

## More incentives under Act 20 for trading companies and commercial distribution services



On July 25, 2018, the Governor signed Act 157-2018 ("Act 157") to further promote the export services incentives under Act 20-2012, as amended ("Act 20"). The new law extends the ninety percent (90%) real and personal property tax exemption to trading companies services and commercial and mercantile distribution of products manufactured in Puerto Rico for jurisdictions outside of Puerto Rico. Pursuant to this amendment, the following activities will be eligible to enjoy property tax exemptions under Act 20:

- Creative industries
- Trading companies
- Headquarters
- Shared services
- Call centers
- Commercial and mercantile distribution of products manufactured in Puerto Rico for jurisdictions outside of Puerto Rico

This property tax exemption is similar to the one proposed in House Bill 1635, known as the "Incentives Code of Puerto Rico", which offers a 90% property tax exemption to all export services activities.

It is important to note that the provisions of Act 157 apply to Grantees with tax exemption grants issued prior to the effectiveness of the Act. The Act is effective upon its approval on July 25, 2018, and Grantees will be eligible for the exemption from said date.

Should your company be interested in learning more about the incentives under Act 20 and/or have any questions with respect to the Act 20/22 Program, you may contact the attorneys at Vidal, Nieves & Bauzá, LLC.

Vidal, Nieves & Bauzá, LLC is a corporate law firm with a special emphasis in energy and environmental matters, corporate, tax, transactional, real estate and insurance practices.

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