



# Puerto Rico Business Playbook

**Starting an Agriculture Business in Puerto Rico**

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# Starting

**an Agricultural  
Business in**

# Puerto Rico

## About this document

This document is a guide for starting your business in the agricultural industry in Puerto Rico. It contains a general overview of the agencies that manage the public policy and incentives for the agricultural industry, a list of the most popular and often used available incentives and subsidies, a listing of key contacts you will need during your agricultural operations on the island, and a list of action items you will need to follow. We wish you success and will remain available to assist wherever possible.

## We're here to help

Invest Puerto Rico is the official nonprofit, private company tasked with attracting business and capital investment to Puerto Rico. Our team includes experts in Marketing, Research and Strategy, and Business Development, and we offer concierge services free of charge to companies and investors setting up operations on the island. From basic orientation and connections to local stakeholders, to finding real estate, talent, service providers, and navigating the incentive application process, we are here to assist you every step of the way.

DISCLAIMER: This document provides a general guide to establish business(es) in Puerto Rico and does not include an exhaustive list of the federal or local requirements necessary to start a business on the island. Invest Puerto Rico is not responsible for a business or investor failing to meet or complete any requirements, whether listed in this document or not. Please consult tax, legal, or other professional services to assist you as required.



**Let's Get Started!**



# The Landscape

## Policy makers & managing agencies

Puerto Rico's Agriculture and Natural Resources industry has a rich history and the potential for growth through increased investment and technology. Businesses in this industry may benefit from a variety of attractive tax incentives provided by the [Puerto Rico Department of Agriculture](#) (PRDA), which are included in Chapters 3, 6 and 8 of Subtitle B of Act 60-2019, the [Puerto Rico Tax Incentives Code](#), and by the [United States Department of Agriculture](#) (USDA).

The PRDA's mission is to shape the island's agrarian policy to safeguard food security and the production of nutritious food products, according to the [Basic Food Basket](#) recommended for

local residents through the [Puerto Rico Food and Nutrition Commission](#). The PRDA also promotes advanced agricultural practices through technology and entrepreneurship that are environmentally responsible and financially sustainable. Their services include a Veterinary Diagnostic Laboratory that conducts bacteriological, chemical, immunological, and pathological analysis tests to aid in the control of animal diseases and is focused on veterinary services and livestock health. The agency also manages an Agrological Diagnostic Laboratory, which performs analysis tests to aid in the control of plant diseases, focused on land and crop health. The PRDA also conducts market inspections and will be a key contact for all agricultural businesses on the

island. The PRDA territorial coverage is broken out into Agricultural Regions across the island, each with its own Regional Director.

The **Puerto Rico Land Authority** (PRLA) is a public corporation ascribed to the PRDA that owns approximately 85,000 “cuerdas” of land (Spanish acres, equivalent to about 82K acres or 334M m<sup>2</sup>) and has internal divisions that manage the lease and sale of public agriculture lands, technical assistance to farmers, the cleaning and clearing of water channels, assistance in the preparation of land for agricultural use, land surveying and land appraisals, and assistance with irrigation pumps. The PRLA manages the **Fund for Innovation in Agricultural Development** (FIDA), which facilitates financing for farmers, guidance for the exportation of agricultural products, training for compliance with industry quality standards, and other tools.

Other agencies ascribed to the PRDA are the Administration for the Development of Agricultural Companies (ADAC), which offers incentives and subsidies, marketing, and other business development services to the agricultural sector; and the **Agricultural Insurance Corporation** (AIC), which provides insurance to farmers against damages to plantations, harvests, animals, birds, tobacco ranches, structures and equipment, caused by natural disasters, fires, infestations, and others. You can learn more about these agencies and their programs on the **PRDA website**.



