

# Breakdown of ACT 60's Specialized Incentives

## Manufacturing Incentives & Research Development (Subtitle B Chapter 6)

### Who and What Qualifies – Businesses Engaged in Manufacture (Section 2061.01):

**Eligibility:** Businesses established or to be established in Puerto Rico may apply for an Incentive Decree if they engage in.

**Industrial Units:** Permanent facilities for the commercial-scale production of any manufactured product.

**Commercial Scale Production:** Includes businesses like those engaged in the manufacture of boxes and containers, benefiting from tax provisions on products sold abroad.

**Partial Outsourcing:** Industrial units that may outsource some manufacturing operations outside of Puerto Rico due to economic conditions.

**Service Providers:** Entities that provide a commercial service with sufficient capacity and expertise.

#### Property Devoted to Industrial Development

**Animal Breeding for Experimentation in scientific and medical research.**

**Scientific Research:** Engaged in R&D aimed at developing new products or industrial services.

**Recycling Activities:** Activities focused on recycling, such as partial and total recycling processes (e.g., shredding, pulverization, etc.).

**Vertical Farming and Agro-Tech:** Entities involved in value-added agricultural processes, including vertical farming and biotech-based agricultural practices.

**Port-Related Value-Added Services:** Services related to logistics, warehousing, or repackaging for export markets.

**Development of Software and Patented Products:** Commercial-scale software development, except for certain digital service providers, like content publishers and gambling software (not eligible).

**Satellite Services:** Businesses involved in the development and operation of satellites.



**Executive Services PR**  
787-605-0824 | [info@executiveservicespr.com](mailto:info@executiveservicespr.com)  
1250 Ave Ponce de Leon, Suite 301, San Juan Puerto Rico 00907

**Licensing of Intangible Property:** Licensing of property developed in Puerto Rico under an Exempt Business decree.

**Maintenance and Repair:** General repair, overhaul, and maintenance services for components and finished products.

**Video Game Development:** If it meets specific commercial criteria.

## Incentives

**Income Tax Exemption:** Businesses involved in manufacturing receive a 4% tax exemption on their income derived from qualified manufacturing activities.

**R&D Tax Credits:** Up to 50% tax credits on eligible R&D expenditure.

**Property & Municipal License Tax Exemptions:** Exemptions for property and facilities used for manufacturing and R&D activities.

- 75% for Real & Personal Property Taxes (CRIM)
- 50% Exemption on Municipal License Tax

## Key Points to Keep in Mind:

**Investment Requirements:** Businesses must meet minimum investment thresholds.

**Job Creation Requirements:** Companies must meet job creation goals.

**Specific R&D Conditions:** Only substantial innovation qualifies for R&D tax credits.

## Pertinent Definitions:

**Manufactured Product:** Transformed from raw materials into commercial articles.

**R&D Activities:** Advancement of scientific knowledge and development of new products.



## Infrastructure and Green Energy (Subtitle B Chapter 7)

### Who and What Qualifies – Businesses Engaged in Infrastructure and Green or High-Efficiency Energy (Section 2071.01):

**Eligibility:** Businesses established or to be established in Puerto Rico may file an application for incentives in the following activities:

**Restoration or Reconstruction:** Works on existing buildings or constructing new ones, including leasing historical zones.

**Affordable Housing:** Construction or rehabilitation of housing for low and moderate-income families, elderly housing, and assisted living facilities.

**Green Energy Production:** Commercial-scale production and sale of renewable energy or high-efficiency energy. Includes assembly and operation of energy systems.

**Renewable Energy Producers:** Entities dedicated to sustainable or alternate renewable energy production for local use or export.

**Energy Equipment Assembly:** Manufacturing and installation of green energy equipment at customer facilities.

**Property Devoted to Green Energy:** Any property related to the development of green energy.

**High-Efficiency Energy Producers:** Includes contractors and energy producers under acts related to public-private partnerships.

#### Incentives:

**Income Tax Exemption:** 4% income tax exemption on income from green energy activities.

**Renewable Energy Certificates (RECs):** Eligible for RECs, which can be sold or traded.

**Property and Municipal Tax Exemptions:** Exemptions for properties devoted to renewable energy production.



## Key Points to Keep in Mind:

**Sustainability Reporting:** Compliance with environmental regulations is mandatory.

**Eligibility for RECs:** Only businesses actively involved in renewable energy production qualify for RECs.

**Infrastructure Focus:** Infrastructure projects related to green energy have specific tax benefits.

## Pertinent Definitions:

**Green Energy Income:** Income from renewable energy production.

**Renewable Energy Certificate (REC):** Tradable credit awarded for generating renewable energy.



Executive Services PR

787-605-0824 | [info@executiveservicespr.com](mailto:info@executiveservicespr.com)

1250 Ave Ponce de Leon, Suite 301, San Juan Puerto Rico 00907