

September 23, 2011 [www.mcvpr.com](http://www.mcvpr.com)**TAX EXEMPTION ALERT*****The Puerto Rico Investment Promotion Act of 2011***

Puerto Rico's Resident Commissioner, with the full backing of the Governor of Puerto Rico, filed a bill yesterday in the U.S. Congress to enact a new section to the US Internal Revenue Code that would allow qualified Puerto Rico corporations deriving at least 50% of their gross income from Puerto Rico sources to elect to be treated as a U.S. domestic corporation, while being, as Puerto Rico individuals are, U.S. tax exempt on Puerto Rico source income. Such corporations would be entitled to reduce any U.S. tax liability (on non-Puerto Rico income) by taking any available federal deductions and credits. Further, U.S. shareholders would be entitled to claim a dividends received deduction on distributions of earnings and profits.

If you have any questions or would like our assistance regarding this matter, you may call any of the following members of our Tax and Tax Exemption groups:

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