

PUERTO RICO NOW

Your HQ for business

INVEST
PUERTO RICO



ABOUT INVEST PUERTO RICO



MANDATE

Invest Puerto Rico was created by Act 13-2017 as the official **business attraction** organization for the Island, utilizing the expertise of the private and public sectors.



MISSION

Invest Puerto Rico is a not-for-profit organization that **promotes Puerto Rico as a competitive investment jurisdiction** to attract new business and capital investment to the island.



VISION

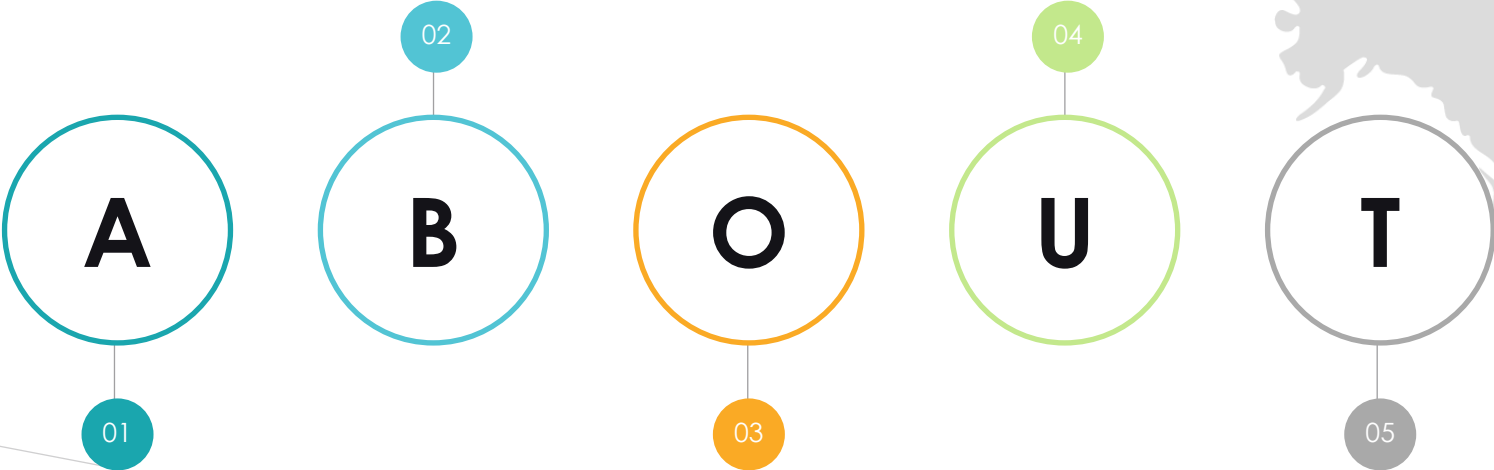
Invest Puerto Rico will be a **transformational and results-oriented** accelerator of economic development in Puerto Rico.

POPULATION

The Island has a population of 3.2 million U.S citizens

NATURAL ASSETS

The Island boasts a variety of natural assets, including tropical ocean bleaches and mountainous rainforests



U.S. TERRITORY

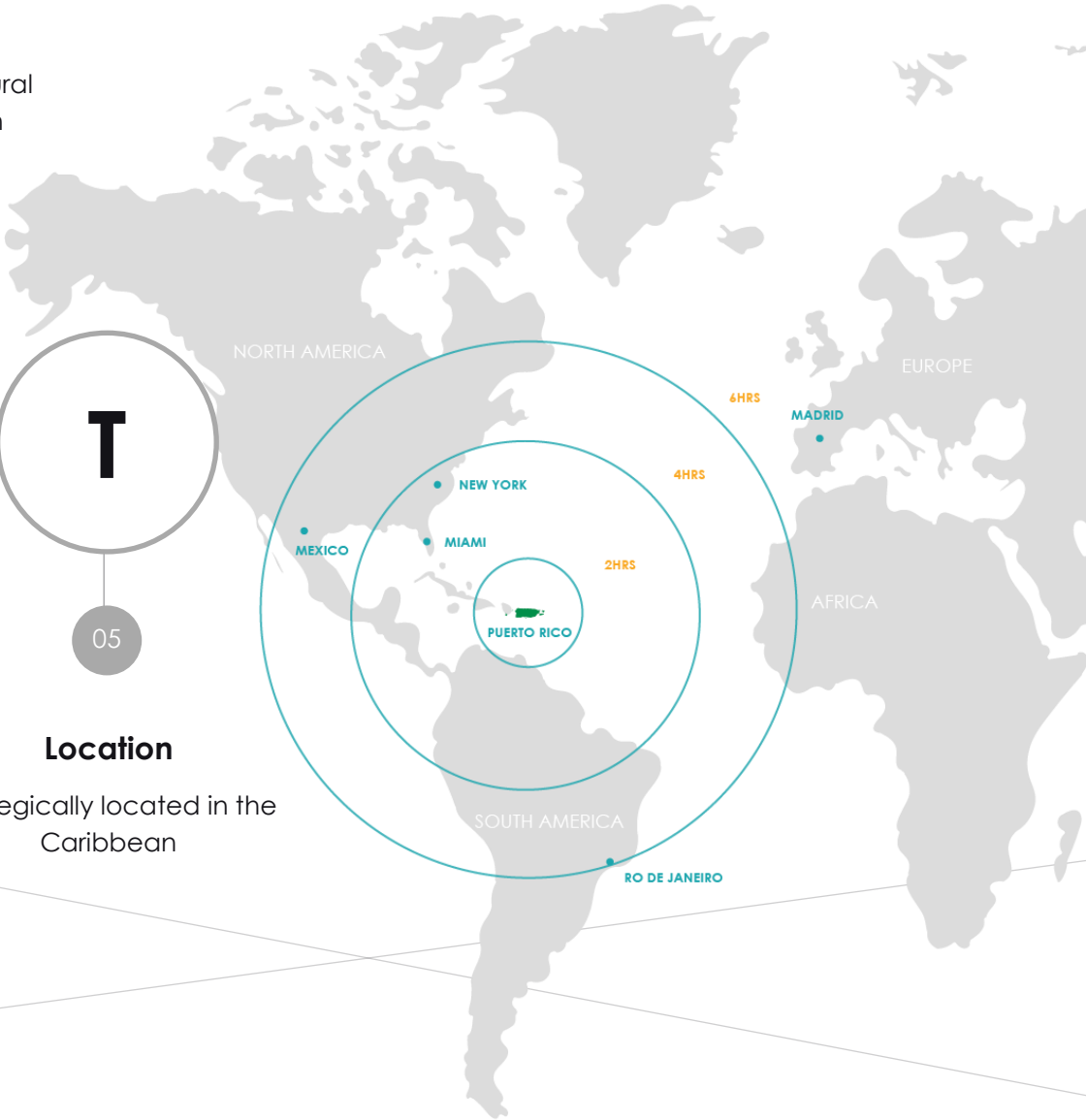
Governed by U.S. Federal and Local Puerto Rico Law

Bilingual

Residents are bilingual in English and Spanish

Location

Strategically located in the Caribbean





PRO-BUSINESS GOVERNMENT

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The local government is also strengthening Puerto Rico's investment climate and ease of doing business via structural reforms and initiatives



