

Commonwealth of Puerto Rico
 Department of Economic Development and Commerce
 Office of Industrial Tax Exemption
 355 Franklin D. Roosevelt
 Hato Rey, PR 00919

Annual Report for Exempt Businesses
 Taxable Year ending on _____ of 20_____

Decree No. _____

Section I. General Information of the Exempt Business

Name of Exempt Business _____

Physical Address _____

Postal Address _____

Telephone _____ Fax _____

E-mail _____

Employer's Identification No. _____

Effective date of the Decree _____

- Type of Business: Manufacturing Export Services
 Key Supplier Services Recycling
 Strategic Project Other (Please specify) _____

If the exempt business has a previous decree approved , please indicate the decree No.

Section II. General Information related to other exempt businesses under the same Decree, if any. In case additional space is required, please include an attachment.

A. Name _____

B. Employer's Identification No. _____

C. Municipalities _____

D. Type of Activities _____

Section III. Exempt Business Information

A. Principal products manufactured or services provided by the exempt business (Please include an attachment if necessary) - _____

B. Employment and Payroll

Classification	Employment commitment as per the Decree	Employment at the end of the taxable year	Payroll at the end of the taxable year	Average annual employment
Production:				
Full time				
Part time				
Temporary				
Management				
Administrative				
Temporary (Administrative)				
Contracted by an Employment Agency (Excludes consultants and independent contractors)				
Total				

Classification	Employment commitment as per the Decree	Employment at the end of the taxable year	Payroll at the end of the taxable year	Average annual employment
Service:				
Full time				
Part time				
Temporary				
Management				
Administrative				
Temporary (Administrative)				
Contracted by an Employment Agency (Excludes consultants and independent contractors)				
Total				

C. Subcontracted Employment Information:

Company Name	Employer's Social Security No.	Employment

D. Raw Material, Services and Suppliers Information: (If additional space is required, please include an attachment).

Raw material / Service	Supplier	City/Country	Annual cost (\$)	NAICS ¹
Total:				

E. Marketing Outlets for the Company's products or services, at the end of the taxable year:

Product	Purchaser		City, Country	% Exports
	Main Office	Third Party (Indicate the name)		

F. Investment Information

1. Machinery and Equipment Investment

Investment during the taxable year				Projection for next Twelve Months	
Description	Cost (\$)	Date of Acquisition	Useful life (years)	Description	Cost (\$)

¹ North American Industry Classification System. The shaded item will be used by PRIDCO.

2. Land/Building Investment

Investment during the taxable year			Projection for next Twelve Months	
Description	Cost (\$)	Date	Description	Cost (\$)

Is the land/building of the exempt business shared with other operations? Yes No. If the answer is Yes, please include a brief explanation of the reasons to share the facilities, and specify the percentage of space that is shared: _____

3. Investment made with the income from eligible investments during the taxable year on eligible activities described under Section 2(j) (Act No. 8 of January 24, 1987; Act No. 135 of December 2, 1997, as amended, on December 31, 2006; and Act No. 73 of May 28, 2008) :

Act 8	Act 135	Act 73	Investment	Amount (\$)	Transaction date	Term
(1)	(1)	(1)	Interests and dividends of eligible funds invested in :			
(A)	(A)	-----	Obligations issued or secured by the Government of Puerto Rico, and loans or shares on loans granted or secured by the Government.			
(B)	(B)	(A)	Loans for the financing of construction, acquisition or improvements of housing in Puerto Rico.			
(C)	(C)	(B)	Loans for the construction, expansion, or acquisition of buildings or land, and for the purchase of machinery and equipment or for operating capital used in exempted businesses.			
-----	(D)	(C)	Loans for the acquisition of intangible property, for the financing of research, experiments and development of new industrial products or processes, or the improvement of them.			
(D)	(E)	(D)	Debt instruments issued by the Puerto Rico Conservation Trust and the Puerto Rico Housing and Human Development Trust.			
(E)	(F)	(E)	Capital notes or preferred stock, as authorized by Act No. 55 of May 12, 1933, as well as equity securities issued by financial institutions.			
(F)	(G)	(F)	Debt instruments issued by any subsidiary of the Farm Credit Banks of Baltimore or of its successor the AgFirst Farm Credit Bank.			
(G)	(H)	(G)	Loans issued to finance maritime and air operations directly related to trade and industry in Puerto Rico.			
(H)	-----	-----	Loans, securities backed or guaranteed by such loans, shares in said loans, repurchase agreements and any other activity deem to be eligible.			
-----	(I)	-----	Loans made to Special Employee-Owned Corporations.			
-----	(J)	(H)	Corporate stock or shares in partnerships that own or operate tourist businesses exempted under Act No. 78 of September 10, 1993, as amended.			

