



PUERTO RICO
RENAISSANCE

 **PRMA CONVENTION 2019**

OPPORTUNITY ZONES LEGISLATION

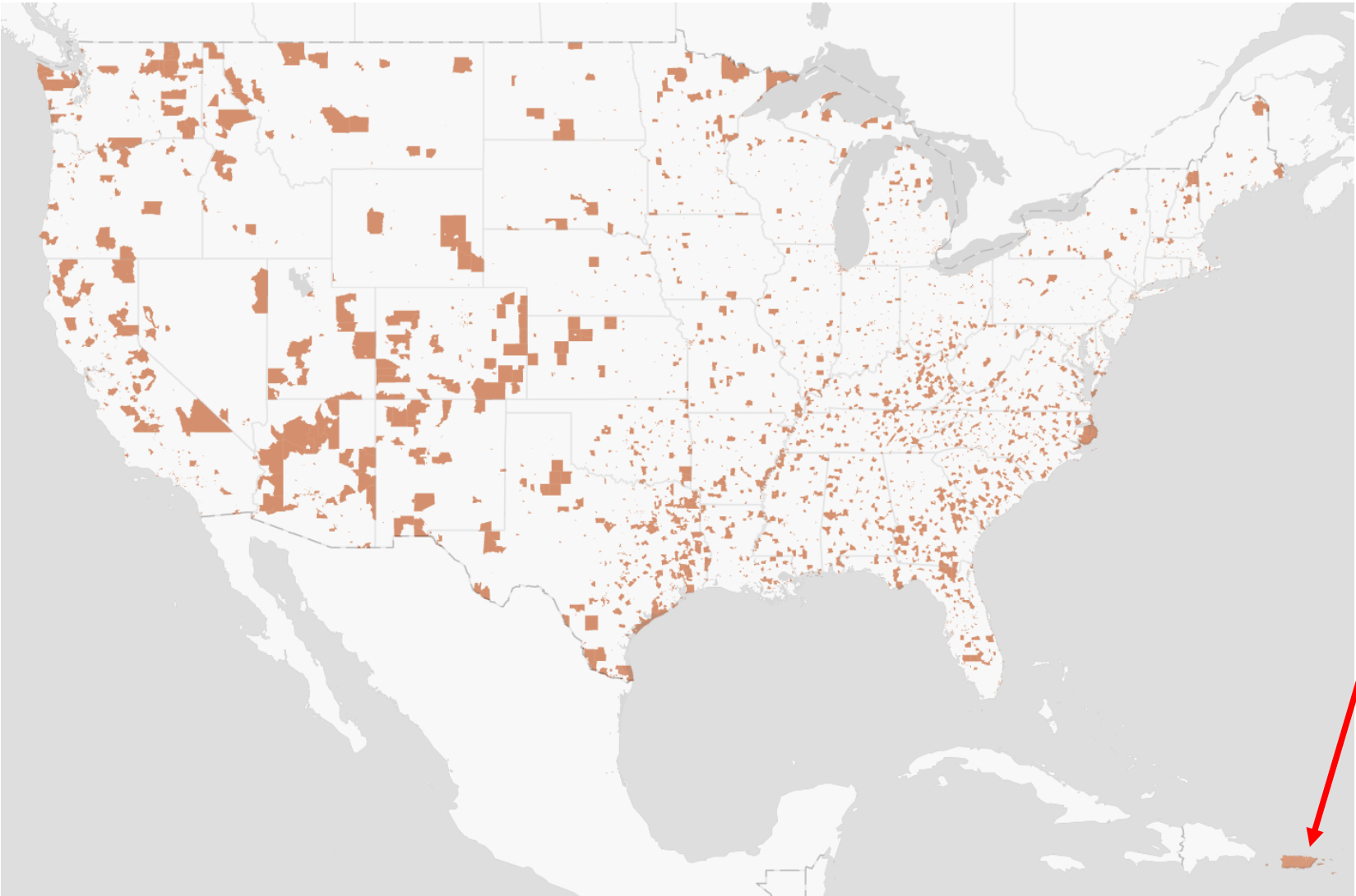
Federal – Tax Cuts & Jobs Act
Local (PR)- Opportunity Zones
Development Act