Permitting Process
Improvements



Incentives Code
Enhancements



New Governance
Model



Public Private
Partnerships



Workforce
Reform



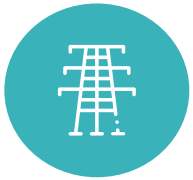
Digital Service
Transformation



Infrastructure
Improvements



Transparency &
Statistics Reform



Energy
Reform



Regulatory
Reforms



Tax
Reforms



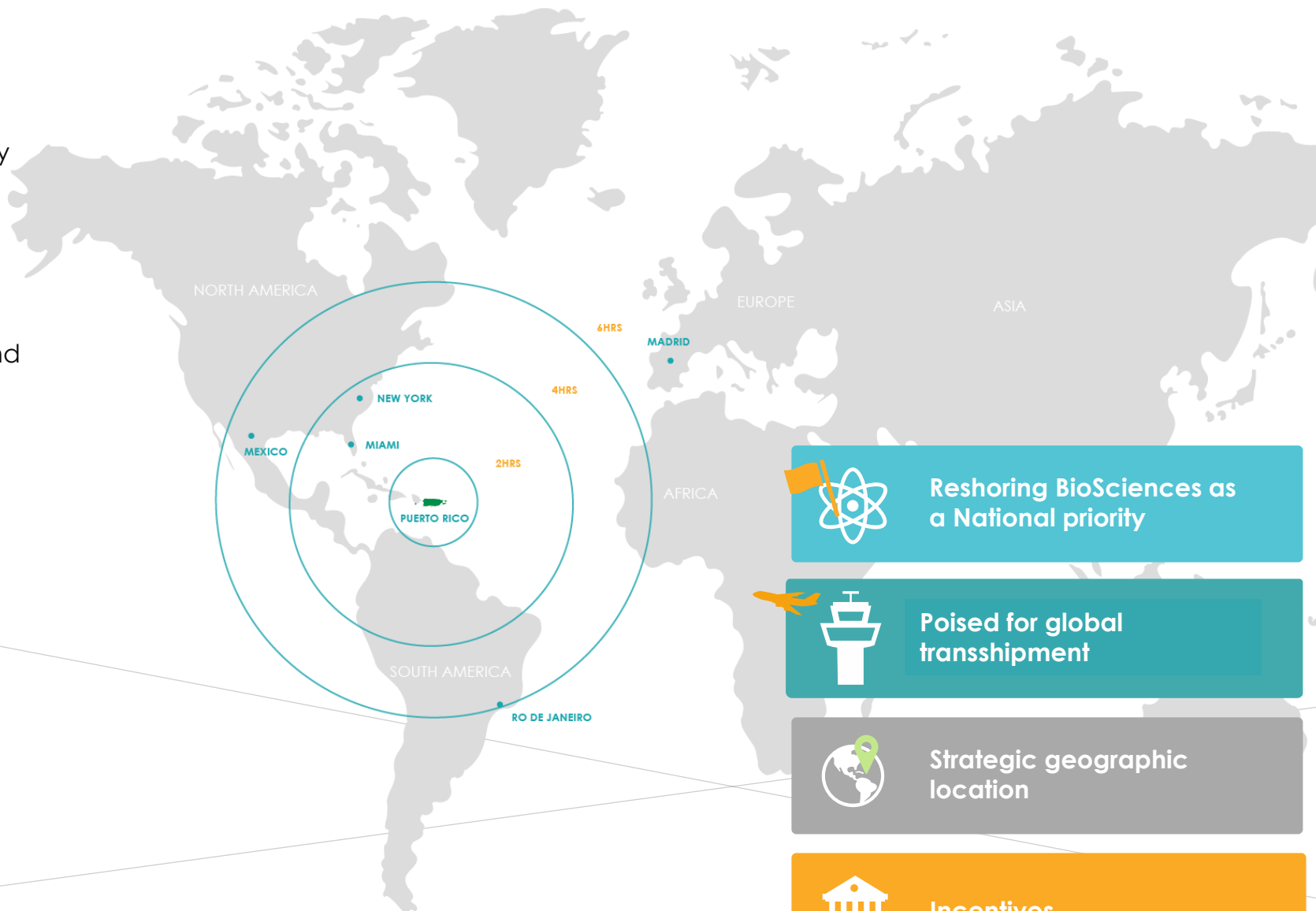
Critical
Projects



CONNECT TO THE AMERICAS

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- Puerto Rico's strategic geographic location between the Americas make it an ideal entry point to North American and Latin American markets
- Direct access to cities on the U.S. east coast, Europe, and Latin America
- Access to shipping and air routes to North and South America and Europe



3 International Air Transshipment Hubs

11 Seaports | **11** Airports



Reshoring BioSciences as a National priority



Poised for global transshipment



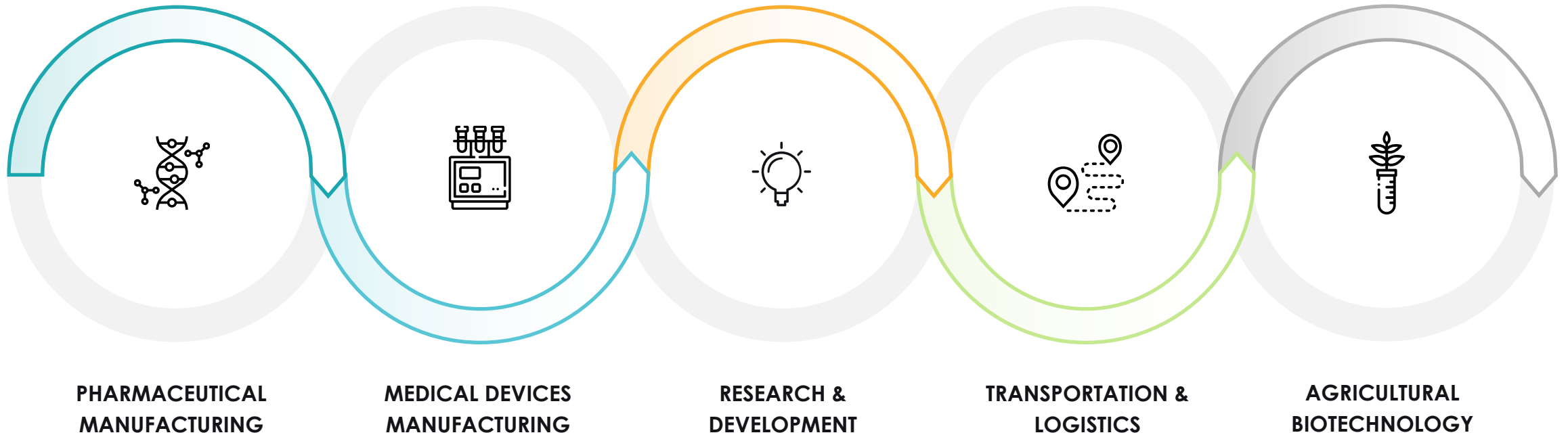
Strategic geographic location



Incentives

investpr.org

PUERTO RICO HAS IT ALL



A legacy of 60 years of excellence and going strong

OVER **60** YEARS

of experience in
Pharma and Medical
Device manufacturing

OVER **30** YEARS

of excellence in
sterile manufacturing

CONTRIBUTES

30% of Puerto Rico's
GDP

50% of manufacturing
activity

30% of manufacturing
jobs

Over **94,000** jobs

LOCAL EXCELLENCE

with over 30 medical
device companies,
including

15 OF THE **20**
TOP

FDA class 3 device
manufacturers. 5.5x
more industry experts
are in medical devices,
and 8.6x pharma experts
than national average



Largest exporter of
biopharmaceuticals
in the United States



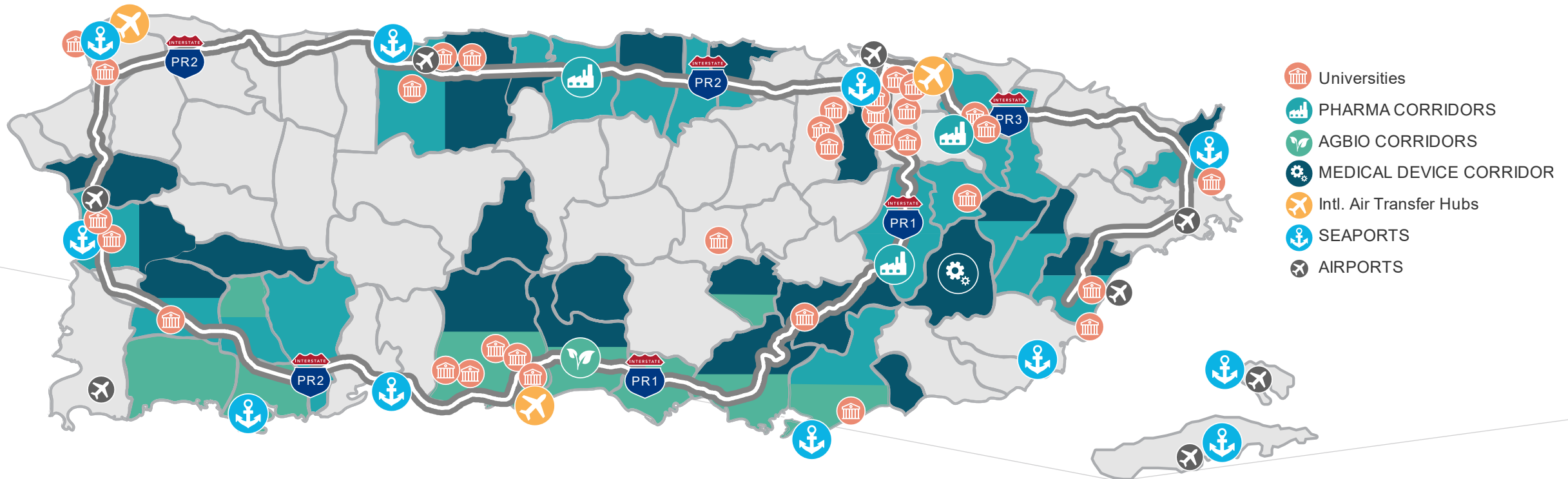
Highest
concentration of
both Pharmaceutical
Manufacturing and
Medical Device
experts in the U.S.