Act 8	Act 135	Act 73	Investment	Amount (\$)	Transaction date	Term
----	(K)	(I)	Stock in corporations or shares in partnerships established as Capital Investment Funds under Act No. 3 of October 6, 1987, as amended.			
----	----	(J)	Loans to finance any of the Strategic Projects.			
(I)	(L)	(K)	Any other debt instruments or loans designated by the Commissioner.			
(2)	(2)	(2)	Interest on eligible funds deposited or invested in institutions engaged in the banking business.			
			Section 4, Act No. 26 of June 2, 1978.			
			Section 1231 of the Internal Revenue Code of 1994, as amended.			

G. Financial Information

	Year	Projection after twelve months
Total assets		
Total liabilities		
Equity		

Income and Expenses of Manufacturing/Service

	Year	Projection after twelve months
Total Sales		
Cost of Sales:		
Manufacture		
Raw Material Cost		
Direct Labor Cost		
Factory <i>Overhead</i>		
Service		
Salaries and Employee Benefits		
Other Operating Costs and Expenses		
Manufacturing/Service Income		
Operating Expenses/Other Deductions		
Net Income		

H. Tax Liabilities

Fixed tax rate in the Decree _____ or Tax exemption percent _____
(Please provide an attachment with the information for each Municipality under the Decree).

Tax Liabilities	Fixed tax rate or Tax exemption percent	Total amount (\$)	Exempt amount (\$)
Income tax			
Property Tax:			
Personal			
Real			
Royalties			
Municipal Patents			
Other tax liabilities (Please specify)			
State			
Municipal			
Excise taxes			
Custom duties			
Sales and Use Tax of the Commonwealth of Puerto Rico (IVU)			
Tax, right, license, excise tax, tax rate or duty imposed by any municipal regulation.			

I. Special Deductions and Tax Credits Used During the Taxable Year. Please specify the applicable Act: Act No. 8 of January 24, 1987 Act No. 135 of December 2, 1997 as amended on December 31, 2006 Act No. 73 of May 28, 2008.

Act 8 Section 3	Act 135 Section 4	Act 73 Section 4	Special Deductions	Amount (\$)
----	(a)	----	Payroll Deduction	
----	(1)	----	15% of the exempted business production payroll.	
(a)(1)	(2)	----	Industrial Development Income is less than \$500,000 and has maintained an average number of 15 or more employees.	
(a)(2)	----	----	Net income from exempt operations of less than \$20,000 per production job.	
(a)(2)(C)	----	----	Payroll deduction to which it would be entitled under any previous Act.	
----	(b)	----	Human Resources Training and Improvement Expenses.	
----	(c)	----	Deduction for Research and Development Expenses:	
----	(1)	----	Expenses incurred for the research and development of new products or industrial processes, or the improvement thereof.	
----	(2)	----	Expenses incurred in Puerto Rico in research and development activities, experimentation, medical studies, health studies, clinical studies, and basic science studies for the development of new products, new uses or instructions for such products, the improvement thereof, or for the study of diseases.	
(k)	(d)	(a)	Deduction and Carryover of Net Operating Losses :	
(1)	(1)	(1)	Current losses incurred in activities not covered by an Exemption Grant.	
(2)	(2)	(2)	Current losses incurred in the operation of the Exempted business.	
(3)	(3)	(3)	Carryover losses of prior years.	
(4)	(5)	----	Losses for capital investments in an Exempted Business.	
----	(e)	(b)	Investment in buildings, structures, machinery and equipment.	
----	(f)	----	Purchase of products manufactured in Puerto Rico.	
Section 4(i)	----	----	Royalties, Revenues, Rents and Licenses	

