



Puerto Rico Business Playbook

Professional Services

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An emerging innovation ecosystem

Puerto Rico's diversified economy, talented bilingual workforce, tech infrastructure, time zone, and global reach make it a top destination for the Professional Services sector. The island is home to a variety of businesses providing professional, scientific, and technical services to clients in Puerto Rico and around the world, and many of these businesses benefit from some of the island's attractive tax incentives.

About this document

This document is intended to serve as a guide regarding Professional Services activities in Puerto Rico. It contains an overview of the Professional Services activities that qualify for special incentives from the Government of Puerto Rico under the Puerto Rico Incentives Code, Act 60-2019 and provides a brief look at the agencies that award these incentives, and the processes to request them. It is key to note that once granted, the incentives may be made retroactive to the filing date of the application.

We're here to help

Invest Puerto Rico is the official non-for-profit private entity 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.



Let's Get Started!



Overview

The process of applying for and receiving preferential corporate tax rates under [Act 60-2019](#) is overseen and managed by the [Department of Economic Development and Commerce](#) (DEDC). Act 60-2019 centralized all incentives under the Incentives Office at DEDC, with is the agency in charge of receiving and evaluating applications for incentives. All applications are submitted through a digital platform called the [Incentives Portal](#), and it is recommended that you consult with a local legal/tax expert prior to filing your application. The team at Invest Puerto Rico can provide you with a list of vetted professionals who can assist you in this process.

Once an application is submitted online, the attorneys at the Incentives Office are tasked with evaluating it, requesting any clarification or additional information from the petitioner, identifying the projects that qualify for the incentives, and preparing a draft decree that will ultimately be signed and approved by the Secretary of the DEDC. Once granted, a tax incentives decree (also known as tax grant) will safeguard the preferential tax rates for 15 years, which can be renegotiated for an additional 15; the duration and validity of a tax exemption decree will depend on the Grantee's compliance with the

terms established therein, which will include a minimum job creation requirement, a duty to file annual reports, and other conditions.

Chapter 3 of Act 60–2019

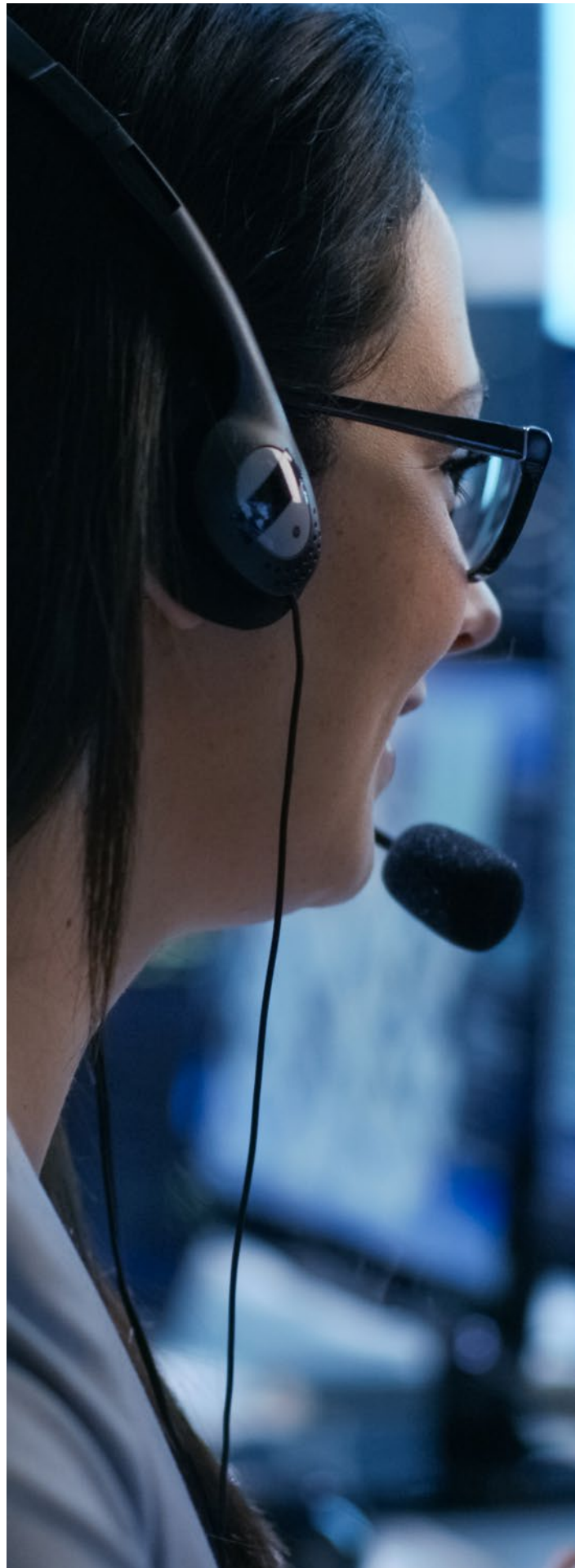
This chapter specifically mentions that **professional services such as legal, tax and accounting services, among other consulting and business support services**, are eligible activities under the Act when the services are exported from Puerto Rico to clients anywhere else in the world. A company or individual on the island who renders professional services to clients outside of Puerto Rico can apply for a tax exemption decree to receive the following benefits:

