

Introduction

Welcome to Puerto Rico, and congratulations on taking advantage of Act 60's unique tax incentives! This Starter Pack is designed to give you a clear, straightforward roadmap for your first 90 days and beyond, ensuring your relocation is compliant and maximizes your benefits.

What Is Act 60?

Act 60 consolidates previous tax incentive laws like Act 20 and Act 22. It offers reduced tax rates on export services and tax exemptions on capital gains for bona fide residents.

- Export services businesses may qualify for a 4% corporate tax rate.
- Individual investors can receive 100% tax exemption on eligible capital gains.

Understanding the basics helps you plan your move and business effectively.

Establishing Bona Fide Residency

To benefit from Act 60, you must establish bona fide residency, which includes:

- Purchasing or renting your primary residence in Puerto Rico.
- Obtaining a Puerto Rico driver's license.
- Registering to vote in Puerto Rico.
- Passing the physical presence test (generally spending at least 183 days on the island).

Document all these steps carefully to support your residency claim.

Setting Up Your Puerto Rico Business

- Form a local business entity (LLC or Corporation) that qualifies under Act 60.
- Register with the Puerto Rico Department of State.
- Obtain any required permits or licenses.
- Open a local bank account.
- Set up compliant payroll or owner draws; paying yourself a reasonable salary is essential.

Proper formation and documentation reduce audit risks.

2025 Act 60 Starter Pack

Your Essential Guide for New Puerto Rico Residents

Tax Compliance and Reporting

- File annual Puerto Rico tax returns for your business and individual income.
- Align U.S. and Puerto Rico tax reporting to avoid double taxation.
- Maintain detailed records of time spent in Puerto Rico and elsewhere.
- Track payroll, distributions, and business expenses meticulously.

Engage a qualified accountant familiar with Act 60 rules.

Common Pitfalls and How to Avoid Them

- Don't rely on social media or non-professional advice.
- Avoid underpaying yourself or neglecting payroll.
- Don't skip residency documentation.
- Don't forget to track your physical presence.

A little care now prevents costly audits later.

When to Consult an Act 60 Advisor

Professional guidance is critical when:

- You're unsure about business qualification.
- You need help with entity formation or payroll setup.
- You want to minimize IRS or Puerto Rico Treasury (Hacienda) audit risks.
- You're ready to move into proactive tax planning.

Your First 90-Day Checklist

- Schedule your first consultation with a qualified Act 60 advisor.
- Obtain your PR driver's license and voter registration.
- Form your Act 60-qualifying business entity.
- Open local bank accounts.
- Set up payroll or owner compensation.
- Establish your primary residence.
- Begin detailed recordkeeping.

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Closing

Relocating to Puerto Rico under Act 60 is a significant opportunity. This Starter Pack is your foundation for success-helping you build a compliant, tax-efficient life on the island.

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