

PUERTO RICO

| Science, Technology
& Research Trust

MANUAL OF PROCEDURES:

EVALUATION OF LAW 101 INCENTIVE REQUESTS

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I. Executive Summary

Puerto Rico's Public Law 101-2008, also known as the *Ley de Incentivo Contributivo a Investigadores Científicos* (or the *Scientific Investigators' Income Tax Incentive Act*), is a unique tax incentive aimed at attracting and retaining talented academic researchers to Puerto Rico and fostering high-caliber research and development (**R&D**). This is a remarkable commitment, at a national level, in favor of science and technology. Few countries or jurisdictions have similar tax incentives in place. Law 101-2008 should thus be considered an important enticement tool when recruiting new scientific faculty to academic departments.

In order for Law 101-2008 to be an effective tool in recruiting and retaining academic science and technology talent in Puerto Rico, the process for the nomination, processing and evaluation, of potential tax exemptions should be clear and straightforward. The implementation of this incentive should also be seamless across all stakeholders involved in the process, namely Investigators, Academia, the Puerto Rico Science Technology and Research Trust (**Trust**) and Puerto Rico's Treasury Department (i.e. **Hacienda**).

This Manual aims to provide guidance for the implementation of Law 101-2008, as stipulated by its 2009 Ruling¹, and presents the systematic approach that the Trust will employ in the evaluation of Law 101-2008 incentive requests. The Manual covers:

- The eligibility criteria that will determine whether investigators and their salaries recovered from research grants qualify for Law 101-2008 tax exemption
- The roles and responsibilities of stakeholders, namely Investigators, the Academic Institution, the Trust, and Puerto Rico's Treasury Department;
- Documentation to be generated by the Trust based on the result of its evaluation, as well as the appeal process for externally funded activities that are deemed ineligible.

Please, note that this Manual was prepared to meet Law 101-2008 requirements effective since April 2009². Should Law 101-2008's ruling or any of its provisions change in the future, this Manual will be updated to reflect new changes.

We sincerely hope that this Manual meets the objective of clarifying the process for evaluating Law 101-2008 incentive requests. Should you have questions about the contents of this Manual, please contact: law101@prsciencetrust.org.

¹ See **Appendix A** – Law 101-2008 Ruling

² *Ibid*

II. Exemption Eligibility

A. Summary of Eligibility Criteria

The spirit of Law 101-2008 is to encourage and reward externally funded research found to be meritorious through a highly competitive peer review mechanism at a Federal or U.S level. These types of competitive research awards, move knowledge forward, provide opportunities for innovation, sustain the work of students and staff, bring funds to local universities, and improve Puerto Rico's position in the knowledge economy.

In 2009, Puerto Rico's Treasury Department issued a Ruling on Public Law 101-2008³ to clearly stipulate the criteria that an externally funded research activity must meet in order for the investigator to be eligible for tax exemption. In general, in order for an externally funded research activity to be considered, it must meet specific conditions related to (1) the type of institution receiving and administering the funds, (2) the investigator receiving salary from the award, and (3) whether or not the activity qualifies as competitively awarded research.

Specifically, the following criteria must be met:

- Institution - It must be an accredited Puerto Rican institution of higher education.
- Investigator - He or she must be named as a PI or Co-PI on the grant; must be employed by an eligible institution; and must be performing the work through this institution.
- Research - It must be a grant or contract to perform research (strictly defined), received after open competition and peer review.

Institution



Investigator



Research



³ See Appendix A

The following sections provide guidance on how to assess the criteria as defined in Law 101-2008's Ruling. The Trust recommends that Academic Institutions utilize these guidelines in the assessment of activities to submit for tax exemption.

B. Institutional Eligibility



Law 101-2008 establishes that only external awards received by institutions of higher education licensed by Puerto Rico's Higher Education Council (*Consejo de Educación Superior*) and accredited by the Middle States Association will be eligible for tax exemption⁴.

Furthermore, the law establishes that any externally funded activities, including sub-contracts or sub-awards, to Principal Investigators (**PIs**) or Co-Principal Investigators (**Co-PIs**) who are not performing the grant's research work through an Academic Institution registered in Puerto Rico (or the "Institución de Educación Superior, as defined above) will not be eligible for tax exemption.