- 4% fixed income tax rate on the eligible income
- 50% exemption on municipal license tax
- 75% exemption on property tax

* For small and medium-sized businesses and businesses in the smaller islands of Vieques and Culebra, these special incentives may be applicable for five years: 2% fixed income tax rate and 100% exemption from municipal license tax.

**These are some of the professional services
that can benefit from local tax incentives:**

- Accounting
- Automation and Process Improvement
- Billing and Payroll Services
- Call Centers
- Centralized Management Services
- Consulting Services
- Corporate and Executive Benefits
- Corporate Financial Planning
- Creative Industry Services as defined in the Act, including Ticket Sales
- Credit Bureaus
- Customer Service
- Design and Architecture
- Electronic Data Processing Center
- Engineering and Technical Consulting
- Equipment Testing and Calibration
- Estate Planning
- Financial Planning
- Human Resources
- Insurance
- Insurance Claims
- Investment Banking and other Financial Services
- IT Services
- Legal Services
- Management Consulting
- Market Research
- Marketing Centers
- Media, Advertising, and Public Relations Services
- Medical Billing
- Medical Tourism Services
- Quality Assurance and Compliance
- Retirement Planning
- Scientific Research and Development
- Software Development
- Tax Support
- Telemedicine
- Translation and Interpretation
- Wealth and Investment Management



Next Steps



Step 1: Get Started

Contact Invest Puerto Rico

As part of Invest Puerto Rico's commitment to bolstering the island's role as a leading hub of the knowledge economy, we're making significant strides in this endeavor: bringing together the brightest minds from the private, academia, and public sectors. We encourage you to start by contacting the Business Development team at Invest Puerto Rico. Our role is to help you and your company access the right resources, in an expedited manner, to establish your commercial and industrial operations on the island. We will learn your needs and liaise you to the people, agencies, providers, and resources to start this journey on the right track. Our role is to help companies and investors create jobs and capital investment on the island, and our services are free of charge to you and your company. From navigating the incentives process to finding the ideal real estate, workforce, and local partners, we've got you covered.

Engage Service Providers

Request a Service Providers list from Invest Puerto Rico to select your local experts in matters including legal, tax, real estate, workforce, associations, Internet companies, etc. While

Invest Puerto Rico cannot recommend a specific partner, we can assure you that providers on our list are experts in their field and we will help you make the initial connections to them or any other provider in Puerto Rico that can assist you and your business while getting established locally. Even if your company has a great legal and tax team, our recommendation is you get the advice of a local provider or firm, to be sure you structure your company the correct way, get all the necessary local permits and licenses, and maximize your benefits under the Puerto Rico Incentives Code.