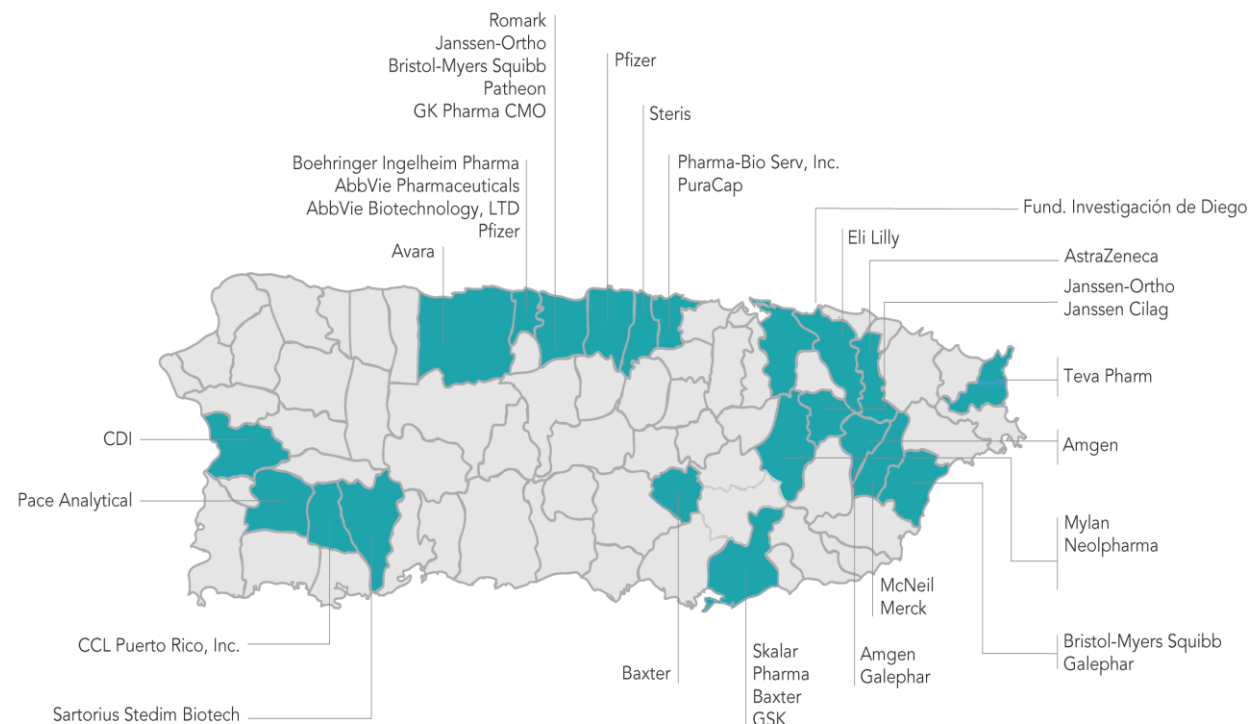
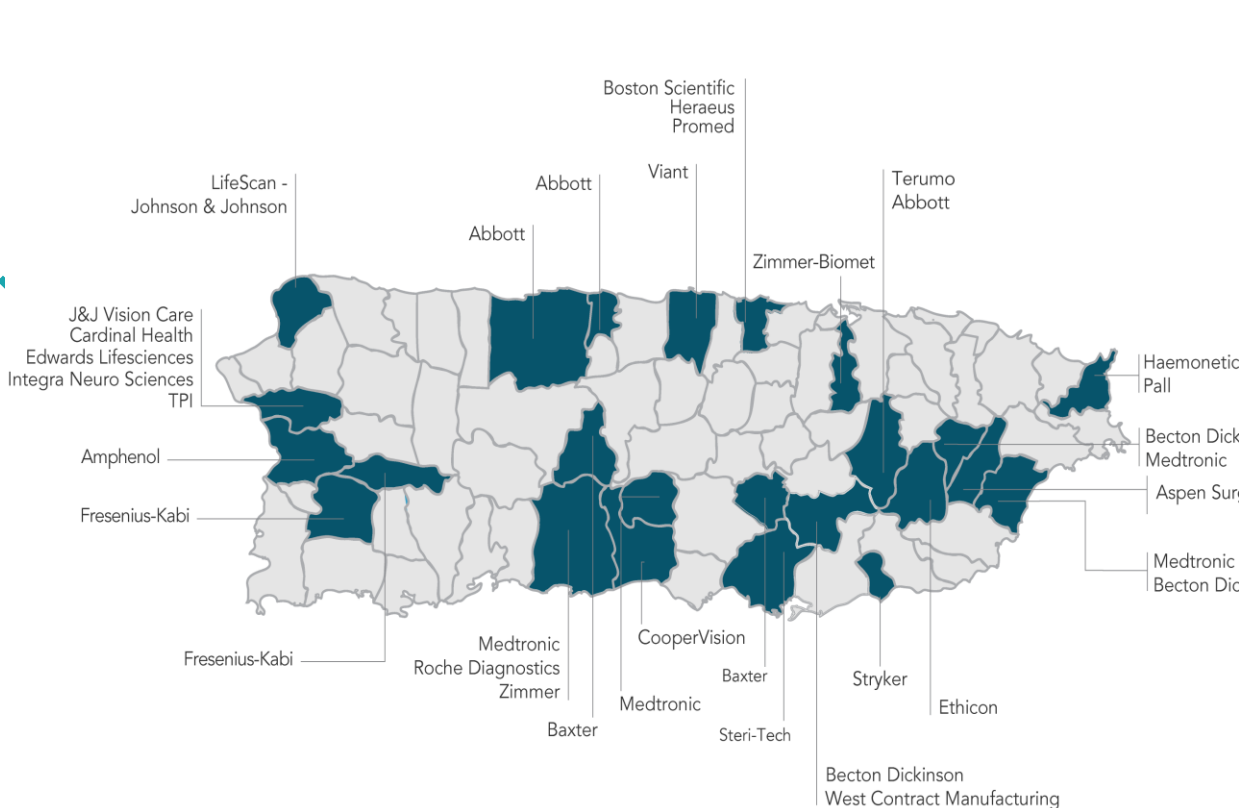
Highest
proportion of STEM
degrees in the U.S.

BIOSCIENCES IN THE ISLAND

Puerto Rico already has a thriving network of world-class businesses that are taking advantage of all the Island has to offer...



