Retos Económicos 2023











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Recurso

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PRESENTACIÓN

- WEB. <u>www.galindezllc.com</u>
 - **-UPDATES**
 - PRESENTATIONS









Siete Retos







1. Inflación - PR

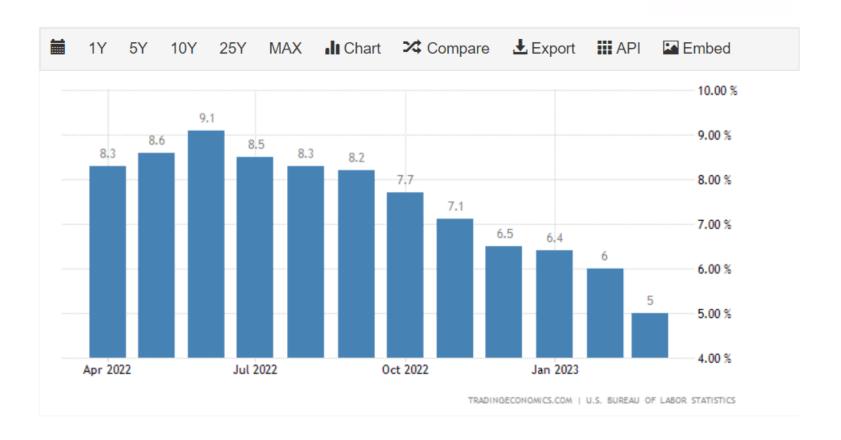








Inflation US

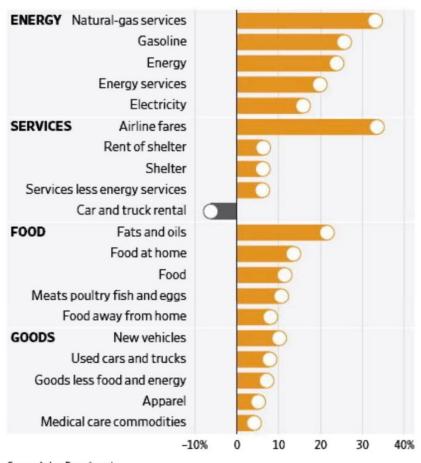








Consumer-price index, 12-month change ended in August



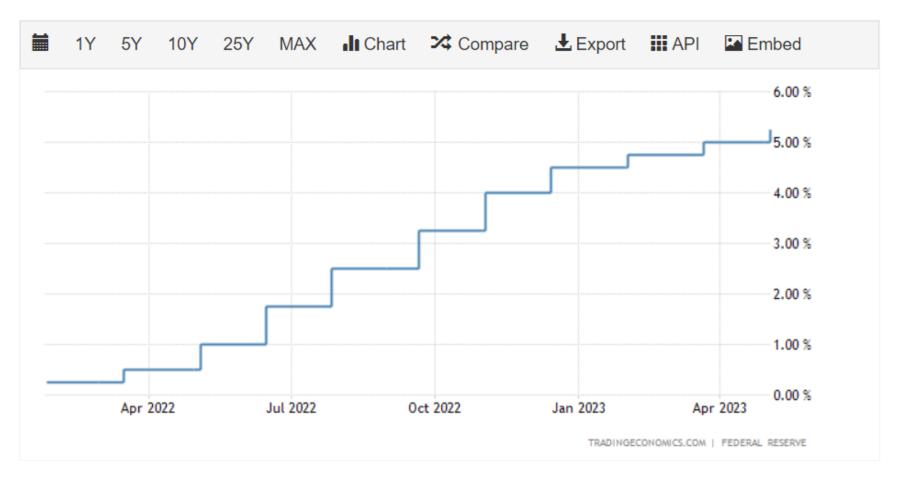
Source: Labor Department







Federal Funds Rate



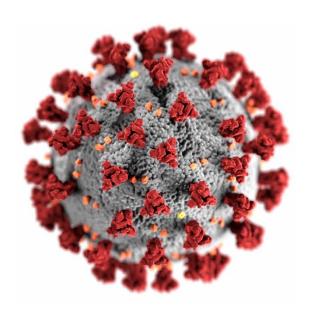






2. Pandemia

- Diciembre 2019
 - Marzo de 2020
- Efecto en la Actividad Comercial
 - Retos en las Cadenas de Distribución
 - Escasez de Microprocesadores ("CHIPS")
 - Efecto de las Ayudas Pandémicas
- Cuando se termina?









