



COMMONWEALTH OF
PUERTO RICO

Government Development Bank
for Puerto Rico

Commonwealth of Puerto Rico

Revised Revenue Estimates

Fiscal Year 2013-2014

As of January 31, 2014





Disclaimer

Revenue Estimates for Fiscal Year 2013-2014 include General Fund Revenues and are based on currently available information and expectations of the Department of the Treasury. The Revenue Estimates are subject to certain risks and uncertainties and are preliminary and subject to change. Actual General Fund Revenues of the Commonwealth of Puerto Rico for Fiscal Year 2013-2014 may therefore vary significantly from those set forth in the published estimates. None of Commonwealth of Puerto Rico, the Department of the Treasury nor the Government Development Bank for Puerto Rico undertake to update the Department of the Treasury's projection to reflect the impact of circumstances or events that may arise after the date of publication.



Commonwealth of Puerto Rico

Revenue Estimates

As of January 31, 2014

General Fund Monthly Revenue Estimates and Actual Results

TaxType	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
	Actual FY 2014 Q1 & Q2 Results						Revised Monthly Revenue Estimates for Remainder of FY 2014						
Individuals	\$140,399	\$129,189	\$145,765	\$159,559	\$131,971	\$172,586	\$150,607	\$137,744	\$166,953	\$360,689	\$155,681	\$152,857	\$2,004,000
Corporations	83,261	23,924	250,501	230,779	29,690	305,535	79,661	24,893	138,070	776,234	104,397	466,055	2,513,000
Non-Resident Withholdings	28,711	41,600	49,392	176,579	62,510	73,787	67,636	60,303	75,265	60,000	43,634	80,583	820,000
Sales and Use Tax (SUT)	0	0	0	0	0	0	76,008	105,704	96,991	109,027	108,857	117,413	614,000
Act 154 Excise Tax	134,984	150,312	149,727	153,677	135,290	176,534	131,858	175,994	163,373	184,727	194,163	187,361	1,938,000
Alcoholic Beverages	19,215	25,200	19,292	26,670	26,361	26,445	21,332	20,197	22,074	20,552	24,063	31,599	283,000
Tobacco Products	17,299	10,728	9,691	17,705	9,360	15,725	17,296	13,429	15,382	15,578	14,764	17,043	174,000
Motor Vehicles	13,292	37,187	30,182	43,035	31,245	40,720	39,896	38,145	42,401	37,546	38,455	39,896	432,000
Off-Shore Rum Shipment Excise Tax	29,176	31,522	27,515	29,963	14,437	25,643	15,754	8,686	9,596	8,077	8,824	10,807	220,000
Other	28,664	23,048	49,038	23,517	32,161	88,349	27,599	27,681	64,728	50,744	31,471	80,000	527,000
Total	\$495,001	\$472,710	\$731,103	\$861,484	\$473,025	\$925,324	\$627,647	\$612,776	\$794,833	\$1,623,174	\$724,309	\$1,183,614	\$9,525,000

Source: Department of the Treasury

Revenue Estimates Description*



REVISION OF THE MONTHLY DISTRIBUTION OF THE REVENUE ESTIMATE FY 2013-14 – The Department of Treasury revised the distribution of the monthly estimate of revenues items for the months of January to June of the fiscal year 2013-14. The total revenues for the first six months of the fiscal year (July to December) surpassed the estimate by \$93 million. Some of the revenue items surpassed the estimate while others were underbudget. Taking into consideration the behaviour of the various revenue items for the first six months, the effect of the new tax legislation approved, and the fiscalization measures, the monthly distribution of certain revenue items was adjusted, keeping the total estimate of revenues for the year in \$ 9,525 million.

•**Seasonality/Monthly Revenue Distribution** – Estimated monthly revenues are based on the statutory seasonality of taxes, past revenue performance and general historical trends. For purposes of FY 2014 revenues, such revenues take into account the times of the year in which the fiscal initiatives budgeted for such fiscal year are expected to come into effect.

•**Individuals** - April experiences the highest collections each fiscal year, as personal income tax filings are due in April. FY2014 estimates reflect the impact of certain measures imposed by Act 40-2013, including a 2% top-line tax on sole proprietorships and self-employed professionals earning over \$200,000 and a limit on mortgage interest deductions.

•**Corporations** – Most corporations make estimated tax payments four times each Fiscal Year: on September, December, April, and June. April historically receives the highest allocation of monthly corporate revenues because corporations must pay estimated taxes for such calendar year and also file the last income tax returns for the prior calendar year. For fiscal year FY 2014, corporate tax revenues are estimated to increase significantly as a result of, among other things, a gross receipts tax, an adjustment to the corporate AMT and the reinstatement of 2010 corporate tax rates. April FY 2014 revenues also reflect a moratorium on certain tax credits with questionable economic impact. The Department of Treasury identified corporations that, as of December 2013, have not made the corporate income tax estimate payments as expected, including the gross sales tax, related to the second part of 2013, maybe waiting for the judicial resolution of certain case against the gross sales tax, a case which was dismissed on December 31, 2013. Collection efforts will be made, we expect to receive the payments during the current semester.

•**Sales and Use Tax** – SUT revenues flow to COFINA until COFINA receives the “Pledged Sales Tax Base Amount” for such fiscal year. The monthly estimate takes into consideration the behavior of the revenues with an increased base and with fiscalization measures in place.

•**Non-Resident Withholdings** – Includes the tax imposed on royalties for the use of patents in the manufacturing industry’s production processes. October collections include the effect of two payments related to a federal audit.

•**Act 154 Excise Tax** – Reflects an increase for FY 2014 in the Act 154 excise tax to 4%. For FY 2013, the Act 154 excise tax was 3.75% until December 31, 2012 and 2.75% for the remaining months of FY 2013. The Act 154 excise tax is collected and accrued by the Treasury Department one month in arrears.

•**Alcoholic Beverages** – Subject to seasonal factors, including higher consumption during summer months and holidays.

•**Tobacco Products** – Reflects effect of legislated increase in cigarette excise tax.

•**Motor Vehicles** – July FY 2014 collections reflects a decrease of \$25 million as a result of a green energy initiative.

•**Off-Shore Rum Shipment Excise Tax** – Imposed on shipments of rum from Puerto Rico to the United States mainland. During the first half of the fiscal year, revenues include monies used to make debt service payments on approximately \$117 million of bonds secured by such excise tax. Revenues for the second half of the fiscal year reflect the net effect of incentive payments for local rum production. In addition, the monthly estimate takes into consideration that the federal reimbursement beginning on January 2014 was reduced to \$10.50 per gallon.

•**Other** – Includes, among other things, (i) lottery revenues, which are expected to increase during FY 2014 as a result of new lottery revenue initiatives (electronic lottery revenues are received in September, December, March and June), (ii) casino revenues, which are estimated to increase as a result of an increase in the maximum amount of legally authorized slot machines, (iii) a new 1% tax on insurance premiums, which is expected to be received during the month of March, (iv) certain other income tax revenues arising from partnerships, tollgate taxes and interest and dividend payments, (v) inheritance and gift taxes, (vi) certain other miscellaneous excise taxes, and (vii) other miscellaneous non-tax revenues.

* For a more detailed description of Commonwealth revenues, including new revenue measures adopted for the FY 2014 budget, see “Commonwealth of Puerto Rico, Financial Information and Operating Data Report - Puerto Rico Taxes, Other Revenues, and Expenditures”, dated October 18, 2013.