Liaise with Stakeholders

Puerto Rico is known for the warmth of our people, so don't be shy and tap into our people power for more than just the right workforce. The island has many groups and associations that bring together brilliant minds, key stakeholders, doers, makers, and a wealth of knowledge you can leverage to advance your business in Puerto Rico. Relationships are important, and Invest Puerto Rico is here to help you create them. Some key partners you may want to reach out to are listed at the bottom of this document. Our team can recommend groups and associations and

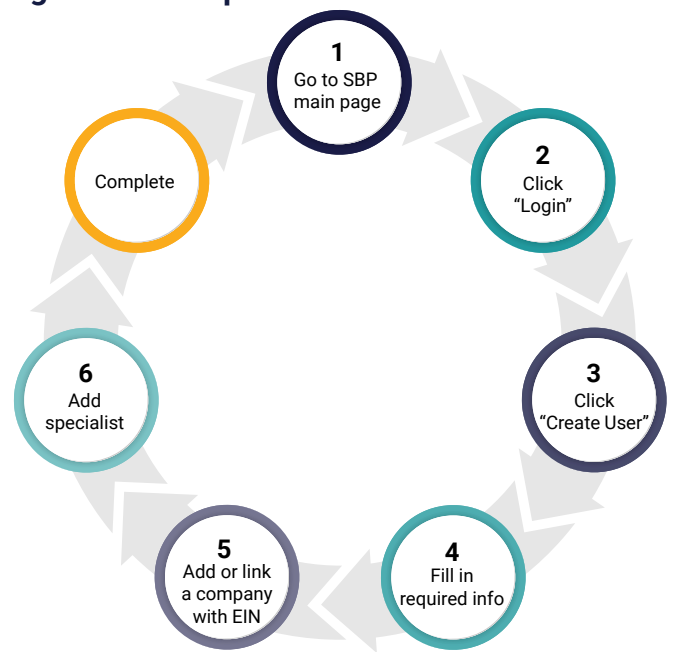
we can also facilitate connections to others you may want to engage with. Wherever possible, we recommend you work with local suppliers and providers, to have a larger and more impactful economic effect on the island through your business.

After you have all the right information and have decided on the adequate structure for your business, you'll need to register your business on the island, be sure to meet industry-specific requirements, identify real estate, apply for incentives, and find your workforce.

Step 2 : Register Your Business

1. 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.
2. For tax purposes, if your business does not already have an EIN from the US Internal Revenue Service (IRS) please request one by filling out Form SS-4, available online [here](#).
3. For tax purposes, please register EIN with the Puerto Rico Department of Treasury by filling out Form SC-4809, available online [here](#).
4. Register in the Merchant Registration of the Treasury Department [here](#). This is similar to a seller's permit in the United States mainland.
5. Employers are required to register with the Department of Labor and Human Resources [here](#) and with the State Insurance Fund Corporation [here](#).
6. 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 on the [Single Business Portal](#) (SBP).
 - A. Access the SBP and log in to create your unique profile from which to request the Single Permit and others that may apply.

Registration Steps



Requirements

Regarding industry-specific requirements, licenses are required for many professional services in Puerto Rico. The [Puerto Rico Department of State](#) issues licenses for the following professional services:

- Certified Public Accountants
- Engineering & Surveying
- Geologists
- Interior Designers-Decorators
- Professional Draftsmen
- Professional Planners
- Public Relations Specialists
- Social Work Professionals
- Others

Visit the [Department of State's Examining Boards](#) page to learn specific details and regulations applicable to each profession. If a license is required for your line of business, create an account and apply through the [Department of State's Professional Credential Services \(PCS\)](#) site. The application process takes less than 30 days to complete. You will find a list of filing requirements and forms [here](#).

In the case of legal professionals, Puerto Rico attorneys must possess a Juris Doctor Degree and pass the Puerto Rico General Bar Exam. These licenses are only valid in the jurisdiction of Puerto Rico, and they are overseen by the [Supreme Court of Puerto Rico's Examining Board of Applicants to the Practice of Law and Notary Public](#). In Puerto Rico, Notary Publics must be attorneys. If an attorney is to export legal services to another jurisdiction, he or she must be licensed in said jurisdiction by taking their Bar Exam.

For Human Resources professionals, HRCI and SHRM certifications apply locally; you may find more information through the [Society for Human Resource Management \(SHRM\) Puerto Rico Chapter](#).