3. Manufactura en Puerto Rico

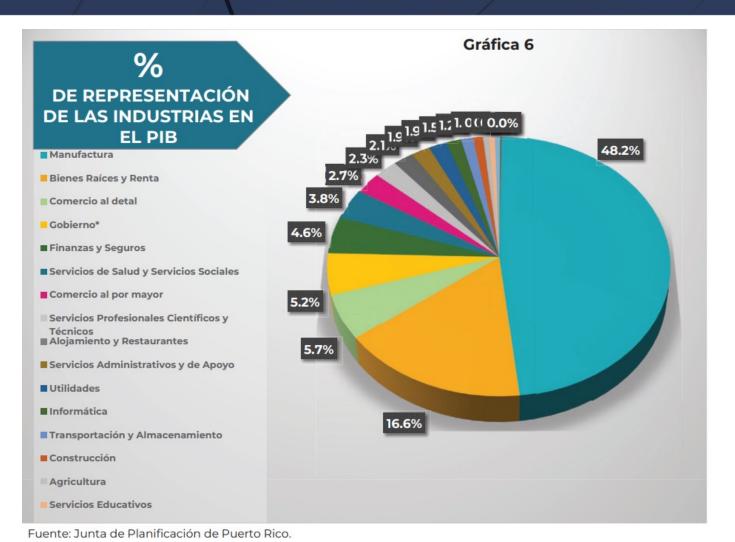
- Alta concentración
 - Producto Interno
 - 49%
 - Contribuciones
 - 33%
- Retos
 - Contribuciones
 - Impuesto Mínimo Mundial
- Oportunidades
 - Reshoring
 - Nearshoring
 - CHIPs

















4. Reto Demográfico

PUERTO RICO: 2020 Census







AMERICA COUNTS STAFF AUGUST 25, 2021





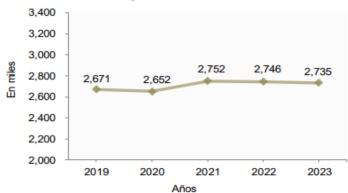


Población

- **Junio 2022**
 - 2,735,000

Gráfica 1. Población 16 años y más en Febrero

No ajustado estacionalmente



- Fuerza Laboral
 - 1,130,000

Gráfica 2. Empleo en Febrero

Ajustado estacionalmente

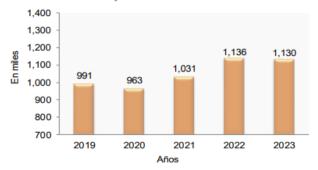








Table 3 - Employment Status of Civilian Noninstitutional Population by Age and Sex, Not Seasonally Adjusted

(thousands of persons 16 years of age and over)

February 2023

				bradiny 2020				
			Grupo Trabajador Civil - Civilian Labor Force					
		Grupo	Grupo Trabajador Labor Force		Desempleados		Grupo	
	Población	Lab			Unemployed		Trabajador	
Edad y Sexo			Tasa de	Empleados		Tasa de		Age and Sex
	Population	Número	Participación		Número	Desempleo	Not in the	
				Employed			Labor	
		Number	Participation		Number	Unemployment	Force	
			Rates			Rates		
Total	2,735	1,206	44.1	1,135	72	5.9	1,529	Total
16 - 19 Años	154	20	12.6	16	4	19.7	135	16 - 19 Years
20 - 24 Años	216	107	49.5	94	13	12.5	109	20 - 24 Years
25 - 34 Años	402	299	74.5	279	21	6.9	103	25 - 34 Years
35 - 44 Años	379	277	73.2	266	12	4.2	102	35 - 44 Years
45 - 54 Años	418	288	68.9	274	14	4.8	130	45 - 54 Years
55 - 64 Años	430	175	40.6	167	7	4.2	255	55 - 64 Years
65 Años y más	736	40	5.5	40	a/	a/	696	65 Years and Over