# Next Steps



## Step 1: Create and Register Your Business

- Register your business with the Puerto Rico Department of State. You can do this online [here](#) and will need to pay the applicable fee with a credit card:
  - For-Profit Corporation, Close Corporation, Professional Corporation, and Foreign For-Profit Corporation: \$150
  - Nonprofit Corporation and Foreign Nonprofit Corporation: \$5
  - Limited Liability Partnership: \$110
- For Tax purposes, If your business does not already have and EIN from the US Internal Revenue Service (IRS) please request one by filling out Form SS-4 available online [here](#).
- For Tax purposes, please register EIN with the Puerto Rico Department of Treasury by filling out Form SC-4809 available online [here](#).
- Register with the Merchant Registration of the Treasury Department [here](#). This is similar to a “sellers permit” in the United States mainland.
- Employers are required to register with the Department of Labor and Human Resources [here](#) and with the State Insurance Fund Corporation [here](#).
- All businesses of all industry sectors must obtain a use permit and other basic licenses that may apply, such as a sanitary license, fire prevention certificate, construction permits, and others, available at the [Single Business Portal](#) (SBP).
- Access the SBP and log in to create your unique profile from which to request the Single Permit and others that may apply.

## Step 2: Complete Industry-Specific Requirements

Businesses in the agriculture sector (i.e., growers, farmers, producers of crops and livestock) are subject to federal and local Puerto Rico regulations. A list of these industry-specific requirements is below:

- Contact the Puerto Rico Department of Agriculture to request customized information about the requirements to open a business in Puerto Rico and about the tax incentives

that may apply to your business. You will be required to complete specific requirements prior to commencing operations and before applying for incentives.

- To register online for appropriate permits and licenses as required by PRDA, please visit [here](#). These include, but are not limited to:
  - Bona Fide Farmer
  - Commercial food production and sales—registration and manufacturing
  - Pesticides Production & sales—registration, manufacturing, packaging, repackaging, sale, distribution, transportation, and commercial application
  - Fertilizers, raw materials, soil amendments (registration for sale, distribution, or introduction into the Puerto Rico market)
  - Small ruminant producer and/or by-product processor
  - Proposals under the [Specialty Crops Block Grant Program](#) of Puerto Rico

- If you are not already an agriculture business registered in the U.S., apply through your regional U.S. Department of Agriculture (USDA) office for a “Bona Fide Agriculture Certificate.” Request an application from the regional office, either via phone, email, or in person. The contact information of your regional office can be found [here](#).
- For businesses handling fish and other wildlife, visit the website for the U.S. Fish and Wildlife Service Southeast Region to apply for appropriate permits.
- For businesses engaged in mining, visit the U.S. Department of Labor’s [website](#) to submit appropriate documents and forms prior to commencing operations.
  - If your business has discharges that may affect the environment, such as discharges into groundwater, air, or land, you may be required to obtain certain permits issued by the Puerto Rico Department of Natural and Environmental Resources. Forms are available [here](#).





## Step 3: Find Real State

If looking for land suitable for agriculture activities:

- If you are interested in leasing agricultural land, contact the Puerto Rico Land Authority. They also provide services such as agricultural land preparation and conservation.
- Consult the Puerto Rico Land Administration for a list of available agricultural lands.
- Local banks may also offer agricultural lands for sale in their foreclosed inventories.
- If you are looking to buy or rent an industrial property in support of your agriculture activity, please contact Sr. Business Development Director, Rafael Perez from InvestPR at [rperez@investpr.org](mailto:rperez@investpr.org) or +1 (201) 565-5097. He can also facilitate an inquiry into the Puerto Rico Industrial Development Company's (PRIDCO) real estate portfolio to see if the government may have a vacant structure that fits your business' specific needs.



