

TAX EXEMPTION ALERT
February 10, 2010

PRIDCO's Position on Senate Bill 1355

On February 9, 2010 the Executive Director of the Puerto Rico Industrial Development Company (PRIDCO) forwarded a communication to the Puerto Rico Senate expressing the agency's position on SB 1355, a Senate Bill proposing the creation of the "Large Corporations and Partnerships Tax Act of 2010" with the purpose of imposing a minimum tax of ten percent (10%) on the net income of corporations and partnerships with gross income in excess of ten million dollars (\$10,000,000), and for other related matters.

In its communication, PRIDCO stresses on the adverse effect that the proposed legislation could have on exempt businesses with existing grants of industrial tax exemption issued under Act No. 73 of May 28, 2008, known as the "Economic Incentives for the Development of Puerto Rico Act," as well as under prior industrial incentives acts, in attracting the establishment or expansions of their operations in Puerto Rico.

The communication heightens the importance of the grants of industrial tax exemption in the Puerto Rican economy, such as: *"The grants have been key in turning Puerto Rico into a worldwide manufacturing power."*; *"The grants of industrial tax exemption have been consistent, providing certainty and trustworthiness in investors."*; and *"PRIDCO has the responsibility to defend the issuance of the grants of industrial tax exemption as a promotion tool, to prevent that Puerto Rico and the promotion plan of this administration lose their credibility before investors."*

We have made available for your perusal a copy of the original communication (in [Spanish](#)) from the PRIDCO Executive Director, and of our [unofficial English translation](#) thereof.

If you have any questions or comments, or wish additional information regarding the matters discussed herein, please contact any of the attorneys listed below, all members of our [Tax Exemption Practice Team](#):

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