Seguro Social

- Desde 1982 mas aportaciones que pagos de beneficios
 - Reservas
- En 2022 cambia la tendencia
 - Se empiezan a usar las reservas
- En 2033 se terminan las reservas
 - Mas beneficios que aportaciones
- Alternativas
 - 2023: Aumentar por 3.44% o reducir beneficios 21.3%
 - 2033: Aumentar 4.15% o reducer beneficios por 25.2%







5. Situación Contributiva

Doing Business 2020

Puerto Rico

Paying Taxes - Puerto Rico

Indicator	Puerto Rico	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Payments (number per year)	16	28.2	10.3	3 (2 Economies)
Time (hours per year)	218	317.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	64.4	47.0	39.9	26.1 (33 Economies)
Postfiling index (0-100)	13.8	47.5	86.7	None in 2018/19

Figure - Paying Taxes in Puerto Rico - Score



DB 2020 Paying Taxes Score

Figure - Paying Taxes in Puerto Rico and comparator economies - Ranking and Score

86.8: United States (Rank: 25)

65.8: Mexico (Rank: 120)

64.9: Jamaica (Rank: 124)

60.5: Regional Average (Latin America & Caribbean)

57.4: Dominican Republic (Rank: 150)

52.0: Puerto Rico (Rank: 163)





Actualización sobre el Grupo Asesor para Simplificar y Mejorar el Sistema Contributivo en Puerto Rico

Table 2. 20 Highest Statutory Corporate Income Tax Rates in the World, 2022

Country	Continent	Tax Rate
Comoros*	Africa	50%
Puerto Rico	North America	37.5%
Suriname	South America	36%
Argentina	South America	35%
Chad	Africa	35%
Colombia	South America	35%
Cuba	North America	35%
Equatorial Guinea	Africa	35%
Guinea	Africa	35%
Malta	Europe	35%
Sudan	Africa	35%

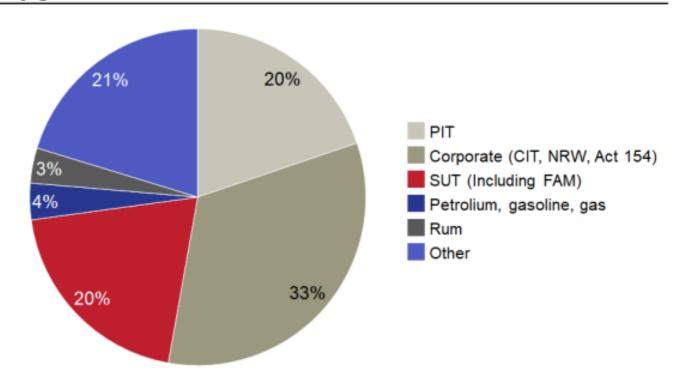






EXHIBIT 39: GENERAL FUND REVENUE DRIVERS

Key general fund revenue drivers, %



Source: Hacienda reports, FY2022 General Fund revenue collections







EXHIBIT 40: SUMMARY OF TAX EXPENDITURES IN PUERTO RICO

Total Tax Expenditures by Count

	Credits	Deductions	Exclusions	Exemptions	Preferential Rate	Deferrals	Total
Individual	27	8	12	54	14		115
Business	88	18	16	76	44	21	263
 Regular Corporations 	21	4	7	39	5	10	86
 Incentive Acts 	35	5	-		21	1	62
 Non-corporate Business 	32	9	9	37	18	10	115
SUT	-		4	27	-	-	31
Excise	1		16	12	•		29
Total	116	26	48	169	58	21	438

Total Tax Expenditures by Dollar Amount, \$ millions

	Credits	Deductions	Exclusions	Exemptions	Preferential Rate	Deferrals	Total
Individual	97	338	339	1,364	799	-	2,937
Business	170	20	93	195	15,208	270	15,957
 Regular Corporations 	69	5	17	96	29	161	377
 Incentive Acts 	71	7			15,054	10	15,141
 Non-corporate Business 	31	8	77	99	125	100	439
SUT	-	12	607	3,664	-	2	4,271
Excise	15	9-	494	12		-	521
Total	282	358	1,533	5,235	16,007	270	23,685