## Step 4: Apply for Incentives

- Request a Merchant's Registration Certificate from the Puerto Rico Department of Treasury's electronic unified system, **SURI**, at least 30 days prior to commencing operations. This certificate will confirm if the merchant is considered a withholding agent.
  - Within 30 days after the issue date of the Merchant's Registration Certificate, register for the IVU Loto oversight program by calling +1 (787) 200-7900, option number 4. The results from the questionnaire will determine if your business is eligible for the installation and use of an IVU fiscal terminal (for purposes of sales and use tax).
- Farmers/Growers/Producers with a Bona Fide Farmer's Number (provided upon receipt of the Bona Fide Agriculture Certificate from the USDA) that acquire agricultural goods, machinery, and equipment for said agricultural activity, are eligible to be exempt from collecting and remitting sales and use tax. Apply for a Certificate for Exempt Purchases online through **SURI**, and select "Farmer" as the reason for exemption.
- Register for a Volume of Business (VOB) License ("*Patente Municipal*") in each municipality in which the business operates no later than 30 days after commencing operations. This license is a tax levied and collected by the municipalities of Puerto Rico. Contact the municipality directly for more information. If you are a Bona Fide farmer, present the Certificate with your VOB License application.

## Puerto Rico Incentives

### Tax Incentives From the PRDA

Learn about the existing local tax incentives that make up [Act 60-2019](#) and at the [PRDA website](#). Please keep in mind that for any legal transaction related to agriculture in Puerto Rico, you will need documented proof that you have legal rights over the property (proof of ownership through property deed, lease contract, or usufruct contract.) To qualify for PRDA incentive programs, a lease contract must be for five years or longer, include a lease fee of at least \$1, and the size of the land must be larger than one “*cuerdas*” (Spanish acre, about one acre or 3,930 m<sup>2</sup>). Key local incentives on the island for agriculture are outlined below:

### Bona Fide Farmer Certification

This certification is granted to persons or entities that are engaged in an activity qualified as an agricultural business, which generates more than 50% of their gross income for the individual or entity. There are varying requirements for [businesses](#), [individuals](#), and [new agricultural businesses](#), depending on the project. Major benefits for being a certified Bona Fide Farmer include:

- Full tax exemption on the purchase of items that will be used in the agricultural business in compliance with the provisions established by the Secretary of Agriculture and the Secretary of the Treasury;
- Tax exemption on personal and real property after meeting certain requirements of the [Municipal Revenue Collection Center](#) (CRIM);
- Exemption on municipal “*patente*” charges and municipal taxes on agricultural activity; and
- A 90% tax exemption on the income generated by the agricultural business.

**There may be additional incentives for the following:**

- Machinery and equipment
- Farm infrastructure
- Insurance
- Fertilizer
- Animals
- Special Crops
- Labor

Contact your PRDA Regional Director to learn more, see page 12.

**When applying for incentives, your business must be in good standing in the eyes of the government. Required documents when applying for local incentives are:**

- Negative debt certification issued by the Department of Treasury, available [here](#).
- Certification of 5-year tax return filings issued by the Department of Treasury, available [here](#).
- Negative debt certification issued by ASUME (Child Support Administration), available [here](#).
- Negative debt certification issued by CRIM (Municipal Revenue Collection Center), available [here](#).
- Certificate of registration/incorporation, available [here](#).
- Articles of incorporation.
- Corporate resolution.
- Corporation seal.
- Use Permit available [here](#).

## Federal Government / USDA Incentives

Learn about federal incentives available through the [USDA](#). These are some that may be of interest:

- Livestock Indemnity Program (LIP): Provides benefits to livestock producers for livestock deaths that exceed normal mortality caused by adverse weather. Payments equal 75% of the average fair market value of the livestock.
- Non-insured Crop Disaster Assistance Program (NAP): Provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters.
- The USDA offers a variety of programs to help farmers, ranchers, communities, and businesses that have been hard hit by natural disaster events. Visit [farmers.gov](#) for additional USDA programs that can help agricultural producers recover.
- The granting of USDA incentives is divided in windows or periods during the year, the first one starting on October 1 (the beginning of the federal fiscal year).