Suggested Evaluation Procedure:

To evaluate this part of the eligibility criteria, the Trust recommends that evaluators:

1. Review the Notice of Award, or the sub-award agreement when applicable, which must provide a clear indication that a Puerto Rican accredited Academic Institution will be receiving and managing the funds for the Investigator's salary.
2. If the Notice of Award or the sub-award agreement shows that a portion of the salary for the investigator will be received and managed by a non-eligible institution, this portion of the award will not be eligible for consideration.

C. Investigator's Eligibility



According to Law 101-2008⁵, to be eligible for a tax exemption, the investigator must have been a resident of Puerto Rico during the tax year under consideration, must be employed by an Academic Institution, and must have submitted a proposal as a Principal Investigator (PI) or Co-Principal Investigator

⁴ Public Law 101-2008 Ruling, Article 1022(b)(58)-1, (d), titled "*Institución de Educación Superior*"

⁵ Public Law 101-2008's Ruling, Article 1022(b)(58)-1, (a), titled "*Investigador Científico Elegible*"

(Co-PI) that resulted in a research award. Please note that according to Law 101-2008's ruling, designation of an investigator as PI or Co-PI on a grant is sufficient proof that he or she has been primarily employed to conduct scientific research.

Suggested Evaluation Procedure:

To evaluate the eligibility of an investigator, the Trust recommends that evaluators:

1. Confirm that the investigator was indeed employed by an Academic Institution during the tax year under consideration.
2. Confirm that the Investigator was appointed as PI or Co-PI for the grant in question by:
 - a. Reviewing the Notice of Award, which should provide evidence of the appointment of the investigator as PI or Co-PI of the grant and give information regarding the salary to be paid by the eligible Academic Institution to the Investigator;
 - b. Reviewing the proposal documents or the sub-award agreement for evidence that the Investigator was appointed as PI or Co-PI on the grant.
 - c. Additional information about the eligibility of the Investigator might be garnered from publically accessible websites such as the NIH's Research Portfolio Online Reporting Tools Expenditures and Results (RePORTER) or NSF's Award Search. Refer to Appendix I for references of agency web sites that provide such information.

D. Eligible Research Activities



Law 101-2008's Ruling provides explicit criteria to define which types of externally funded activities qualify for consideration⁶. These criteria are meant to ensure that the spirit of the law is observed – to encourage and reward investigation found to be meritorious through a highly competitive peer review mechanism at a Federal or U.S level. In order for an externally funded research activity to be considered for tax exemption, it must be:

⁶ Public Law 101-2008's Ruling, Article 1022(b)(58)-1, (b), titled "*Investigación científica elegible*"

1. *Awarded for the conduct research, defined as creative work undertaken on a systematic basis and designed to increase the stock of knowledge in a particular science field.* This criterion automatically excludes training or training fellowship grants, education project awards, career development awards, grants awarded to acquire already developed instrumentation, or grants to develop institutional research infrastructure (e.g. research services cores) that do not have a significant research component.
2. *Awarded through a contractual agreement between the Academic Institution and the granting agency (including federal, state or private entities that promote competitive scientific investigation) for the completion of specific research goals.* Agreements may be in the form of grants, cooperative agreements, or contracts. This criterion excludes “unrestricted awards”, gifts, or donations. The Ruling also excludes research service agreements or contracts where the investigator is providing services to an entity or institution that is not an eligible Academic Institution.
3. *Obtained competitively through programs that are open to the general scientific community and that are subject to same evaluation scrutiny as, for example, NIH’s R01 grant mechanism.* This means that the process to apply for the award was open to a national sample of academic institutions in the U.S. and Puerto Rico and was not restricted to a specific subset of academic institutions. It also means that the proposal must have been subject to stringent peer review performed by qualified experts in fields related to the award.

