



March 20, 2013

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GOVERNMENT AFFAIRS ALERT

Governor enacts the Jobs Now Act

On February 10, 2013, Governor Alejandro García-Padilla signed into law Act 1 of 2013, also known as the “Jobs Now Act” (“Ley de Empleos Ahora”) which, along with other initiatives, has the goal of creating 50,000 new jobs in 18 months. The Act creates a new job creation incentives program whereby existing and new businesses can enter into “special agreements” with government agencies to receive:

- New non-transferable “energy credits” worth up to \$2,000 per each new full-time job created;
- 100% property tax exemption during for the first two years after acquisition of qualifying properties;
- 25% to 40% salary subsidy for certain qualifying employees for the first 18 months of the special agreement;
- \$1 per-year rental fee for available Puerto Rico Industrial Development Company (“PRIDCO”) and Puerto Rico Trade and Export Company (“PRTEC”) properties during the first two years of operations;
- 10% income tax rate applicable to the first year of operations and 15% for the second year;
- Carryforward of net operating losses of the first two years as of the execution of the special agreement to be applied against business income generated for a period of 10 years.
- 100% municipal license tax exemption applicable to the first two years of the special agreement;
- 20% to 50% salary reimbursement applicable to certain businesses for for the employment of certain types of employees;
- New rules for employee Christmas bonuses, depending on total employee head-count, starting at \$175-200 (per employee) for the first year of operations;
- 50% discount on premiums payable to the State Insurance Fund for each new incremental job during the first year of operations;
- 100% deductions of all capital investment in PRIDCO and PRTEC leased properties;
- 25% refund of the freight cost for exports of certain products;
- 100% refund of the freight costs incurred to export agricultural products; and
- A new fast-track permits process for qualifying business projects.

The incentives under this program will generally not be available to businesses enjoying benefits under other government incentives programs, such as tourism, industrial development, energy (except for "energy credits"), export and film incentives. Each situation will have to be evaluated in light of its particular context. The PRTEC will receive applications for these incentives until October 31, 2013.

If you have any questions or would like our assistance regarding this matter, you may contact any of the following members of our Government Affairs Practice Team:

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