

August 8, 2025

## Tax Update

### Puerto Rico Enacts Act 76-2025 Extending Hospital Tax Exemptions for Ten Years

On July 24, 2025, the Puerto Rico Legislature enacted Act No. 76-2025, amending Article 1 of Act No. 168 of June 30, 1968, as amended, known as the *Hospital Tax Exemption Act*. This amendment extends the tax exemption period for hospital operators for an additional 10 years as part of the ongoing public policy to strengthen Puerto Rico's healthcare system.

#### Key Benefits Extended

Hospital operators who qualify under the amended law will continue to enjoy the following tax benefits for an additional ten-year period:

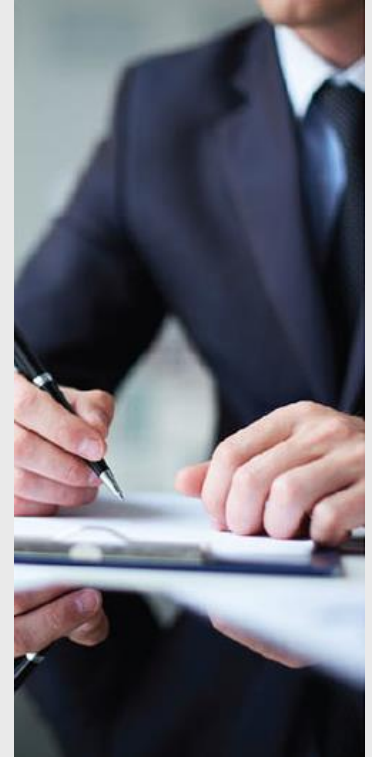
- Tax credit of up to 15% of total eligible payroll expenses
- Full exemption from property taxes on real and personal property used for medical-hospital services
- Exemption from state excise taxes on equipment and machinery designed for medical diagnosis and treatment
- Exemption from municipal license taxes, excise taxes, and other municipal taxes
- Full exemption from state taxes and excise taxes on petroleum derivatives

#### Eligibility and Application Requirements

Those engaged in hospital operations who are receiving benefits under the act as of January 1, 2025, may continue to enjoy those benefits for an additional ten-year period by filing an application with the Secretary of the Treasury. Hospital operators whose benefits expired before January 1, 2025, may also qualify for uninterrupted renewal of benefits if they submit an application to the Secretary of the Treasury no later than January 31, 2026, and comply with all other applicable legal requirements.

#### Compliance Obligations

Entities receiving benefits under this law must file a semiannual certification with the Secretary of the Treasury, on or before the last day of their taxable year, confirming that their facilities and medical services meet standards of medical excellence. The certification must be issued by the Secretary of Health based on criteria established by regulation. The cost of inspections conducted by the Secretary of Health must be reimbursed by each participating entity.



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## Effective Date

Act No. 76-2025 became effective immediately upon its enactment.

If you have questions regarding the hospital tax exemption extension or need assistance with the application process, the team at Reichard & Escalera LLC is ready to help. We can guide you through the requirements to ensure your hospital operation remains compliant and continues to benefit from these important tax incentives.

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