BIOSCIENCES

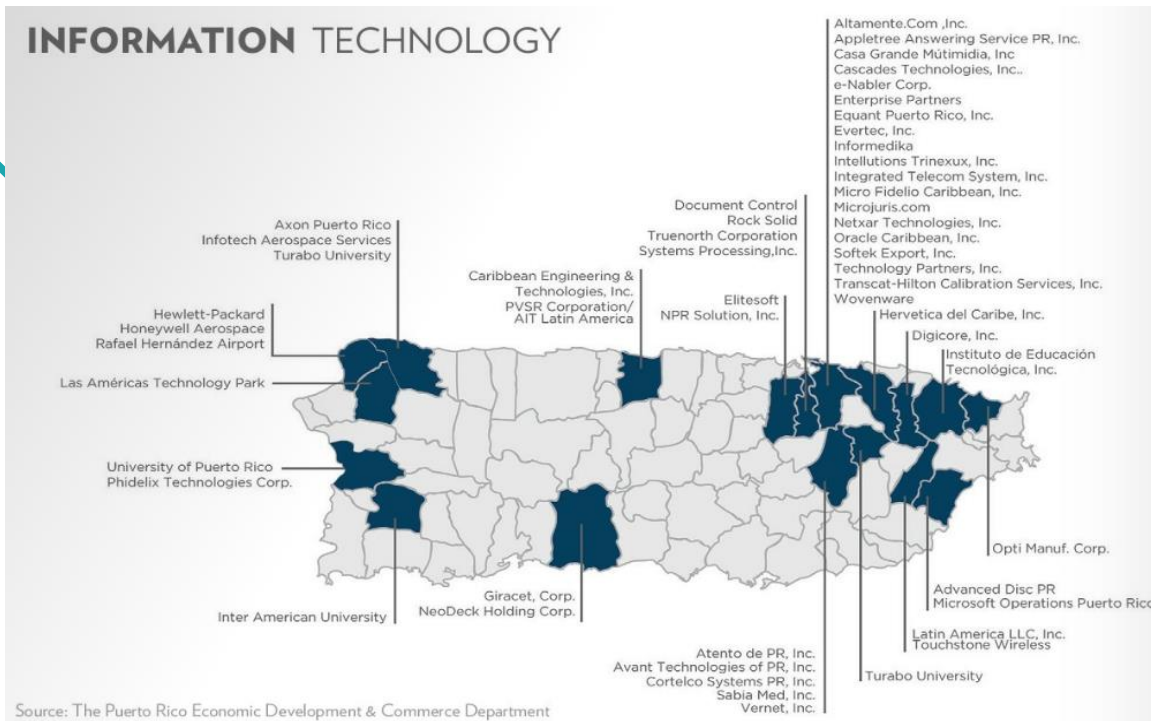


7 OF THE TOP 10 MEDICAL DEVICES

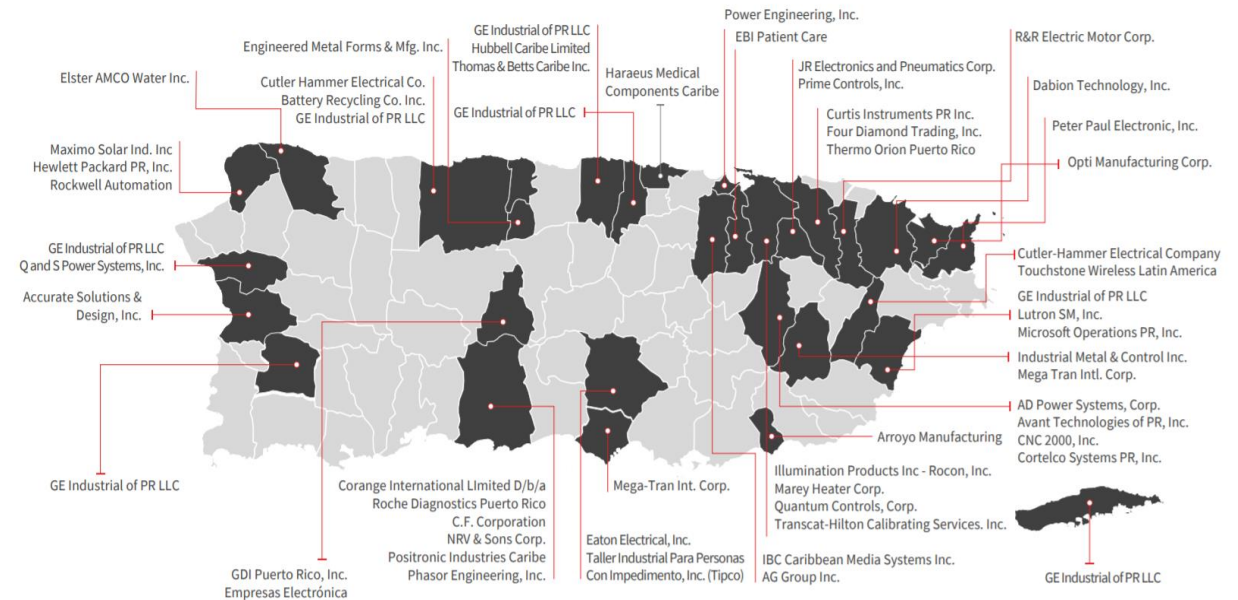
12 OF THE TOP 20 PHARMACEUTICALS

ICT AND ELECTRONICS MANUFACTURING ON THE ISLAND

Puerto Rico tech ecosystem is supported by advanced manufacturing in electronics, servicing medical device, aerospace, and information technology, among other sectors.



Electronics



HOME TO TRANSFORMATIONAL ENTREPRENEURS

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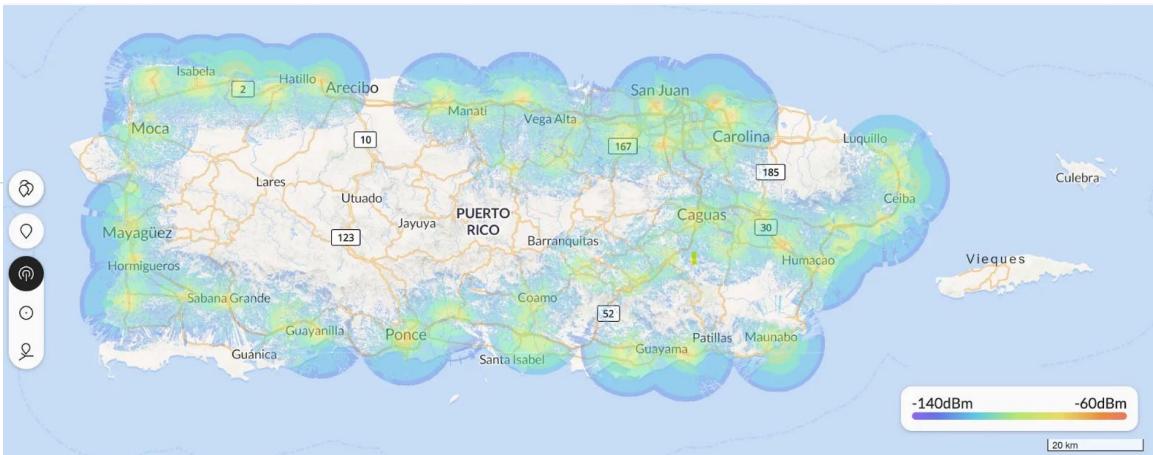




The Internet of Things has arrived to Puerto Rico

Puerto Rico boasts two 0G networks by SigFox and Everynet. Both networks provide customers access to global networks of IoT sensors, use cases, and expertise. Primarily geared toward business applications, 0G networks allow companies to collect wholesale data with low power, low cost, and seamless interconnectivity between sensors.