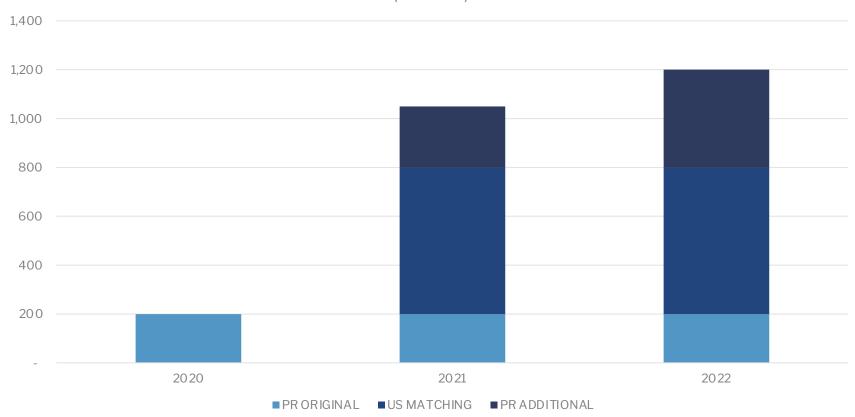
Source: Puerto Rico's Tax Expenditure Report (TER), Issued March 2022

















	1,193,937		2,336,926,840		1,057,879,909		1,279,046,931	
1010,000	37,171	370	1,234,370,300	3370		070	1,234,370,300	10170
Mas 100,000	37,171	3%	1,294,376,500	55%	_	0%	1,294,376,500	101%
100,000	21,517	2%	221,984,913	9%	-	0%	221,984,913	17%
80,000	8,072	1%	63,239,006	3%	-	0%	63,239,006	5%
75,000	9,728	1%	65,653,255	3%	-	0%	65,653,255	5%
70,000	11,224	1%	65,057,298	3%	18	0%	65,057,280	5%
65,000	13,607	1%	66,904,343	3%	7,065	0%	66,897,278	5%
60,000	16,646	1%	67,953,079	3%	5,500	0%	67,947,579	5%
55,000	21,651	2%	72,286,487	3%	2,351	0%	72,284,136	6%
50,000	30,050	3%	79,641,041	3%	40,386	0%	79,600,655	6%
45,000	33,000	3%	68,265,193	3%	547,006	0%	67,718,187	5%
40,000	288,294	24%	240,510,888	10%	236,760,777	22%	3,750,111	0%
20,000	266,935	22%	29,944,324	1%	498,076,471	47%	(468,132,147)	-37%
9,000	223,217	19%	891,112	0%	171,230,030	16%	(170,338,918)	-13%
-	212,825	18%	219,401	0%	151,210,305	14%	(150,990,904)	-12%







PC 1576

Presentado por el Gobernador

- Ajuste por Costo de Vida (Inflación)
- Para el año 2023
- Ajusta
 - Escalas Contributivas Individuos
 - Deducciones Individuos
 - Exenciones Personales y Dependientes







6. Relación con el Gobierno Federal

- Fondos
 - Salud
 - Alimentos
 - Reconstrucción
 - Educación
- Relación Comercial
 - Compras y ventas
 - Ley Jones
 - Tratamiento Contributivo
 - Créditos Vehículos Electricos
- Relación Política







