

## Incentives Act for the Retention and Return of Medical Professionals Approved

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### PRACTICE AREAS

- Tax Exemption

### An McV Tax Exemption Alert

March 17, 2017

Governor Ricardo Rosselló signed into law the "Incentives Act for the Retention and Return of Medical Professionals" ("Act 14-2017"). Its purpose is to guarantee that residents of Puerto Rico have access to quality health services. To qualify for the fixed income tax rate of 4% and other exemptions and benefits afforded by Act 14-2017, the physician must be admitted to the practice of medicine, podiatry, or odontology, or be a resident studying in a duly accredited program ("Qualified Physician"). To enjoy the benefits of Act 14-2017, a Qualified Physician is required to work a minimum of 100 hours per month during the year, and must provide a minimum of 180 hours of community services each year.

To be eligible for the benefits of Act 14-2017, a Qualified Physician must request and obtain a Tax Exemption Grant from the Secretary of the Department of Economic Development and Commerce (the "Secretary") by filing an application with the Office of Industrial Tax Exemption together with the corresponding filing and processing fees. The application must be submitted within two (2) years of April 22, 2017, which is the effective date of Act 14-2017. The application is not available yet.

To obtain the Tax Exemption Grant, a Qualified Physician must receive a favorable determination from the Secretary. The Secretary will consider, among other factors, (1) the specialty or subspecialty of the Qualified Physician; (2) whether there is a shortage of Qualified Physicians in Puerto Rico with the particular specialty or subspecialty; and (3) the geographic area where the Qualified Physician will practice medicine. In general, a Tax Exemption Grant should be issued to a Qualified Physician if the Secretary of Health determines that there is a shortage of doctors with the applicant's particular specialty or subspecialty or, in the case of a general practitioner, the applicant provides health services in a geographic region that does not have sufficient doctors. Once the Tax Exemption Grant is issued, the Qualified Physician must pay a fee of \$1,000 to take possession of the Grant.

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The Grant is for a 15 year term, but can be extended for 15 additional years if the Qualified Physician shows that he/she has complied with the terms and conditions of the Grant, and that the extension is in the best social and economic interests of Puerto Rico.

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