Everynet



Sigfox*

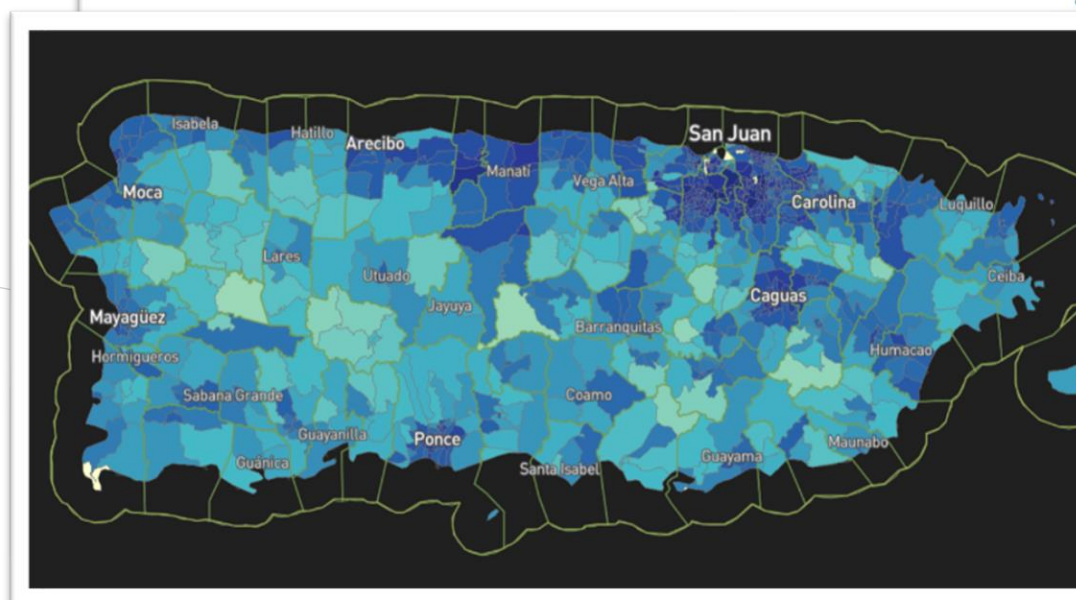
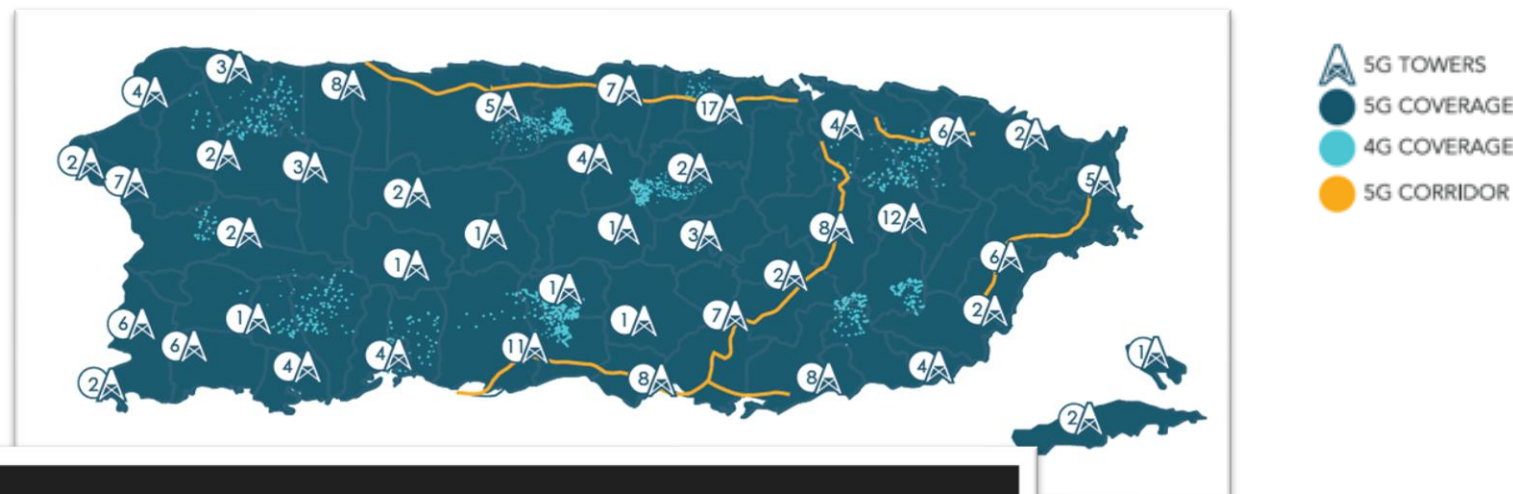


CONNECTIVITY IS NOT AN ISSUE

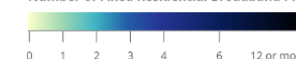
- 5G wireless connectivity is widely available through at least six major providers
 - Wireless infrastructure has been improved and made more redundant with federal funding after the Hurricanes of 2017

- Puerto Rico has high levels of broadband connectivity, carried to the Island by submarine cables
 - Availability is not uniform – the large urban areas and rural areas near large manufacturers have access, while the mountainous central region has less broadband connectivity

- Connectivity is enhanced where clusters are strong!

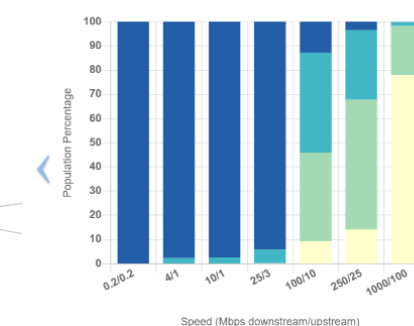


Number of Fixed Residential Broadband Providers



Broadband

Technology ADSL, Cable, Fiber, Fixed Wireless, Satellite, Other
Speed $\geq 25/3$ Mbps
Date June 2019 (latest public release)



WITH SUPPORT, BUSINESSES GROW

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With strong support locally, Puerto Rican companies have grown to meet market demands across the US and Latin America*. Here are just a few examples:

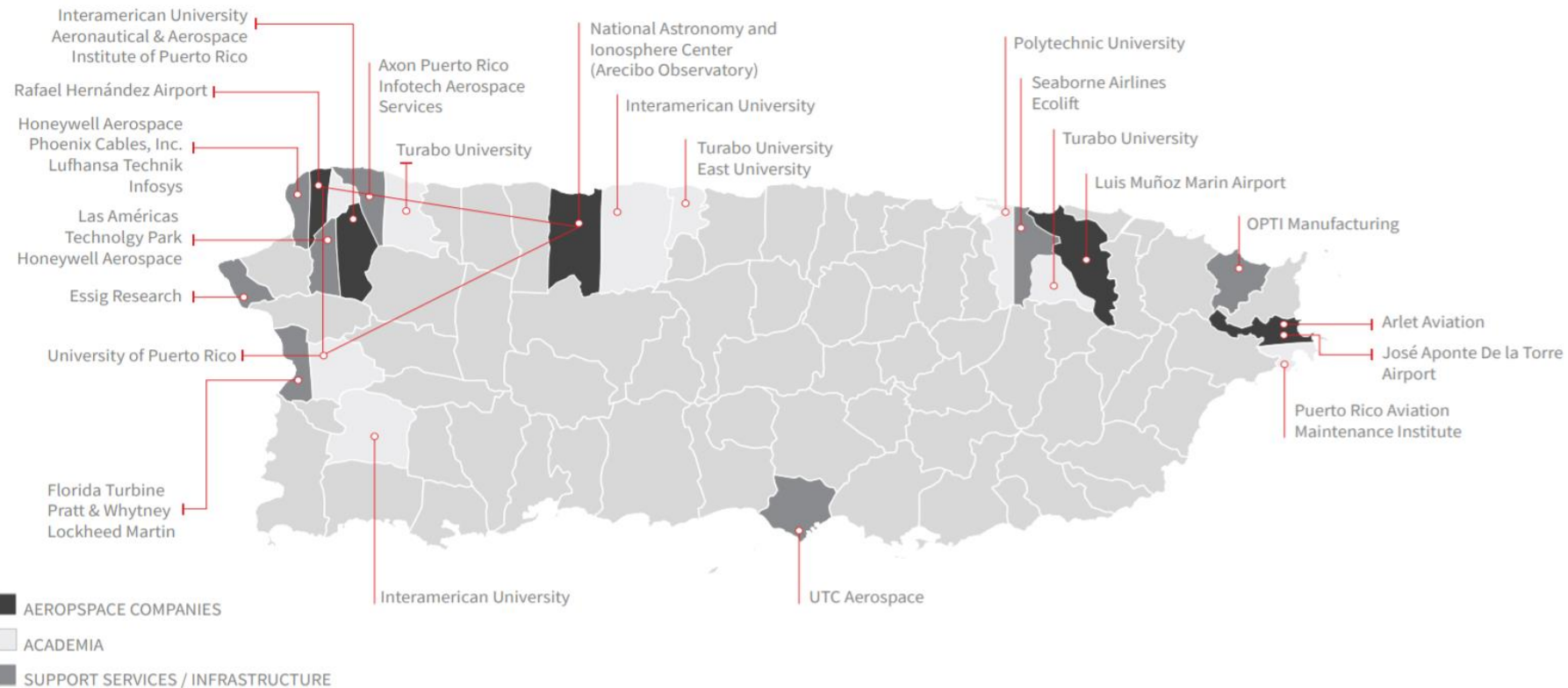
*Exporters of goods or services are eligible for Act 60 benefits.