Suggested Evaluation Procedure:

To evaluate whether or not an externally funded research activity is eligible, the Trust recommends that evaluators:

1. Review the terms in the Notice of Award or the sub-award agreement for evidence that the grant is not “unrestricted” and was awarded for the completion of specific research goals.
2. If the grant is not a traditional Federal research grant (e.g. NSF CAREER, NIH R00, R01, R21, etc.) review the funding opportunity announcement, request for proposals

announcement, or program announcement issued by the granting agency under which the proposal was submitted. The agency's announcement must establish that:

- a. The funding opportunity was open and available to a national sample of academic institutions and not restricted to special subsets of institutions (e.g. minority-serving institutions, specific geographic regions, etc.) This information is typically in the "Award Eligibility" section of the funding opportunity announcement.
 - b. The proposal was subject to an expert peer review process. This information is typically found in the "Review" section of the funding opportunity announcement.
 - c. The intent of the program was to primarily fund research activities, as defined above. This information is typically in the "Purpose" or "Program Summary" section of the funding opportunity announcement.
3. If necessary, review the original grant proposal's documents to assess whether the proposed activity meets the definition of research, as defined by Law 101-2008. This is particularly important for programs that fund both research and non-research activities. This assessment might be complex. If so, the Trust encourages Academic Institutions to submit the incentive request to the Trust so that it can make a final determination.
4. Additional information about the eligibility of the externally funded research activity might be obtained from public websites such as NIH's Research Portfolio Online Reporting Tools Expenditures and Results (NIH-RePORTER) or NSF's Award Search. Refer to Appendix I for references of agency web sites that provide such information



Please note that in certain cases, there might be ambiguities regarding whether a specific award qualifies as "research" or whether it was awarded through a competitive process. In these instances, Academic Institutions should go ahead and submit these cases to the Trust so that the Trust can make a final determination.

E. Example of Ineligible Grants



There are certain types of externally funded activities that are ineligible for Law 101-2008 consideration. A list of these ineligible types of grants is provided below to aid Academic Institutions in identifying which research activities to submit to the Trust for consideration. Ineligible grants include:

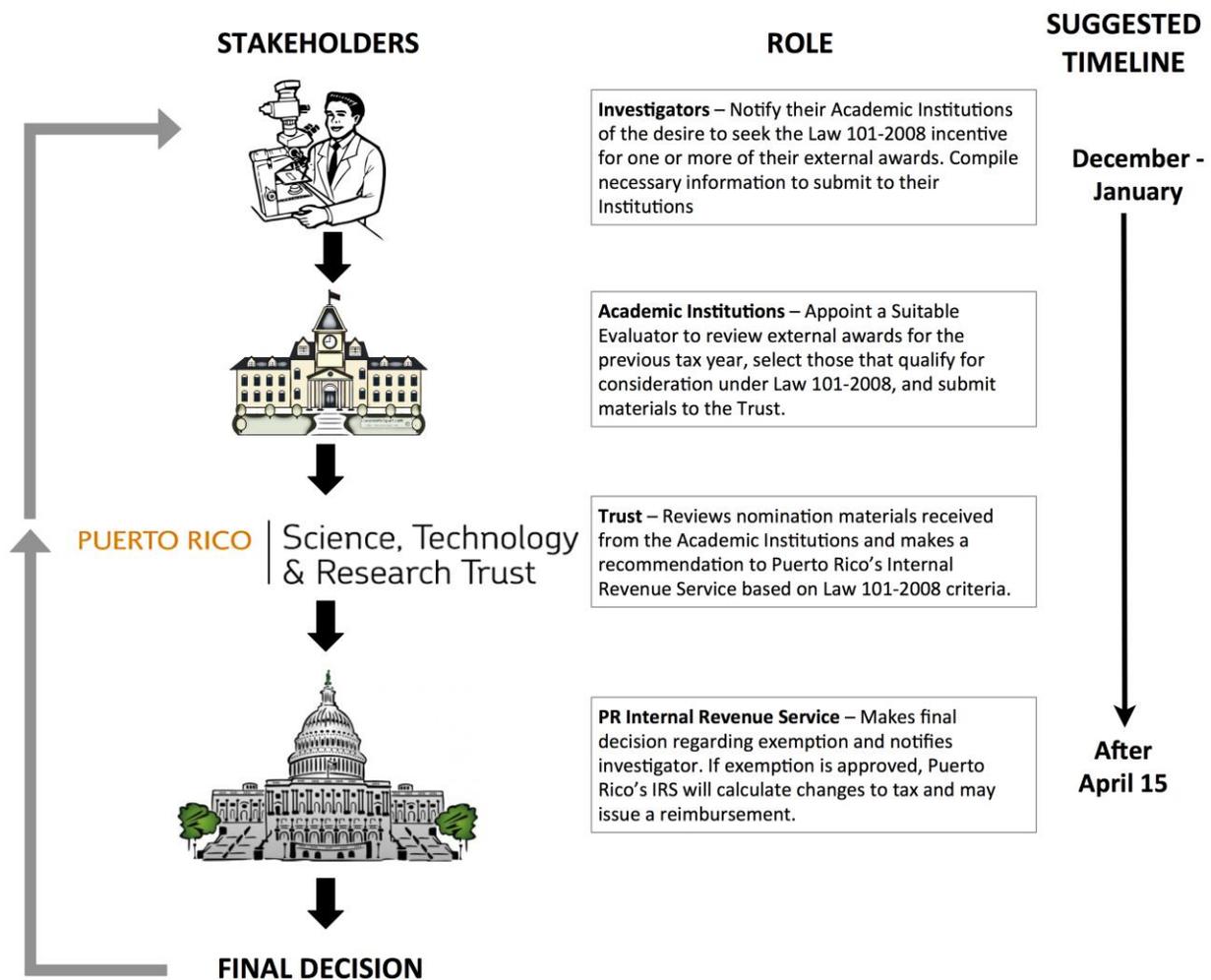
1. *Sheltered grants*, or grants that are restricted to a pre-determined group of academic institutions. Examples include:
 - Grants restricted to minority-serving institutions (e.g. NASA's University Research Centers, NIH SCORE Programs classified as SC1, SC2 or SC3; NOAA's National Service Weather Minority Service Institutions, etc.)
 - Grants restricted to institutions that receive certain levels of federal research funding (e.g. NIH R15 AREA grants)
 - Grants restricted to states or jurisdictions in which the aggregate success rate or historical funding level has been low (e.g. NIH's Institutional Development Award (IDeA) program, including the COBRE program, or NSF's Experimental Program to Stimulate Competitive Research (EPSCoR) States).
2. *Infrastructure grants*, issued mainly to strengthen the institution's research infrastructure or research capacity and, as such, do not have a major research component. Examples include:
 - NIH's High-End Instrumentation, Research Construction, Grants for Repair or Renovation of Research Facilities, and NIH Resource Grants that do not have a major research component.
3. *Supplemental grants*, restricted to supplement existing parent grants.
4. *Other ineligible grants*, as defined by Law 101-2008's Ruling, including: training or training fellowship grants, education project awards, career development awards, etc. The following listing (http://grants.nih.gov/grants/funding/ac_search_results.htm) categorizes all of NIH and the Department of Health and Human Services funding mechanisms and may be useful in assessing whether or not a grant is eligible under Law 101-2008. According to Law 101-2008's Ruling, the following categories are explicitly ineligible:

- Community Services Program
- Fellowship Programs
- Formula Grants
- General Clinical Research Centers Program
- Health Professions Program
- Institutional Training and Director Program Projects
- Non-DHHS Federal Awards
- Research Career Programs
- Research Construction Programs
- Research-Related Programs
- Resource Programs
- Training Programs
- Training Projects
- V Programs

III. Process, Roles and Responsibilities

A. Summary of Assessment Process

Below, we depict the process for the identification and assessment of externally funded research activities and summarize stakeholders' main roles and responsibilities according to the Ruling for Law 101-2008. Early commencement of the process as suggested on the right-hand side of the image will ensure timely evaluation of potentially eligible research activities and expedient decisions regarding tax exemption.



Incentive Request Process: Stakeholders, Roles, and Suggested Timelines

B. Investigators

Investigators are responsible of notifying their Academic Institution of their desire to seek Law 101-2008 benefits for one or more of their research awards for which they received salary in the previous tax year. Investigators are encouraged to review the eligibility criteria established in **Section II** to ensure that they understand which of their research awards may qualify for exemption.

Investigators must also make sure that their Academic Institution has all of the materials necessary for them to make a determination on eligibility and move the process forward. Finally, Investigators are responsible for reviewing any correspondence received from their Institution, the Trust, or the Puerto Rico Treasury Department, with respect to determination of eligibility, and following instructions for next steps or appeals, if necessary, within the timelines stipulated by the specific entity.