OPPORTUNITY ZONES DESIGNATION– BY STATE

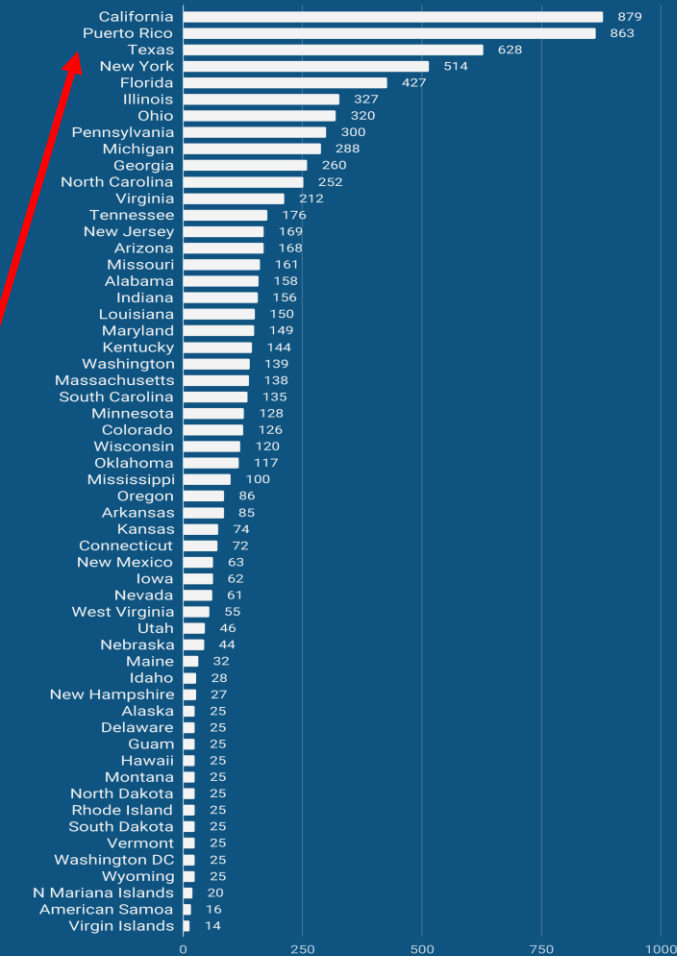


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Number of Opportunity Zones by State



OPPORTUNITY ZONES – FEDERAL LEGISLATION



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The Opportunity Zones incentive is an investment tool created by the U.S. Congress as part of the Tax Cuts and Jobs Act, enacted in December 2017.

The two main incentives offered by the federal legislation are the following:

1. A **temporary deferral** of inclusion in taxable income for capital gains reinvested in an Opportunity Fund.
2. Capital gains tax reductions are offered depending on the amount of time the investment is held in an Opportunity Fund:
 - If held for 5 years- 10%
 - If held for 7 years- 15%,
 - If held for 10 years- 100% exclusion

OPPORTUNITY ZONES – LOCAL LEGISLATION



On May 14th. Governor Rosselló signed into law (Senate Bill 1147) a local Opportunity Zone initiative that complements the federal Bill. It's intention is to make the island more competitive in attracting US capital and open a window for local investors to participate.

The major incentives are the following:

1. Deferment of capital gains taxes for capital gains invested in a Qualified Opportunity Zone Fund in Puerto Rico (Similar rules as US OZ).
2. Income tax set at 18.5% for exempt businesses.
3. Total exemption on taxes on dividends.
4. 25% reduction in franchise and property taxes ("Patente").
5. 25% exemption in construction taxes ("Arbitrios").
6. A maximum tax credit of up to 25% of capitalized costs.
7. Total tax exemption for interest income on loans made to exempt businesses.

OPP ZONES + CDBG-DR =



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**TAX GAIN
DEFERRAL**

LOCAL P.R. OPP ZONE LAW



P.R. ACT 21 OF 2019

**18.5% INCOME
TAX RATE**

**25% TAX CREDIT
ON CAP. COSTS**

**25% DISCOUNT
ON MUNIC. TAXES**

CAPITAL

DEMAND

VIABILITY

OPPORTUNITY



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THANK YOU