

Act 135

THE YOUNG ENTREPRENEURS ACT › PUERTO RICO TAX INCENTIVES
PABLO SERRANO

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The Young Entrepreneurs Act Puerto Rico Tax Incentives

The government of Puerto Rico introduced Act 135 on August 7, 2014, with the goal of boosting the economy through Young Entrepreneurs. With attractive incentives and financing opportunities, this act aims to retain young talent in Puerto Rico, encourage the return of young professionals who have left the island, and develop new businesses operated by young entrepreneurs.

Eligibility

In order to receive all the benefits noted above, Young Entrepreneurs must meet the following requirements:

- Be a Puerto Rico resident between the ages of 16 and 35
- Have high school diploma or equivalent certification
- Sign a "Special Agreement for Youth Entrepreneurship" with the CCE (Compañía de Comercio y exportación in Spanish) before starting commercial operations
- The company must be operated exclusively by Young Entrepreneurs
- It must be a new company and cannot be the result of a re-organization or have been operating through an affiliated company.

Before you start your new company, be sure to make the "Special Agreement" with the CCE by filling out a application. You'll also need the following documents:

- Photo ID
- Original birth certificate
- High school diploma or equivalent, or college degree
- Recent certification of No Tax Debt from the Treasury Department
- Tax Return Filing Certification of the last 5 years with the Department of Finance
- Certificate of Incorporation, if applicable
- Recent Negative Real Property Certification of CRIM (with statement)
- Compliance Certifications Administration for Child Support

What are the benefits for young entrepreneurs in Puerto Rico?

- For those between the ages of 16 and 26, income tax exemption on the first \$40,000 of gross income generated for wages, services and / or self-employment.
- For those between the ages of 16 and 35, on the first \$500,000 gross income generated during the first 3 years of operation of a new business:
 - 100% tax exemption from income tax,
 - 100% tax exemption from municipal license tax

- 100% tax exemption on personal property
- Expedited process to obtain permits
- Access to financing, Venture Capital Investment, and financial advice through the Economic Development Bank of Puerto Rico access to PRIDCO real estate properties with low rent, which can be search through their online platform