

# Innovation & Entrepreneurship



## An emerging tech hub



Attracting pioneers and innovators in cutting-edge sectors like AI, blockchain fintech, and others

## Tax incentives for entrepreneurs



Investors, and service/product exporters from 1% to 4% as well as up to 50% back in tax credits for R&D expenditures

**\$520M**



Raised in commitments to private equity and venture capital in 2022

## #1 in Latin America



In capacity for innovation and the highest rate of digital tools by companies

## Start-up program



Parallel18 has helped over 386 start-ups raise more than \$212.4M for FY21-22, attracting entrepreneurs from around the world

## More than 15,000



people have participated in entrepreneurship initiatives led or backed by the PRSTRT

## An emerging entrepreneurial paradise

Puerto Rico's unique combination of start-up incubators, incentives, shared co-working spaces, and vibrant quality of life, has made it a global hub for entrepreneurs. All U.S. citizens can work remotely on the Island's beaches for as long as they want – no need for work visas or waivers.

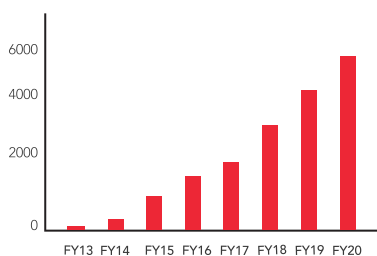
The Island's recent crises have created a new generation of entrepreneurs that are resilient, tech-savvy, and globally minded. Along with newcomers to the Island attracted by incentives and quality of life, a start-up ecosystem has evolved around co-working spaces, accelerators, and other initiatives that support entrepreneurs, many led by the government-backed Puerto Rico Science, Technology, & Research Trust (PRSTRT).

This is a tropical paradise with abundant resources to stay ever connected to global business partners. With public Wi-Fi in Old San Juan, 5G rolled out across the Island, and shared workspaces that encourage productivity, creativity, and growth, Puerto Rico is the perfect place to start your business. With competitive incentives geared toward service exporters and individual investors, Puerto Rico combines a business-friendly landscape with a high quality of place and a low cost of living.

## A globally connected culture powered by top industry networks

Join the wave of entrepreneurs discovering the advantages of Puerto Rico

In recent years, entrepreneurs have flocked to Puerto Rico



\* Total export service and individual investor incentives granted Source: DEDC, Estudios Técnicos



90% of export service and individual investor decree holding companies are in knowledge service industries, including IT, consulting, and finance

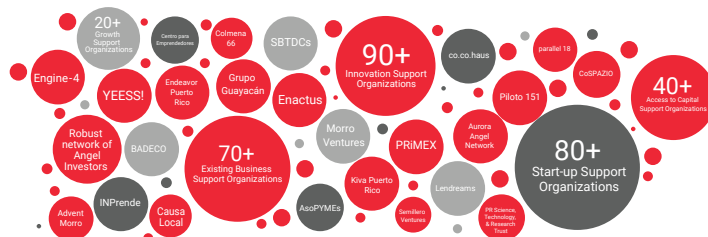
These companies have created over 36,000 direct, indirect, and induced jobs on Island



These firms contribute over \$1.212B as of FY20 in payroll on the Island

## Transformational Entrepreneurship (Support organizations)

- Access to Capital
- Innovation
- Start-up
- Angel Investors
- Existing Business
- Growth



\*For illustration purposes only. This is not exhaustive.



"Puerto Rico a beautiful place to base a company. It's positioned uniquely with tax structures that favor startups, infrastructure and travel connections that make it a world-class place to do business, and the ability to connect with entrepreneurs and investors from across the globe."

Sebastián Vidal  
Executive Director,  
parallel18

Jennifer Hopp  
Owner, ATO  
Venture Capital  
Fund

"The energy in the co-working spaces [in Puerto Rico] is just different than Silicon Valley. It's just growing so fast, the energy is palpable. There is also a sense of camaraderie that is not felt elsewhere."

## More bang for the buck: A salary goes further in Puerto Rico

	Puerto Rico	Atlanta	Miami	Boston	San Francisco	New York City
Salary	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Capital Gains & Dividend Income	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Income Tax (Federal, State, Local)	-\$37,635	-\$45,538	-\$37,551	-\$44,611	-\$48,777	-\$50,882
Capital Gains & Dividend Tax*	-	-\$2,875	-	-\$4,500	-\$6,650	-\$4,410
Sales Tax	-\$1,058	-\$2,559	-\$2,755	-\$2,305	-\$3,100	-\$3,079
Property Tax (on \$500k residence)	-\$2,600	-\$5,100	-\$4,450	-\$3,450	-\$3,350	-\$9,625
Take Home Pay	\$158,707	\$143,928	\$155,244	\$145,134	\$138,123	\$132,004
Cost of Living Adjustment	Baseline	-5%	-17%	-53%	-52%	-60%
Adjusted Take Home Pay	\$158,707	\$136,732	\$128,853	\$76,921	\$71,824	\$79,202

\*With Individual Investor Incentive in Puerto Rico. Additional Annual Report Fees apply.

Sources: Income and property tax information from SmartAsset.com, KPMG, PwC, and CRIM; Sales tax based on average annual personal consumption times local sales tax rate; Cost of Living Adjustment from the Council for Community and Economic Research includes food, housing, utilities, transportation, health care, and miscellaneous goods and services.



### U.S. Jurisdiction

- Governed by U.S. federal law
- New air transshipment waiver means new direct flight expansion opportunities
- Legal & intellectual property protections of the U.S.



### Organizational Support

- A well-established network of co-working spaces and entrepreneurship-focused non-profits on the Island fuel start-up collaboration
- Close network of business and community leaders



### Real Estate

- Island-wide ICT infrastructure, including multiple 5G providers
- Lowest cost Class A office space per sq. ft. among comparable U.S. cities



### Workforce & Talent Development

- Wages are 40% lower than the rest of the U.S.
- Bilingual in English and Spanish
- 80+ local universities
- Over 200K students annual enrollment



### Exceptional Quality of Life

- The Island offers remote workers the perfect combination of business support, competitive incentives, an engaged entrepreneurial ecosystem, and a high quality of life
- Diverse outdoors activities from pristine beaches to dense rain forest, mountains, caves, and canyons