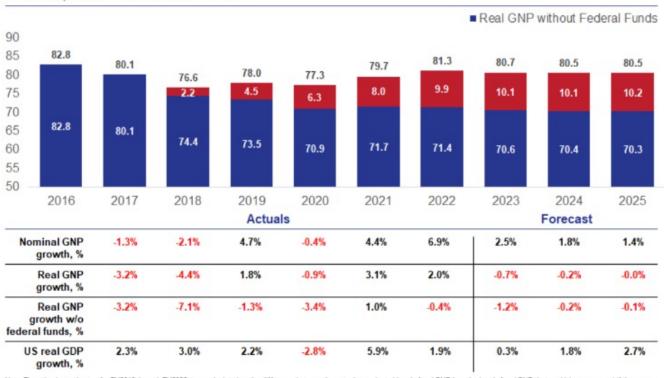


Dependendoia Fondos Reconstrucción

EXHIBIT 3: PUERTO RICO GNP WITH AND WITHOUT FEDERAL RELIEF SPENDING FROM 2016 - 2025¹⁴

Puerto Rico real GNP, with and without federal relief spending

Fiscal Year, in billions of constant 2023 dollars



Note: The stimulus estimates for FY2018 through FY2025 were calculated as the difference between the actual or projected level of real GNP less the level of real GNP that would have occurred if there were no federal DRF, COVID-19, federal benefits, or infrastructure funds (primarily IUA). The implicit GNP deflator was used to convert nominal values to constant 2023 dollars. Numbers in figures may not add up to totals because of rounding. Puerto Rico real GNP growth in 2020-2021 is adjusted for the impact of direct income transfers as part of COVID-19 federal relief packages. US real GNP forecast is for calendar years and sourced from the February 2023 CBO Budget and Economic Outlook.





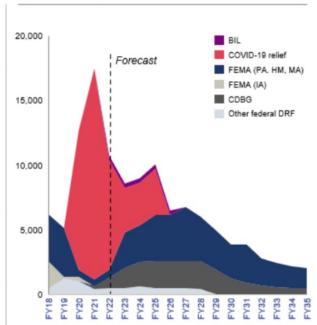


EXHIBIT 8: FEDERAL RELIEF FUNDS BY SOURCE OF FUNDING

Federal disaster relief funds by category, \$M

	FY18,	FY19,	FY20,	FY21,	FY22,	FY23,	FY24,	FY25,	FY26-	
	\$M.	SM,	SM.	SM.	\$M,		SM.	SM.	35, SM.	Total,
Federal funde	%	%	%	%	%		%	%	%	\$M
Total federal disaster relief programs	6,167	5,139	1,942	1,196	1,915	4,783	5,350	6,146	41,144	73,780
, ograma	8%	7%	3%	2%	3%	6%	7%	8%	56%	70,700
FEMA Public Assistance, Hazard Mitigation, Mission	3,607	3,772	544	585	598	2,708	2,845	3,578	20,992	
Assignments ¹	8%	8%	1%	1%	1%	đ%	đ%	8%	00%	45,226
FEMA Individual Assistance [†]	2,050	130	317	(70)	10	1 4	0	0		2,442
	84%	5%	13%	-3%	0%	0%	0%	0%	0%	2,442
CDBG	-	-	66	257	787	1,532	1,858	2,054	12,643	
	0%	0%	0%	1%	4%	8%	10%	11%	00%	19,198
Other federal disaster	500	1,237	1,014	420	522	530	040	513	1,500	- Anti-
relief funding	7%	18%	15%	0%	8%	8%	9%	7%	22%	6,915
COVID-19 relief programs ²			10,764	16,275	8,465	3,465	3,276	2,583		44,828
	-		24%	36%	19%	8%	7%	6%		44,020
Bipartisan Infrastructure Law	-	-	-		322	323	324	325	326	1,620
	-	-	-		20%	20%	20%	20%	20%	1,620
Total	6,167	5,139	12,706	17,471	10,702	8,571	8,950	9,053	41,470	120,22

Federal disaster relief funds and stimulus, \$M



^{2.} Includes CARES Act, CRRSA Act, ARPA, Preparedness and Response Supplemental Appropriations Act, Families First Coronavirus Aid Package, CW stimulus package







^{1.} Includes federal assistance for 2019/2020 earthquakes

7. Retos en la Fuerza Laboral

- Brecha en la Empleomanía
- Nuevas Tendencias

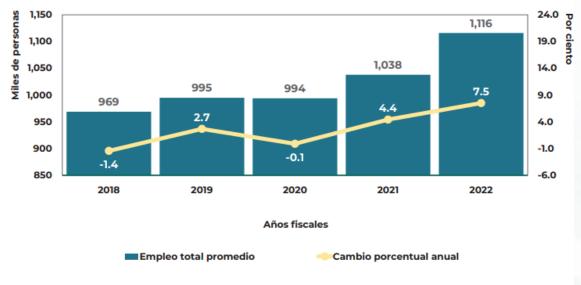








Gráfica 1: Empleo Total Promedio (Ajustado estacionalmente y cambio porcentual anual, período de julio a junio)

