

PRESS RELEASE

CORRECTION

TRANSLATION



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JULY AND AUGUST REVENUES EXCEED ESTIMATES

Sales Tax revenue figures were highest for an August since tax was implemented in November 2006; in first half of September, several revenue items already exceed total revenues for the previous month

(San Juan, Puerto Rico) – Treasury Secretary Melba Acosta Febo announced that revenues during the first two months (July and August) of FY 2013-2014 total \$968 million, exceeding FY 2014 budget estimates for the same period by \$12 million, even though August revenues for certain items were below those of last year. In August, General Fund net revenues totaled \$473 million.

Sales and Use Tax (IVU, by its Spanish acronym) collections in August totaled \$96.3 million, a 2.5% year-over-year increase. This figure, representing July sales, was the highest for a month of August since the IVU was implemented in November 2006. “This increase is due to the expanded tax base measures and is another positive fiscal sign,” Acosta Febo explained.

IVU collections for August were allocated in full to COFINA. In FY 2013-2014, the first \$644 million in IVU collections will be allocated to COFINA for the payment of outstanding bonds. \$207.8 million have been transferred to COFINA in the first two months of FY 2013-2014, a 5.6% increase compared to the same period last year.

The Secretary expressed confidence in the behavior of FY 2013-2014 year-to-date collections as they are in harmony with estimates for the same period last year. “It should be noted that August, as well as July, were not typical months if we take into account that many of the new revenue measures have not taken effect yet or are still in an implementation phase because they were enacted on June 30, 2013. We expect to see, in the coming months, the results of the new tax

legislation and the different administrative measures we are implementing. In addition, we are closely monitoring collections and reinforcing fiscal oversight measures in order to meet our goals,” she underscored.

In August, the main source of net revenues to the General Fund was indirect taxes, such as, the excise taxes. Total excise tax collections were \$228 million, or 48% of total net revenues, while income tax revenues totaled \$198 million, or 42%, and the other items totaled \$47 million, for the remaining 10%.

Motor vehicle excise tax collections totaled \$37 million, the highest level for a month of August since 2006. FY 2013-2014 year-to-date collections of motor vehicle excise taxes reflect a 13.4% increase. Acosta Febo emphasized this as a positive economic indicator of consumer trust, since consumers are acquiring durable goods thru mid-term financing. The 4% excise tax on foreign corporations is another important category, with collections totaling \$150 million in August.

Finally, the Treasury Secretary announced that collections during the first half of September exceed collections for the same period last year. The Officer stated that tax payments due by September 15, such as, the excise tax on foreign corporations, have already surpassed total collections for the same month of last year. As of this date, collections for September total \$520 million compared to \$484 million during the same period last year. This reflects a 7.5% increase, which is positive for total September 2013 collections.

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General Fund Net Revenues
July - August FY 2013-14
(\$ millions)

Items	Revenues		Diff.	Estimates	Revenues vs. Estimates
	Jul - Aug 2012-13	Jul - Aug 2013-14		Jul - Aug	
Total Gross	907.9	869.7	(38.2)	857.6	12.1
Reserve	(98.0)	(98.0)	0.0	(98.0)	0.0
Total Net	1,005.9	967.7	(38.2)	955.6	12.1
Individuals	285.7	269.6	(16.1)	290.3	(20.7)
Corporations	79.7	107.2	27.5	94.8	12.4
Non-resident withholdings	75.8	70.3	(5.5)	69.0	1.3
Sales and Use Tax	-	-	-	-	-
Property Tax	2.0	5.9	3.9	0.0	5.9
Foreign (Act 154)	326.3	285.3	(41.0)	290.3	(5.0)
Alcoholic Beverages	40.4	44.4	4.0	37.6	6.8
Cigarettes	34.6	28.0	(6.6)	22.2	5.8
Motor Vehicles*	46.5	50.5	4.0	44.9	5.6
Off-shore shipments of rum	53.2	60.7	7.5	61.8	(1.1)
Other	61.7	45.8	(15.9)	44.7	1.1

*Excludes \$20 million for FY 2013 and \$25 million for FY 2014 transferred to the Green Energy Fund.