AEROSPACE ON THE ISLAND

Puerto Rico's Northwest is a regional hub for aerospace companies, involved in both advanced manufacturing and maintenance and repair operations (MROs).

Aerospace



AGUADILLA'S INTERNATIONAL AIRPORT: CENTER OF THE AEROSPACE CLUSTER



The former Ramey Air Force Base facilities (now Rafael Hernandez - Aguadilla Airport) has a runway built to a length of 11,702 ft. and a width of 200 ft., **the longest in the Caribbean**. This runway makes the airport fit to receive big and heavy military and commercial type aircraft. The **Aeronautical & Aerospace Institute of Puerto Rico (AAIPR)**, located at the airport, offers innovation in Aero Education. The cutting-edge facilities and specialized labs are the perfect setting for studying a career in the field. Facilities include a brand-new building and airplane hangar.

The Ramey area is host to the **Lufthansa Technik Puerto Rico** operations and the Northwest Metropolitan area which includes Aguadilla, Aguada, Isabela, Rincon, San Sebastian and Moca municipalities is becoming home for aerospace businesses dedicated to research and development activities such as **Honeywell, Infotech** and **Infosys** among others. These businesses along with Lufthansa Technik are creating an ecosystem that requires specialized human resources, products and services to guarantee their global competitiveness.



HIGHLY SKILLED WORKFORCE

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Colleges & Universities

Puerto Rico is home to over 50 institutions of post-secondary learning, including universities, colleges, community colleges and technical institutes.

- The largest public university in Puerto Rico is the multi-campus **University of Puerto Rico**.
- 6 out of every 10 college degrees awarded in science and engineering programs are awarded to women.
- Approximately **25,000 bachelor degrees** and **5,000 post-graduate degrees in science** are awarded annually.

University of Puerto Rico Mayagüez

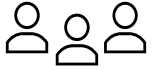
- 1st in graduating Hispanic engineers
- 1st In graduating chemical engineers
- 2nd in graduating women engineers
- 11th in granting chemical engineering Master's degrees
- 14th in computer engineering degrees awarded
- 15th of the top 20 chemical engineering schools in U.S.

Polytechnic University of Puerto Rico

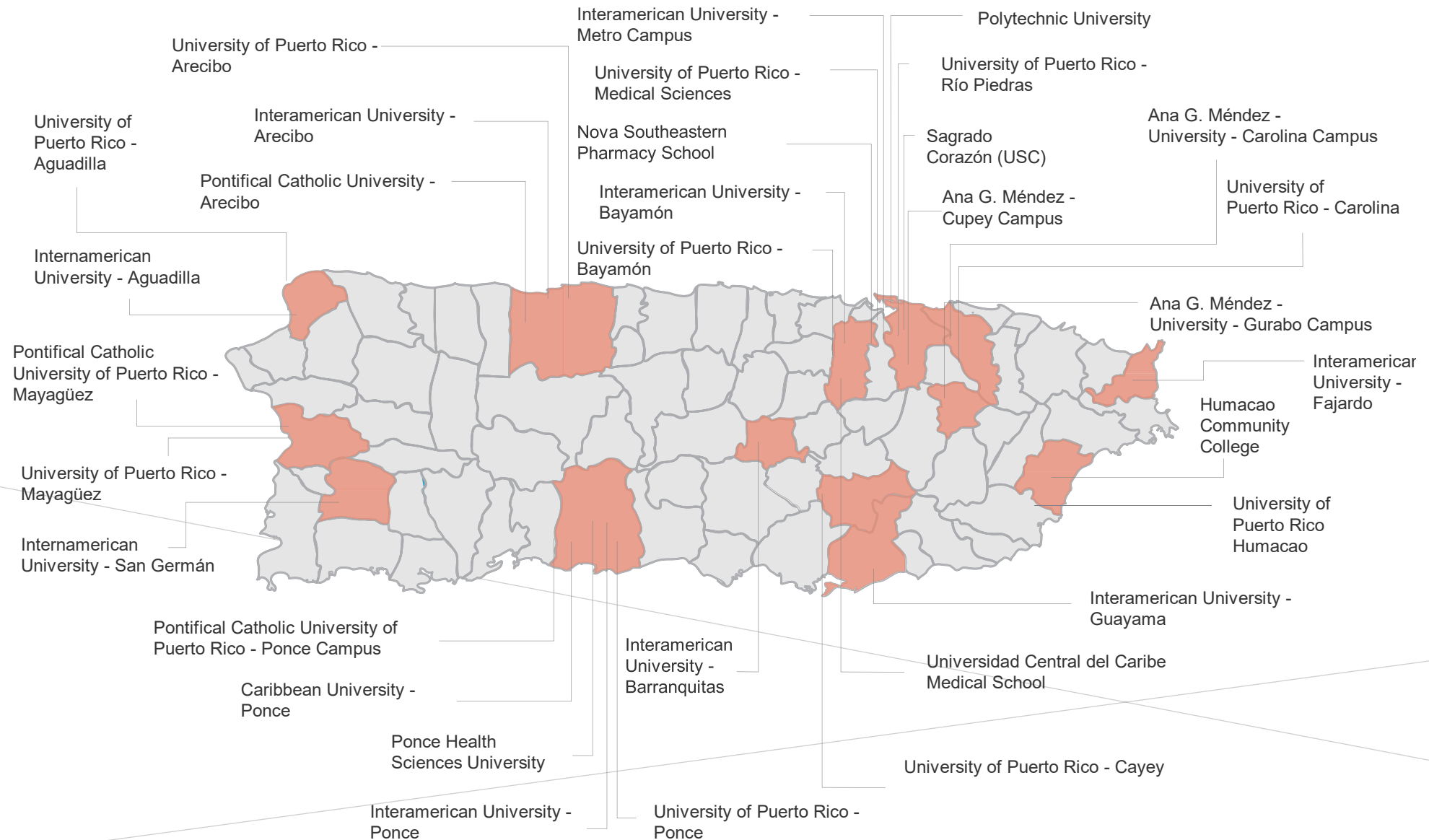
- 16th among the top 20 civil engineering schools in U.S.
- 23rd in electrical engineering degrees awarded
- 27th in computer engineering degrees awarded

50+ colleges & universities





TAP INTO OUR PEOPLE POWER



PUERTO RICO PERFORMS

Jurisdiction	Local Corporate Income Tax Rate	Federal Corporate Income Tax Rate	Total BioScience Employment	Average Wage BioScience Employees	Export Production of Pharmaceuticals (2018)
Puerto Rico	4%	0%	94,320	\$49,633	\$13.2 billion
Indiana	8.5%	10%-37%	129,420	\$68,365	\$6.98 billion
North Carolina	6.9%	10%-37%	216,430	\$79,094	\$4.1 billion
Pennsylvania	9.99%	10%-37%	242,320	\$76,197	\$3.76 billion
Massachusetts	8%	10%-37%	329,840	\$88,812	\$1.85 billion
New Jersey	9%	10%-37%	248,980	\$91,519	\$1.65 billion
Maryland	8.25%	10%-37%	150,700	\$91,228	\$1.04 billion