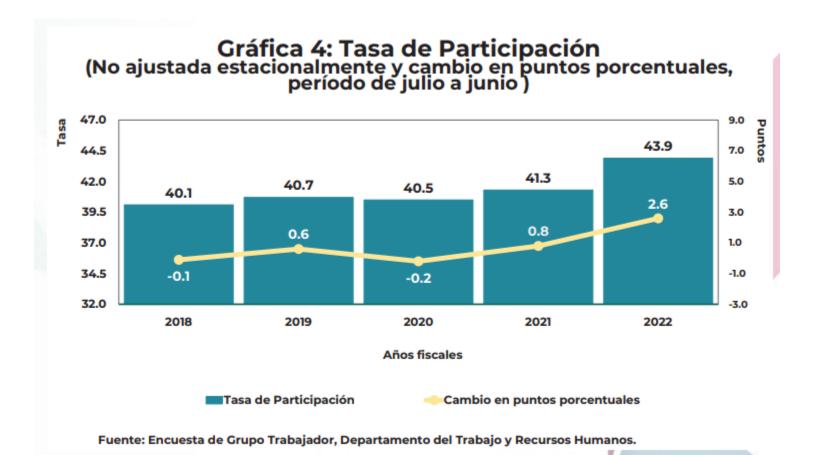


Fuente: Encuesta de Grupo Trabajador, Departamento del Trabajo y Recursos Humanos.















Empleo por Sector

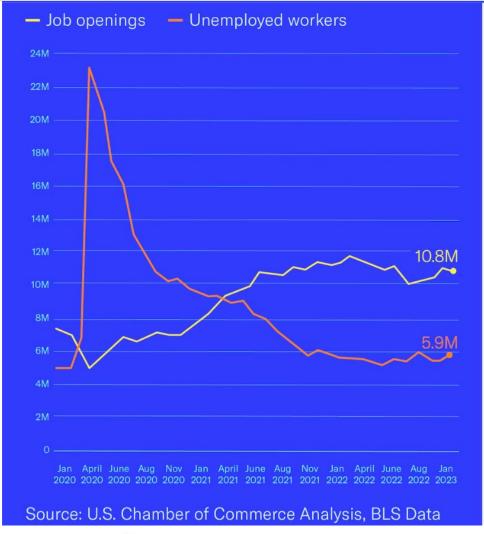
- Servicios 333 mil empleos (34.6%),
- Comercio 226 mil empleos (23%)
- Administración pública 165 mil empleos (17%)
- Manufactura 95 mil empleos (9.8%)







Brecha en Empleomanía









Razones para la Brecha

- Aumento en ahorros
- Retiros temprano
- Acceso a cuido de hijos o dependientes
- Nuevos Negocios







Nuevas Tendencias Laborales

- The Great Resignation
- Gig Economy
 - Tendencias de Emprendimiento
- Trabajo a Distancia
 - Más flexibilidad para el lugar de trabajo
 - Ley 52-2022
- Silent Resignation
 - Regla del menor esfuerzo









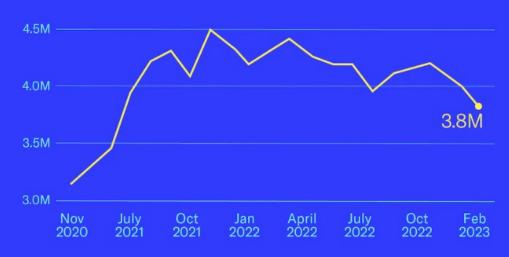
The Great Resignation



February 2023

Workers quitting their jobs has risen sharply over last year

Individuals who quit their jobs



Source: U.S. Chamber of Commerce Analysis, BLS Data







Y que pasa ahora?









Questions