## Required Documents When Applying for Federal Incentives:

- Employment Identification Number (EIN) from the United States Internal Revenue Service (IRS) by filling out Form SS-4 available online [here](#).
- DUNS number, which you can request [here](#) after examining these guidelines. The DUNS number is used to verify the legal status of your business and is standard when contracting with the United States Government.
- Registration in the [System for Award Management](#) (SAM) after you have received a DUNS number and reviewed these guidelines. This step requires that you have a commercial bank account for your business.



## PRDA Regional Offices

You must register with the regional PRDA offices where you want to apply for an incentive, which also must be where the agricultural production will take place. Additional information is available at each of the DA's Agricultural Regions, which are:

### **Arecibo**

**+1 (787) 878-2028**

Includes the municipalities of Arecibo, Quebradillas, Camuy, Hatillo, Barceloneta, Florida, Manatí, Vega Baja, Vega Alta, Dorado, Toa Baja, and Toa Alta.

### **Caguas**

**+1 (787) 810-0757**

Includes the municipalities of Caguas, Cataño, Bayamón, Aguas Buenas, Guaynabo, San Juan, Trujillo Alto, Carolina, Loíza, Canóvanas, Río Grande, Luquillo, Fajardo, Ceiba, Naguabo, Humacao, Las Piedras, Juncos, Gurabo, Cidra, Cayey, Guayama, Arroyo, Patillas, San Lorenzo, Maunabo, Yabucoa, Vieques, and Culebra.

### **Lares**

**+1 (787) 897-2752**

Includes the municipalities of Lares, San Sebastián, Las Marías and Maricao.

### **Mayagüez**

**+1 (787) 832-5022**

Includes the municipalities of Mayagüez, Añasco, Rincón, Aguada, Moca, Aguadilla, Isabela, and Mona.

### **Naranjito**

**+1 (787) 869-9110**

Includes the municipalities of Naranjito, Corozal, Morovis, Orocovis, Barranquitas, Aibonito, and Comerío.

### **Ponce**

**+1 (787) 842-9858**

Includes the municipalities of Ponce, Peñuelas, Juana Díaz, Villalba, Coamo, Santa Isabel, and Salinas.

### **San Germán**

**+1 (787) 892-5158**

Includes the municipalities of San Germán, Hormigueros, Cabo Rojo, Lajas, Guánica, Sabana Grande, Yauco, and Guayanilla.

### **Utua**

**+1 (787) 894-2245**

Includes the municipalities of Utua, Adjuntas, Jayuya, and Ciales.

Please try to complete your application and submit all the necessary documents in a timely fashion. In some cases, the agency will make an initial visit to your site. Procedurally, you will need to wait for a letter of approval, then begin the agricultural work and document all the work performed. Lastly, you will need to submit final documentation and receive final inspection, then wait for the disbursement of the incentive or subsidy. (In most cases, the incentives are requested between July and the end of October.)

## **Invest Puerto Rico**

[www.investpr.org](http://www.investpr.org)

+1(787) 966-7642

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+1 (201) 565-5097

## **Department of Economic Development and Commerce**

[www.ddec.pr.gov](http://www.ddec.pr.gov)

787-758-4747

## **Puerto Rico Department of Agriculture**

[www.agricultura.pr](http://www.agricultura.pr)

+1 (787) 721-2120

## **Puerto Rico Land Authority**

[www.agricultura.pr/autoridad-tierras](http://www.agricultura.pr/autoridad-tierras)

Marilyn Belén: +1 (787) 723-9090, ext. 2202

Sheila Ureña: +1 (787) 723-9090, ext. 2211

## **Puerto Rico Land Administration**

[terrenos.gobierno.pr](http://terrenos.gobierno.pr)

+1 (787) 758-4747

## **Puerto Rico Industrial Development Company (PRIDCO)**

[pridco.pr.gov](http://pridco.pr.gov)

+1 (787) 758-4747

## **Puerto Rico Department of the Treasury**

[hacienda.gobierno.pr](http://hacienda.gobierno.pr)

+1 (787) 622-0123

# Contacts

