



Crypto Haven

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While Puerto Rico exits bankruptcy, the island territory is quietly developing a lucrative new economic presence: as a tax haven for ‘investors’ in cryptocurrencies and organizations that promote these cybercoins. Visitors to San Juan can visit the headquarters of the Puerto Rico Blockchain Trade Association, CryptoZoo, and digital currency funds Pantera Capital and Redwood City Ventures. Individuals with significant crypto profits who spend 183 days on the island each year can suddenly free themselves of capital gains taxes on their winnings. If they operate a firm that exports its services from Puerto Rico (crypto consultants qualify) they will pay only a 4% corporate tax rate, compared with 21% if they’re based on the mainland.

An estimated 40,000 new jobs were created in Puerto Rico as a result of these incentives, and the number is growing. In 2021, the island territory received more than 1,200 applications through its Individual Investors Act (exempting new residents from paying taxes on capital gains), and another 275 corporations, LLCs, partnerships, and other entities were approved under the Exports Services Act, which provides that 4% corporate tax rate and a 100% exemption on dividends.

Interestingly, the new tax breaks only apply to new residents, so lifelong islanders are ineligible. Adding to the resentment is the fact that the newcomers are bidding up real estate prices to as high as \$3,000 per square foot, which makes housing less attainable for low-income households in an area that has more poverty, per capita, than any mainland state. Meanwhile, other crypto havens are emerging as competitors. El Zonte, a surf town on El Salvador’s Pacific coast, runs on bitcoin, and this year the country adopted bitcoin as its national currency. There are plans for El Salvadorian bitcoin bonds, and a new tax-free ‘Bitcoin City.’ St. Kitts and Nevis, home to “bitcoin Jesus” Roger Ver, allows crypto investors to avoid taxes altogether, and offers citizenship through an investment program that offers state asset protection from lawsuit claims for crypto millionaires and businesses.

Sources:

<https://nypost.com/2021/12/27/how-puerto-rico-became-a-tax-haven-for-crypto-millionaires/>

<https://www.thenationalnews.com/business/money/2021/12/30/how-puerto-rico-is-turning-into-a-cryptocurrency-paradise-with-zero-taxes/>

<https://cointelegraph.com/news/puerto-rico-sees-resurgence-of-interest-among-crypto-rich>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:(215)325-1595) or you can [click here to schedule a meeting](#).

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