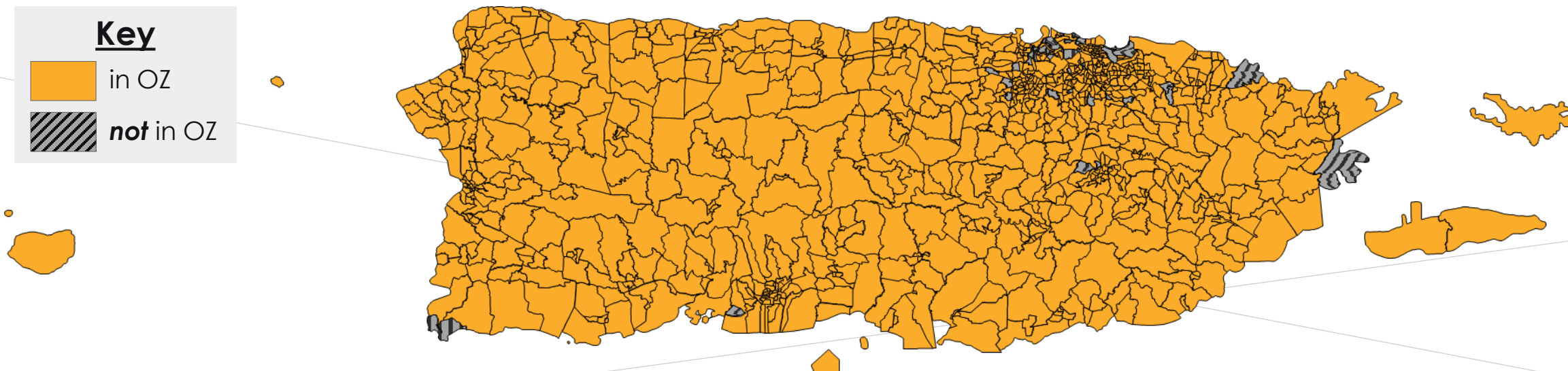
Note: 4% tax rate assumes qualified business income with incentive under Act 60 in PR. Federal rate in PR is on locally-sourced income. Export production numbers refer exclusively to products leaving US jurisdiction. Total employment includes direct and indirect employees and comes from the Bureau of Labor Statistics (2018), along with the annual average wage data.

WHAT ARE OPPORTUNITY ZONES?

A community development program established by the U.S. Congress in 2017 to encourage long-term investments in low-income urban and rural communities nationwide.

PUERTO RICO'S ADVANTAGE

More than 95 percent of Puerto Rico (863 census tracts) has been designated as an Opportunity Zone.

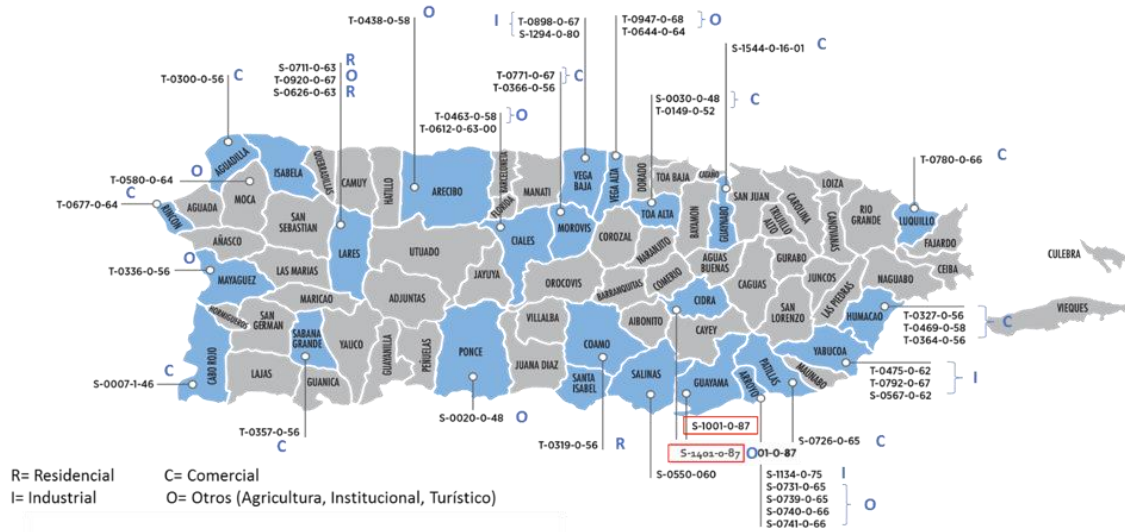


700+ FOREIGN-TRADE ZONE QUALIFIED FACILITIES

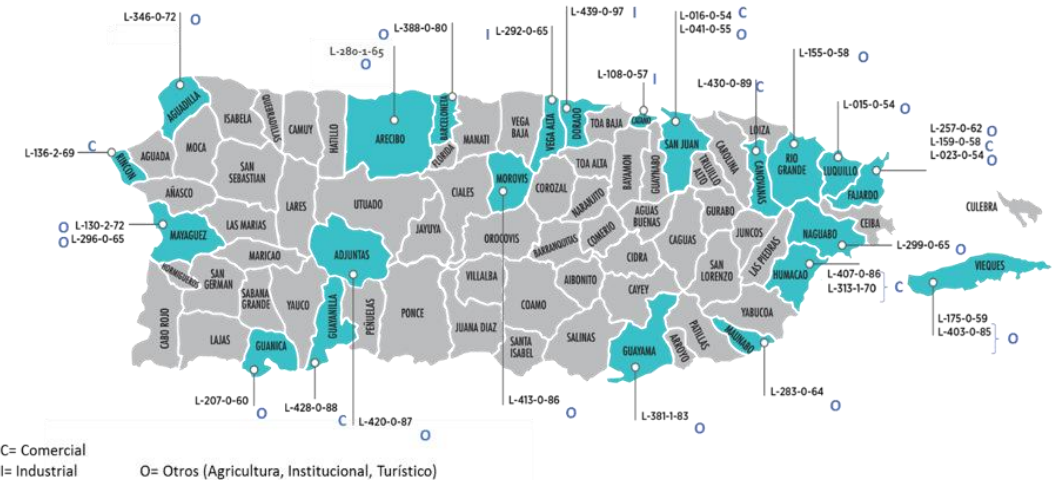
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There are many prime properties available to leverage for site selection and development

Pre-selected Buildings for Development (to Demolish or Remodel) with Private Investment



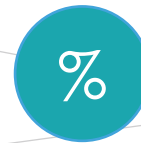
Pre-selected Lots for Sale or Development Projects with Private Investment



1,500 units for
rent or sale*



224 industrial
parks



Average occupancy
is 74%**

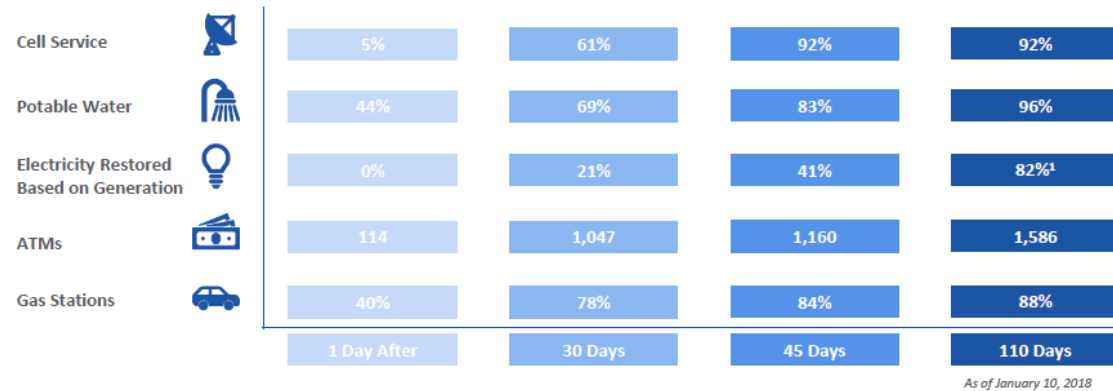
The Government, via the Puerto Rico Industrial Development Company (PRIDCO), owns 23 million square feet of industrial space across all 78 municipalities.

