

Puerto Rico's Benefits for the Life Sciences Sector at a Glance

General Environment – Puerto Rico is a territory of the United States; therefore U.S. Law applies. It is FDA regulated, and its people are American citizens. Puerto Rico has its own tax code, wholly separate from the Federal tax code.

I. Workforce

- a. Well-trained and experienced workforce for pharmaceutical, bioprocess and medical devices manufacturing.
- b. Excellent education system – P.R. graduates over 22,000 of the best engineers and scientists in the U.S. every year.
- c. Academic excellence

II. Tax Advantages

- a. Puerto Rico charges 4% tax on goods and services being exported from the island. For innovative products, this tax rate can be negotiated to 0%. There is no federal tax.
- b. New Residents to Puerto Rico are eligible for Act 22 tax status, which means 0% capital gains & 0% on P.R. sourced dividends and interest. Example: If as an Act 22 Resident you own shares in a P.R. company that is sold at a profit your gains are tax free. Further, any dividends from this company are tax free to you.
- c. Sales tax (IVU) on goods purchased in P.R. is currently 11.5%. Companies located in Science City, Puerto Rico's flagship development for an innovation and sciences cluster, are not subject to this tax.
- d. Puerto Rico offers a Research & Development tax credit of 50%. Process development and clinical trials are included. Startup companies that do not owe any taxes can sell their tax credits for 90 cents on the dollar.

III. Subsidies

- a. Companies incorporated in Puerto Rico are eligible for U.S. government grants. Moreover, they have a better chance of being approved than if located in other states, because Puerto Rico generally does not exhaust its allotment.
- b. Companies awarded SBIR grants by the Federal government get these funds matched 100% by the Puerto Rico Science, Technology, and Research Trust (PRST).
- c. Companies located in Science City can pay their lead scientist up to \$250,000 a year, tax free.
- d. The PRST offers grants up to \$150,000 to startups and scientists.
- e. The PRST and the Puerto Rico Industrial Development Company (PRIDCO) can make buildings available at below market rates.
- f. Salaries, in general, are about 30% less than in the U.S. mainland.