Act 8	Act 135 Section 5	Act 73 Section 5	Credits	Amount (\$)	
Section 3(a)(3)	(a)	----	Losses of the Parent company.		
Section 4(d)(2)	(b)	(a)	Purchase of products manufactured in Puerto Rico.		
----	----	----	Tax on industrial development income - Section 3		
----	----	(1)	Tax on industrial development income - Section 3(a)		
----	----	(1)	Income taxes under the preceding applicable incentives Act.		
----	(b)	(2)	Purchase of products transformed in to article of commerce from recycled materials.		
----	(c)	----	Royalties, Revenues, Rents and Licenses		
Section 4(d)(3)	----	----	Expenses incurred in research, experimentation, and development of new products or industrial processes, or the improvement thereof.		
----	----	(b)	Job creation:		
----	----	(1)	Vieques & Culebra		
----	----		Low industrial development zone		
----	----		Intermediate industrial development zone		
----	----	(c)	Investment in Research and Development:		
----	----	(2)	Operating expenses		
----	----		Clinical trials		
----	----		Toxicology tests		
----	----		Infrastructure		
----	----		Renewable energy		
----	----	(d)	Intangible property		
----	----		(d)	Investment in machinery and equipment for the generation and efficient use of energy:	
----	----		(3)	(A) Own consumption	
----	----	(B) Substantial expansion in energy generating operations.			

Act 8	Act 135 Section 5	Act 73 Section 5	Credits	Amount (\$)
----	----	(e)	Reduction of the cost of electric energy:	
----	----	(1)	Base credit	
----	----	(2)	Additional credits for net electric energy consumption:	
----	----		(A) Retention of an average of (25) employees or more.	
----	----		(B) Maintained an average payroll of \$500,000 or more.	
----	----	(f)	Intellectual Property Transfer	
----	----		12% of the payments made for the use or right to use in Puerto Rico intangible property.	
----	----		2% of the payments made for the use or right to use in Puerto Rico intangible property.	
----	----	(g)	Investment in Strategic Projects	
----	----	(2)	Activities of design, development, and construction of dams and/or reservoirs, and all infrastructure necessary for its operation.	
----	----		Infrastructure for the operation of a strategic project.	

Act 8 Section 4	Act 135 Section 5A	Act 73 Section 6	Industrial Investment Credit	Amount (\$)
(b)	----	----	Investment of a part of the industrial development in an eligible activity under Section 2(j):	
(1)	----	----	Investment for a fixed term between 5 and 10 years.	
(2)	----	----	Investment for a fixed period equal to 50% or more of the industrial development income, except for the income described in Section 2(j).	
(3)	----	----	Investment of 50% or more of the industrial development income in bonds or obligations of the Commonwealth of Puerto Rico or its instrumentalities, or in securities guaranteed by said instrumentalities or by the pension or retirement systems, or in mortgages secured by the Housing Bank on dwellings constructed after January 1, 1986.	
(d)	----	----	Investment made and maintained of all, or part, of the industrial development income in the following activities:	
(1)	----	----	Payment of the balance of the principal of any debt incurred for the acquisition, construction or expansion of real property devoted, or to be devoted to industrial development.	
----	(a)	----	50% of the eligible investment.	
----	----	(a)(2)	(A) Amount of cash used in the purchase of a majority (50% or more) of the equity interests, or of the operational assets of an exempted business that is in the process of closing operations, or the cash contributed to such business in exchange for corporate stock or partnership interest that is used for construction or improvements of the physical facilities and for the purchase of machinery and equipment.	
----	----		(B) Amount of cash contributed in exchange for corporate stock or partnership interest in the establishment of an exempted business with a Grant, considered as a small or medium business, that is used for construction or improvements of the physical facilities and for the purchase of machinery and equipment to be devoted exclusively to industrial development.	

