

## 16% GST

Income tax rate schedule Single <35 0 35-125 15% 125-200 20% >200 30%	Married <70 0 70-125 15% 125-200 20% >200 30%	Households	Income Tax Under Current Structure	IVU	Total Income and Sales Tax	Proposed Income Tax	Proposed GST of 16% (net of regressivity relief)	Total Income and GST	Increase Per House-hold
Less than \$21,800		681,339	\$10	\$381	\$392	\$0	\$392	\$392	\$0
Greater than \$21,800, less than \$33,000		233,080	\$72	\$194	\$266	\$0	\$469	\$469	\$868
Greater than \$33,000, less than \$50,000		215,568	\$221	\$198	\$419	\$40	\$791	\$832	\$1,917
Greater than \$50,000, less than \$69,500		116,015	\$214	\$147	\$361	\$82	\$589	\$671	\$2,670
Greater than \$69,500, less than \$84,200		45,579	\$152	\$67	\$218	\$66	\$266	\$332	\$2,489
Greater than \$84,200, less than \$100,000		27,587	\$146	\$45	\$192	\$72	\$205	\$278	\$3,118
Greater than \$100,000, less than \$140,000		25,428	\$273	\$48	\$321	\$173	\$217	\$390	\$2,732
Greater than \$140,000, less than \$200,000		18,741	\$240	\$45	\$285	\$179	\$201	\$380	\$5,091
Greater than \$200,000, less than \$300,000		10,045	\$204	\$33	\$237	\$154	\$148	\$302	\$6,497
Greater than \$300,000		3,149	\$547	\$17	\$564	\$641	\$77	\$718	\$49,052
Total		1,376,531	\$2,079	\$1,176	\$3,255	\$1,409	\$3,355	\$4,764	

## 16% GST

Income tax rate schedule Single <35 0 35-62.5 15% 62.5-100 20% >100 30% Married <70 0 70-125 15% 125-200 20% >200 30%	Households	Income Tax Under Current Structure	IVU	Total Income and Sales Tax	Proposed Income Tax	Proposed GST of 16% (net of regressivity relief)	Total Income and GST	Increase Per House-hold
Less than \$21,800	681,339	\$10	\$381	\$392	\$0	\$392	\$392	\$0
Greater than \$21,800, less than \$33,000	233,080	\$72	\$194	\$266	\$0	\$450	\$450	\$787
Greater than \$33,000, less than \$50,000	215,568	\$221	\$198	\$419	\$44	\$791	\$836	\$1,936
Greater than \$50,000, less than \$69,500	116,015	\$214	\$147	\$361	\$90	\$589	\$679	\$2,741
Greater than \$69,500, less than \$84,200	45,579	\$152	\$67	\$218	\$73	\$266	\$338	\$2,634
Greater than \$84,200, less than \$100,000	27,587	\$146	\$45	\$192	\$79	\$205	\$285	\$3,379
Greater than \$100,000, less than \$140,000	25,428	\$273	\$48	\$321	\$191	\$217	\$407	\$3,410
Greater than \$140,000, less than \$200,000	18,741	\$240	\$45	\$285	\$197	\$201	\$398	\$6,039
Greater than \$200,000, less than \$300,000	10,045	\$204	\$33	\$237	\$170	\$148	\$318	\$8,024
Greater than \$300,000	3,149	\$547	\$17	\$564	\$705	\$77	\$782	\$69,286
Total	1,376,531	\$2,079	\$1,176	\$3,255	\$1,549	\$3,336	\$4,885	

## 2.4 Revise Domestic Business Income Taxation to Simplify the Corporate Tax Base, Reduce the Number of Corporate Taxpayers and Rationalize Flow-Through Taxation Regimes

### Domestic Business Taxation

#### *Choice of Entity*

##### 2.4.1 Current Law

Business owners have broad flexibility to conduct business activities in Puerto Rico through numerous forms of legal entities. Individual business owners also may conduct their activities as sole proprietorships, which do not involve a separate legal entity. Under current law, the taxation of income earned by a business typically depends on the type of entity through which the business is conducted. For income tax purposes, Puerto Rico business entities generally are taxed either: (1) as regular corporations; (2) as pass-through entities; or (3) pursuant to a special tax regime. Some business entities may elect the manner in which they are taxed.