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American Rescue Plan Act Provides Critical, Permanent Tax Relief to Puerto Rico.

The newly enacted American Rescue Plan Act extended to Puerto Rico substantial amounts[1] of funding, to aid both the territory's short-term recovery from the COVID-19 pandemic and its long-term recovery from a decade-long recession and recent natural disasters. For instance, the Rescue Plan features more than $4 billion in fiscal relief funding for Puerto Rico and its municipalities to mitigate the fiscal effects stemming from COVID-19, and $3 billion in education assistance to ensure the safety of schools and students during the pandemic.

On the long-term track, the Rescue Plan included two crucial, permanent provisions: one extends the Child Tax Credit to families of all sizes in Puerto Rico, and the other provides funding to substantially expand Puerto Rico's local Earned Income Tax Credit (EITC). These measures combined are estimated to provide north of $1 billion annually in critical benefits to hundreds of thousands of low- and moderate-income working people and families in Puerto Rico, thereby helping to tackle the territory's acute poverty and low labor force participation.

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