

March 11, 2026

Tax Update

Puerto Rico Amends the Incentives Code for Resident Individual Investors

House Bill 505 has been enacted into Act No. 38-2026 (“Act”), which amends Act 60-2019, known as the Puerto Rico Incentives Code. The Act became effective immediately upon its approval. The amendments adjust the tax rate applicable to future Resident Individual Investors, establish prior residency requirements, and extend the program until 2055.

Program Extension and Eligibility

- The Resident Individual Investor program is extended until the taxable year ending December 31, 2055.
- For applications filed after December 31, 2026, individuals must demonstrate they were not Puerto Rico residents for at least six years prior to moving.

Key Tax Rate Changes

- For applications filed on or before December 31, 2026, the full tax exemption on interest and dividends generally remains in effect until January 1, 2036.
- For applications filed on or after January 1, 2027, interest and dividends will generally be subject to a 4% fixed preferential income tax rate until January 1, 2056, unless a more favorable rate applies under other laws.
- Capital gains from appreciation after becoming a resident generally will remain fully exempt until January 1, 2036, for applications filed by December 31, 2026.



For more information on this Legal Update, please contact:

Alba I. Joubert Pereira
ajoubert@reichardescalera.com
787.777.8825
787.432.8356

Carlos E. Serrano
cserrano@reichardescalera.com
787.777.8815
787.406.5257

Sergio Perez
sperez@reichardescalera.com
787.777.8888

Omar Oquendo
oquendo@reichardescalera.com
787.777.8888

Liliana Emanuelli
lemanuelli@reichardescalera.com
787.777.8888

- For applications filed on or after January 1, 2027, capital gains from appreciation after becoming a resident will generally be subject to a 4% fixed preferential income tax rate until January 1, 2056, unless a more favorable rate applies.
- Certain capital gains from appreciation prior to residency, recognized after ten years of residency, are subject to a 5% tax rate before January 1, 2036, for applications filed on or before December 31, 2026, and before January 1, 2056, for applications filed on or after January 1, 2027.

Real Estate and Compliance

- Resident Individual Investors must submit evidence of acquiring real property in Puerto Rico by purchase from an unrelated owner within two years of obtaining the grant and accredit in the annual report that they maintain sole or joint ownership with their spouse of the property as their principal residence during the entire grant term.
- For applications filed on or after January 1, 2027, annual report evidence of the principal residence must reflect registration (or pending registration) in the Puerto Rico Property Registry in the name of the Resident Individual Investor, jointly with their spouse, or in the name of a trust described in Section 2022.07 of the Incentives Code.

Grant Modifications

- Applications filed on or before December 31, 2026, that have not yet been approved may be processed, at the applicant's election, under the new tax provisions applicable to applications filed on or after January 1, 2027.
- Resident Individual Investors holding a grant under Act 22-2012 or those applying on or before December 31, 2026, may request a modification to their grants as contemplated by the Act.
- All rights and obligations acquired under existing grants will continue to be honored.

If you have questions regarding the Resident Individual Investor program amendments or need assistance with the grant application or modification process, the team at Reichard & Escalera LLC is ready to help.

This communication is for information purposes only and does not constitute legal advice. This communication may be based on authorities that are subject to change and is not a substitute for professional advice or services. You should consult a qualified professional advisor before taking any action based on the information herein. This communication does not create an attorney-client relationship between Reichard & Escalera and the recipient.

[Unsubscribe.](#)