Step 3: Real Estate

Need Class A office space? Do you prefer an area that's close to universities or public transportation? Do you want to lease or buy a space? Do you prefer a stand-alone operation, or will your professional services activities be well served at one of our coworking spaces around the island? **High technology, great real estate assets, and access to great talent across the island: all of these are available to you in Puerto Rico.**

Our Business Development team will assess your real estate needs and, through our network of partners, identify potential sites for your activities. We will present options to you and coordinate conversations and site inspections, as well as facilitate access to details regarding permits, licenses, and other key components.

*The current regulation affects these fees and is being reviewed by the DEDC and others; these fees are not being charged. Invest Puerto Rico will update this document when new information becomes available.

Step 4: Apply for Incentives

1. 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.
 - A. Within 30 days after the issue date of the Merchant's Registration Certificate, register for the IVU Loto oversight program by calling 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).
2. Login to the Incentives Portal to begin the Act 60 application process
 - A. Click [here](#) to access the Portal
 - B. Create a unique profile by following the steps detailed in **Step 2**.
 - I. The unique profile is a digital tool that, through your Social Security Number, federal identifier and/or Employer Identifier Number, will allow you to create an exclusive profile for your permitting and incentive applications in Puerto Rico.
 - C. After completing and submitting the application, you will need to pay a \$750.00 filing fee* for processing. Once the application has been duly reviewed and approved by the concerning agencies, a \$50.00 acceptance fee* will be required to receive the tax exemption decree (contract between the Government of Puerto Rico and entity that is granted exemption.)
 - D. Tax incentive grants incur an obligation to present Annual Reports to the Office of Incentives. The filing of said Annual Reports will also be made through the Incentives Portal and will incur a \$300.00 filing fee*.

When applying for incentives, your business must be in good standing with 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.
- Corporate seal.
- Use Permit, available [here](#).

This guide does not constitute legal or tax advice on how to structure your professional services activities on the island. If you or your legal advisor have doubts as to whether certain business activities may qualify for incentives, you can reach out to the Office of Incentives to answer any questions regarding the eligible activities your business may obtain exemptions for. You may also reach out to the Office of Incentives to receive additional information about processes on the Incentives Portal, the digital platform to request incentives from the Puerto Rico Government.

Step 5: Find Workforce

In addition to owning a zest for life, Puerto Ricans are also known as a productive workforce that has what it takes to get the job done. Most of the population is fluent in English and Spanish, and a deep sense of biculturalism gives Puerto Ricans a greater understanding of global trends and idiosyncrasies. Puerto Rico has the lowest labor costs of any region under U.S. jurisdiction, while local employers enjoy high retention and low turnover rates.

Each year, tens of thousands of students graduate from the dozens of top-tier universities and colleges on the island. An average of 20,000 degrees are awarded in Science, Technology, Engineering, and Mathematics (STEM) yearly. Meanwhile, the University of Puerto Rico in Río Piedras, San Juan, as well as other private universities produce sought-after talents in Accounting, Human Resources, Architecture, and other professional service areas.

Our Business Development team will assess your talent needs and connect with local academia, recruiters, headhunters, and employment agencies to provide you with updated information on talent availability, salary, and benefits information, etc. Where applicable, we will also provide information on the [DEDC's Workforce Development Program](#) and available funds under the [Workforce Innovation and Opportunity Act \(WIOA\)](#) and the [United States Department of Labor's Registered Apprenticeship Program](#). The Invest Puerto Rico team can also help you market professional opportunities within your Puerto Rico company, to reach potential candidates.

Invest Puerto Rico

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Department of Economic Development and Commerce

www.ddec.pr.gov

+1 (787) 758-4747

Office of Incentives

www.oeci.pr.gov

+1 (787) 764-6363

SHRM Puerto Rico Chapter

www.shrmpri.org

+1 (787) 767-2141

College of Certified Public Accountants of Puerto Rico

www.colegiocpa.com

+1 (787) 622-0900

Puerto Rico Bar Association

www.capr.org

+1 (787) 721-3358

Sales & Marketing Executives Association

www.smepr.org

+1 (787) 773-5088

College of Architects & Landscape Architects of Puerto Rico

www.caappr.org

+1 (787) 724-1213

Officer of the Commissioner of Financial Institutions (Regulates Financial Advisors)

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