 million below last year's revenues. Including the non-recurring payment, April revenues were \$222 million below last year's budget when compared to the budget, Acosta stated.

As to other main items, such as the individual income tax, total collections were \$304 million, approximately \$9 million below budget. However, corporate tax collections were \$293 million, which equals \$16 million or 5.7% above last year's collections.

Excise taxes related to personal consumption reflected increases in items such as, alcoholic beverages, cigarettes and motor vehicles, of 19.0%, 33.0% and 13.4%, respectively. However, sales and use tax ("SUT") revenues for April 2013 totaled \$93.3 million, a 4.9% reduction compared to April 2012.

Revenues from Act 154 excise tax on foreign corporations were \$127 million, a \$22 million reduction compared to last year. The difference is due to a reduced tax rate compared with the rate in place during the same period in 2012.

The Treasury Department continues its fiscal oversight and compliance efforts aimed at increasing collections, such as, strengthening its Tax Crimes Division, closely collaborating with the Justice Department and federal agencies in order to maximize resources through information exchanges, and initiatives to improve SUT collection mechanisms. The Secretary is in conversations with the Puerto Rico Banks Association to implement an automatic transfer process for the SUT directly from points of sale or cash registers at thousands of establishments.

Finally, the Secretary reminded taxpayers that they have until June 30, 2013, to take advantage of the recently implemented tax amnesty that includes debt on income taxes, SUT, excise taxes, estate taxes, donation taxes, and income tax withholdings, among others.

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