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Puerto Rico Passes Opportunity Zones Regulatory Bill.

Puerto Rico Governor Ricardo Rosselló signed the Puerto Rico Opportunity Zones Development Act last week. The bill creates the regulatory framework for investing in Opportunity Zones on the island and establishes conformity with the federal tax incentive. Several additional incentives are also created by the new law, including:

1. 18.5 percent tax on the net income of an exempt business.
2. Exemption from dividend taxation.
3. 25 percent exemption on patents and property taxes.
4. 25 percent exemption on construction taxes.
5. Maximum investment credit of 25 percent, which is transferable.
6. A credit priority system for “Priority Projects” located in opportunity zones.
7. Deferral of capital gains invested in opportunity zones, similar to the federal incentive.
8. Tax exemption for interest earned on loans to exempt businesses.
9. An expedited permitting process for exempt businesses.

“I see this as the last piece to complete our economic offerings puzzle,” Maria de los Angeles Rivera, a San Juan-based CPA with Kevane Grant Thornton, said via email.

“It is expected that the combination of this law with the [Community Development Block Grant] funds that are coming to [Puerto Rico] for reconstruction and the current tax incentives program in place for many years now, will take [Puerto Rico] to the next level,” Rivera said.

Puerto Rico was granted a special exemption to the rule that capped each state’s opportunity zone designations at 25 percent of their low-income census tracts. Puerto Rico was able to designate 100 percent of their low-income census tracts as opportunity zones. And as a result, nearly the entire island lies in an opportunity zone. See the [map](#) of Puerto Rico’s opportunity zones.

The governor’s office projects that the new law will generate over \$600 million in capital investment in Puerto Rico.

“[Puerto Rico] is now the most attractive destination to invest,” Rivera said.

Opportunity Db

By Jimmy Atkinson

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