

Global Tax Alert

News from EY Americas Tax

Puerto Rico Oversight Board wants the Commonwealth to become manufacturing center of US products

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access information about the tool and registration [here](#).

EY Americas Tax

EY Americas Tax brings together the experience and perspectives of over 10,000 tax professionals across the region to help clients address administrative, legislative and regulatory opportunities and challenges in the 33 countries that comprise the Americas region of the global EY organization. Access more information [here](#).

The Financial Oversight and Management Board for Puerto Rico (Oversight Board) sent a letter to United States (US) President Trump asking for Puerto Rico to play "a leading role" in the increased manufacture of American pharmaceuticals. The Oversight Board's message was prompted by public dialogue about potential policy changes that would redirect the manufacturing of pharmaceutical and medical products to the United States.

According to the Oversight Board, Puerto Rico is a major center for pharmaceutical and medical device manufacturing, as "8% of pharmaceutical expenditures by Americans are for products manufactured in Puerto Rico." The Oversight Board said the Puerto Rico pharmaceutical manufacturing sector has highly skilled employees, as well as the benefits of Puerto Rico being fully within the US customs territory and having its manufacturing subject to FDA and other federal agency oversight.

Implications

The Oversight Board's missive comes as the effects of COVID-19 are being felt around the world and various media outlets have been reporting on the notion that Puerto Rico could be a destination for the relocation of manufacturing activity to the United States. The letter calls for proactive dialogue between the Government of Puerto Rico and federal policy makers to find mutually acceptable solutions. At this stage, it is too early to tell what effect, if any, the Oversight Board's position will have on policy changes that may come about in this space. In any event, policy discussions around this area need to be closely monitored by all stakeholders.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Puerto Rico LLC, State and Local Taxation Group, San Juan

- | | |
|--------------------------|--|
| ▶ Rosa M. Rodríguez | rosa.rodriguez@ey.com |
| ▶ Pablo Hymovitz Cardona | pablo.hymovitz@ey.com |
| ▶ María T. Riollano | maria.riollano@ey.com |
| ▶ Alberto J. Rossy | alberto.rossy@ey.com |
| ▶ Alexandra M. Pérez | alexandra.perez@ey.com |
| ▶ Carla J. Díaz | carla.j.diaz@ey.com |
| ▶ Karol I. Santiago | karol.santiago@ey.com |
| ▶ Marcel Ramos | marcel.ramos1@ey.com |
| ▶ Isabel Rivera | isabel.rivera@ey.com |
| ▶ Noeliz Suarez | noeliz.suarezarchilla@ey.com |

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

EY Americas Tax

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 001525-20Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com