



Request for Proposal

Remote Worker Tax Structure for Puerto Rico

Date: December 1, 2021

Invest Puerto Rico Description: Invest Puerto Rico ("InvestPR") works to elevate Puerto Rico as a world-class business destination. The organization is a public-private partnership created by law and incorporated as a 501(c)3 nonprofit. It is governed by an eleven-member Board of Directors appointed by the Governor of Puerto Rico and is comprised of three public sector representatives and eight private sector representatives.

Our mission is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the island. Our vision is to be a transformational and results-oriented accelerator of economic development in Puerto Rico.

InvestPR works with diverse stakeholders to position Puerto Rico as a destination for investment. To this effect, we collaborate with Puerto Rico's Department of Economic Development and Commerce, government agencies, trade organizations, industry partners, and academia, among others. We help companies get established on the island by assisting them to navigate incentives, connecting them to resources for real estate selection and access to talent, and providing introductions to key stakeholders like sector experts and industry associations.

Description of Project: As a result of the COVID-19 pandemic, businesses are rapidly learning to adapt to remote work, accelerating a trend that service-based companies have already been on for the past decade. Matching this trend is new and constantly improving technologies that facilitate a variety of different industries' remote work prospects. In Puerto Rico, these technologies and the prospect of remote work should be seen as opportunities to be a part of a future-facing movement, a collective project to rebuild Puerto Rico's economy, take advantage of the high-skilled and high-tech ecosystem that exists here, and adapt to a modern work experience. Many of these sectors were already targets for InvestPR as they are mostly jobs based in software and technology.

However, US-based companies that have allowed remote working employees to relocate to other states have been less willing to do the same with Puerto Rico because of the complex taxation structures that it would require, since the Island is a separate entity from a tax standpoint. There is an interest from numerous companies, especially in high-tax states, to consider Puerto Rico as a viable alternative for remote workers to locate (not as contractors), but the bureaucratic burden and unfamiliar tax authority has been a significant hurdle for them.

Deliverables: The ultimate deliverable is a detailed report and strategy, preferably in PowerPoint format, containing the findings, research, and recommendations. At a minimum, the study must address the following topics:

tel. +1 787-966-7642
www.investpr.org

200 Convention Boulevard
The Hub, Suite 301
San Juan, PR 00907



- Outline the current steps of how a US-based company (without a current presence in Puerto Rico) can host remote working employees (not contractors) to work from the Island from a payroll, taxation, withholdings, reporting burden, and labor regulation standpoint, and provide a comparison of this process to a mainland state-to-state remote working situation.
- Create various alternative scenarios that could be implemented to allow mainland US companies to have remote workers in Puerto Rico. List pros and cons for each scenario for both the company and for Puerto Rico on a fiscal/cost, simplicity, implementation, replicability, and any other relevant factor basis.
- Identify other pain points (labor laws, health insurance benefits, etc.) that a US-based company hosting remote working employees in Puerto Rico might face that they would not otherwise face in the mainland US.
- Produce policy recommendations that Hacienda or other relevant local agencies might adopt to facilitate the process of allowing remote working employees on the Island. The goal would be to make the process as similar as possible to how it currently works when a mainland US company allows an employee to work from another state.

Timeline of Services: Final report deadline is 3 months after kick-off date.

Response: Please include the following in your proposal:

- Firm and key personnel qualifications
- Description of approach to meet described objectives and deliverables
- Anticipated schedule with milestones and timeline to complete the work
- A list of two related research projects completed in the past five years along with client references for each
- Project-based total fee

Deadline for Submission: December 22, 2021

Please submit responses in PDF form to: jbozek@investpr.org