J. Special Deductions and Tax Credits transferred or sold during the taxable year. If additional space is required, please include an attachment).

Act 73 Section 5	Credits	Transferred	Sold	Recipient Company Name, Employer's Identification No./Social Security, Physical and Postal Address	Is the recipient company an exempt business?	Decree No.
(c)	Investment in Research and Development:					
(2)	Operating expenses				<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Clinical trials				<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Toxicology tests				<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Infrastructure				<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Renewable energy				<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Intangible property				<input type="checkbox"/> Yes <input type="checkbox"/> No	

Act 73 Section 5	Credits	Transferred	Sold	Recipient Company Name,Employer's Identification No./Social Security, Physical and Postal Address	Is the recipient company an exempt business?	Decree No.
(g)	Investment in Strategic Projects					
(2)	Activities of design, development, and construction of dams and/or reservoirs, and all infrastructure necessary for its operation.				<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Infrastructure for the operation of a strategic project.				<input type="checkbox"/> Yes <input type="checkbox"/> No	

Act 135 Section 5A	Act 73 Section 6	Industrial Investment Credit	Transferred	Sold	Recipient Company Name,Employer's Identification No./Social Security, Physical and Postal Address	Is the recipient company an exempt business?	Decree No.
(a)	-----	50% of the eligible investment.				<input type="checkbox"/> Yes <input type="checkbox"/> No	
-----	(a)(2)	(A) Amount of cash used in the purchase of a majority (50% or more) of the equity interests, or of the operational assets of an exempted business that is in the process of closing operations, or the cash contributed to such business in exchange for corporate stock or partnership interest that is used for construction or improvements of the physical facilities and for the purchase of machinery and equipment.				<input type="checkbox"/> Yes <input type="checkbox"/> No	
-----		(B) Amount of cash contributed in exchange for corporate stock or partnership interest in the establishment of an exempted business with a Grant, considered as a small or medium business, that is used for construction or improvements of the physical facilities and for the purchase of machinery and equipment to be devoted exclusively to industrial development.				<input type="checkbox"/> Yes <input type="checkbox"/> No	

K. Additional Incentives

Governmental Agency / Municipality	Description	Amount (\$)

Name (Print)

Authorized signature

JURAT

I, _____, UNDER THE MOST SOLEMN AND BINDING OATH AND SUBJECT TO THE CHARGES AND PENALTIES OF PEJURY, DO HEREBY DECLARE: THAT SUCH IS MY NAME, THAT I AM OF LEGAL AGE AND RESIDENT OF _____; THAT MY OFFICIAL TITLE IN THE EXEMPT COMPANY IS: _____; THAT I HAVE READ THE FOREGOING ANNUAL REPORT AND ATTACHMENTS, AND THAT THE STATEMENTS CONTAINED HEREIN ARE TRUE TO MY BEST PERSONAL KNOWLEDGE AND BELIEF.

SIGNATURE

AFFIDAVIT NUMBER _____
SWORN AND SUBSCRIBED TO BEFORE ME BY _____
OF LEGAL AGE AND RESIDENT OF _____, IN HIS
CAPACITY AS _____, TO ME PERSONALLY
KNOWN AT _____ ON THE _____ DAY
OF _____ OF _____.

NOTARY PUBLIC

Note: This report shall be filed in the Office of Industrial Tax Exemption within thirty (30) days of the submittance of the Income Tax Returns Form for Exempt Businesses. It must be submitted with a money order, certified check or manager's check for the amount of \$300.00, payable to the Secretary of the Department of Treasury of Puerto Rico. A copy shall be filed in the Department of Treasury of Puerto Rico and in the Puerto Rico Industrial Development Company (PRIDCO).