* Subject to market conditions and project development proposal

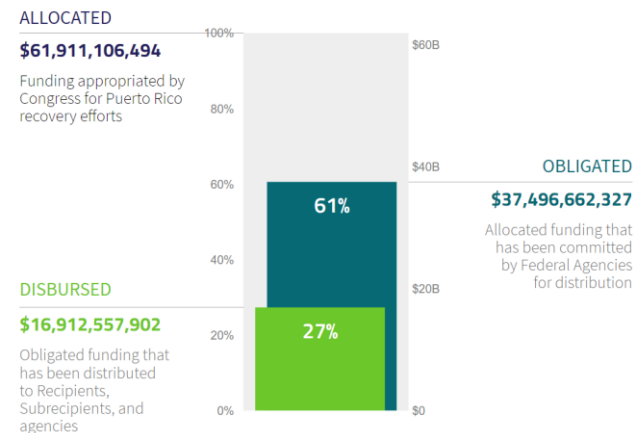
** Excludes "non marketable" units (~200 units out of 1,500 total inventory)

PUERTO RICO: RECOVERY AND RESILIENCE

Puerto Rico's infrastructure was significantly damaged by Hurricanes Irma and Maria in 2017, but contrary to media depictions, things were back up and running relatively quickly. Many advanced manufacturing operations were uninterrupted due to the storm.



Almost \$62B of federal funds have been allocated for Puerto Rico's recovery, in addition to \$13 billion obligated by FEMA for overhauling the electrical grid and repair education centers



Renewables are a growing part of the energy portfolio of the Island, and many businesses and communities have micro-grid generation to ensure business and social continuity

SUCCESS STORIES

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Lufthansa Technik
Puerto Rico

CytoImmune  Therapeutics

 **TERUMO**



ARIVAL
THE FIRST FINTECH BANK

BIOSIMILAR
SOLUTIONS

 **activus**TM
connect
Elevating Experiences

PUERTO RICO
 **5G**
ZONE

APPENDIX



ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS

Requirements for Resident Individual Investors:

- Annual \$10k contribution to a local non-profit
- Must not have been a resident in the last ten taxable years
- Become a resident no later than December 31, 2035
- Must establish residence on the Island and reside for at least 183 days during a taxable year
- Invest in the local economy
 - Must purchase a primary (sole-owner) residence in Puerto Rico within two years of establishing residency

Requirements for Qualified Physicians:

- Practicing physicians or dentists, including specialists in dentistry
 - When the physician is not a resident individual of Puerto Rico, must establish residence within one hundred twenty (120) days and begin medical or dental practice in the geographic area indicated in the application
 - Shall comply with the equivalent of one hundred eighty (180) annual hours of community service without remuneration

Additional Benefits

- Qualified physicians that relocate are exempt from the \$10k annual contribution to a local non-profit
- Student loan repayment program for Doctors, Dentists, Veterinarians and Scientific Researchers up to \$65,000. In return, must work in the Island for at least 7 years.



Individuals

ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS

Eligible activities for businesses in export services include, but are not limited to:

- Research and development
- Advertising and public relations
- Consulting services, including management, marketing, human resources, information technology and environmental, among others
- Call & marketing centers, electronic data processing centers
- Creative Industries, e.g., music, film and art productions
- Production of construction plans, engineering and architecture services, and project management
- Medical tourism and tele-medicine
- Shared services centers that include accounting, finance, auditing, marketing, engineering, quality control, human resources, communications, electronic data processing and other centralized management services
- eSports and fantasy leagues events

Eligible goods exports include, but are not limited to:

- All companies that export at least 80% of their goods for consumption or use outside of Puerto Rico

Requirements

- Must maintain at least one full-time resident employee if the business revenue is greater than \$3M dollars
- The eligible activity must not have a nexus with Puerto Rico



Export of
Goods
and
services

ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS



Manufacturing

Eligible activities for businesses in manufacturing include, but are not limited to:

- Animal husbandry for experimental uses
- Company in scientific or industrial R&D to develop new products or services
- Recycling activities
- Agricultural biotechnology processes
- Software and videogame development
- Repair and maintenance of aircraft and maritime vessels, including parts and components
- Value-added activities related to the operation of ports (the former Roosevelt Roads Base, Mayagüez, Yabucoa, San Juan, and Guayama locations)
- Software development of programs and licensed or patented applications

Highlights

- All companies that produce any manufactured goods on a commercial scale are eligible for exemptions
- Businesses must maintain at least three full-time direct employees
- Many direct and indirect inputs will be exempt from State Arbitration and Sales & Use Tax
- 30% Tax Credit on purchases of products manufactured in P.R. and or manufactured from recycle material
- Tax Credit of up to 50% of the Eligible Investment for R&D

ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS



Infrastructure

Eligible activities for businesses in the agro-industry include, but are not limited to:

- Raising animals to produce meat, milk or eggs, among others, used for human food, or raw materials for other industries
- Agro-industrial or agricultural operations that buy raw material produced in Puerto Rico
- Activities of the dairy industry
- Marine culture, commercial fishing, and aquaculture
- Commercial production of flowers, plants and ornamental grasses
- Cultivation of fruits and vegetables by hydroponic methods
- Raising fighting cocks and the production of spurs
- Breeding thoroughbred, racing, riding and fine-step horses
- Tillage or cultivation of the land to produce fruits, vegetables, spices, and seeds

ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS



Green Energy

Eligible activities for Green Energy businesses include, but are not limited to:

- Production or sale of green energy on a commercial scale
- Properties dedicated to the production of green energy
- Alternate and sustainable renewable energy producers
- Assembly of equipment for green energy generation, including equipment installation at green energy user facilities

Highlights

- Exemption of 100% from State arbitration and Sales and Use Tax*
- Businesses that are totally disconnected from the Puerto Rico Electric Power Authority's electrical system will not be obliged to sell the energy produced to it to obtain or maintain a Decree under this Code, regardless of any other legal provision to the contrary

* Some restrictions apply

ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS



Entrepreneurship

Special incentives for entrepreneurs (16-35 years of age)

- The first \$500k of net income will be exempt from income tax for three (3) years
- Net income in excess of \$500k will be subject to ordinary tax rates
- 100% tax exemption over the movable property and business volume for three (3) years
- 100% tax exemption over the Municipal License Tax for three (3) years

The business shall:

- Begin its main commercial operation after signing an agreement
- Must be operated exclusively by Young Entrepreneurs
- The benefits will be limited to a single new business for each Young Entrepreneur

ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS



Small &
Medium
Enterprises
(SMEs)*

** Means any business or organization whose gross income is less than 3 million dollars and has less of 25 employees will be considered an SME's*

Tax Benefits

- 2% fixed income tax rate for a period of five (5) years
- 4% exemption for the remaining period of the decree

Movable and immovable property

- 100% exemption in contributions on movable and immovable property for the first five (5) years of the decree
- 75% exemption for the remaining period of the decree

Municipal Contributions

- 100% exemption in Municipal License Tax for the first five (5) years of the decree
- 50% exemption for the remaining period of the decree

Highlights

- May lease an eligible property from the Department of Economic Development and Commerce, in disuse, to establish their operation and pay an annual fee of one dollar (\$1.00) during the first three (3) years of lease
- The applicable income, once the three (3) year period ends, will be the prevailing fee at the time of signing the lease

ACT 60: INDUSTRY SPECIFIC HIGHLIGHTS



Other
Incentives

Difficult to Recruit Professionals

- Salaries and benefits in excess of one hundred thousand dollars (\$100,000) will be 100% exempt from the payment of income tax
- The salaries up to \$100,000 will be subject to income taxes
- This professional must be employed by an eligible business with an active and valid decree

Researchers or Scientists

Must be hired by or render services to:

- University of Puerto Rico or any other institutions of higher education
 - 100% exemption from taxes - exempt amount shall not exceed \$195,000
- If hired to work for the Puerto Rico Science, Technology & Research Trust
 - 100% exemption from taxes - exempt amount shall not exceed \$250,000
- To be eligible, researcher must complete at least sixty (60) annual hours of community service

Innovative Pioneer Activities

- Any economic activity that has not been produced or carried out and that has special characteristics, attributes or qualities that are impactful for the benefit of the socioeconomic development of Puerto Rico, including a profile of the jobs to be created
- The Innovative Pioneer Activity will be subject to an income tax of 4% which may be reduced up to 1% (when the Secretary of the Department of Economic Development and Commerce determines that it will result in the best economic and social interests of Puerto Rico)

For more information about investing in Puerto Rico,
reach out to our
Business Development team at: bd@investpr.org



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