In order for effective implementation of Law101, the Trust recommends that Investigators:

- ✓ Understand the eligibility criteria as described in **Section II**
- ✓ Be proactive within their institutions for the nomination of external grant activities that qualify under the eligibility criteria

C. Academic Institutions

The role of the Academic Institution is to evaluate all external funding awards, identify those that qualify for exemption under Law 101-2008, and submit all appropriate documentation to the Trust⁷.

The Academic Institution's Chief Executive Office or their designee will appoint a "**Suitable Evaluator**" (evaluador idóneo; here referred to as Evaluator) to examine requests and ensure that externally funded research activities meet Law 101-2008's eligibility criteria. At the end of each calendar year, the Trust will request that Academic Institutions submit packages for all qualifying grants received during the previous tax year.

⁷ See Public Law 101-2008 Ruling, Article 1022(b)(58)-2

The Evaluator's assessment will be based on the following documents:

- Copy of the proposal submitted by the PI or Co-PI to the granting agency;
- Copy of the Notification of Award issued by the granting agency;
- Other contract or agreements documents related to the grant(s);
- Other relevant documents related to the grant(s) as requested.

If a grant is deemed eligible for Law 101-2008 benefits, the Academic Institution must complete an incentive request package that includes the following components:

1. *A sworn statement from the Academic Institution's Chief Executive Officer or their designee, stating:*

- The grant was evaluated by a Suitable Evaluator, duly selected by the Institution to perform this task;
- The Suitable Evaluator possesses the required professional skills and experience to perform the grant eligibility assessment;
- The Suitable Evaluator has prepared a written report based on his/her analysis stating that the grant meets eligibility criteria, as defined in Article 1022(b)(58)-1(b) of Law 101-2008 Ruling;
- The Institution's Chief Executive Officer (or their designee) has reviewed the Suitable Evaluator's written report and, based on the information provided, it sustains and supports his/her conclusion.

2. *Copy of the Evaluator's Curriculum Vitae.* Please note: If the Trust already has a copy of the CV on file from a previous tax year, there is no need to resubmit.

3. *Evaluator's Written Report* with his/her conclusion that the grant(s) meets eligibility criteria. This report must identify separately each grant that was subject to evaluation, including the project title and award identification number as provided by the granting agency. This report must be signed by the Suitable Evaluator and prepared in the Academic Institution's letterhead.

4. *Copy of the documents reviewed by the Evaluation to reach conclusion about the grants eligibility.* These documents should include at minimum:

- *The Suitable Evaluator's Written Report* with his/her conclusion that the grant meets the eligibility criteria. This report must identify separately each grant that was subject to evaluation, including the project title and award identification number as provided by the

granting agency. This report must be signed by the Suitable Evaluator and prepared in the Academic Institution's letterhead.

- *A certification of eligible salaries earned by the Investigator during the taxable year.* Eligible salaries should be presented separately for each grant. Each grant, in turn, must have an identification number as provided by the Institution for its classification as a restricted fund. This Certification must be signed by a representative of the Academic Institution who can certify information regarding eligible salaries earned and must be prepared in Academic Institution's letterhead.
- *A copy of the Notification of Award* as issued by the granting agency. This document provides information about project PI, the name of the prime recipient and program/budget periods.
- *A copy of the proposal.* This document provides information about the eligibility of the research activity and the names of the PI(s)/Co-PI(s) requesting the exemption benefits.

In order for effective implementation of Law101, the Trust recommends that Institutions:

- ✓ Understand the eligibility criteria as described in **Section II**
- ✓ Remind Investigators annually of the Law 101-2008 incentive and encourage them to submit their incentive requests in a timely fashion.
- ✓ Work with institution's Grants and Contracts or Post-Award Management Office (as appropriate) to identify and assess the eligibility of grants.
- ✓ Establish a committee to oversee implementation of Law101 at their institutions and campuses and to ensure that the Law101-2008 benefit is promoted among current investigators and prospective faculty recruitments



The Trust recognizes that, in certain cases, establishing whether a specific award or investigator is eligible for Law101 benefits might be difficult or complex. In these cases, Academic Institutions should submit the nomination package to the Trust with an explanation of the ambiguities or complexities encountered in the assessment of the eligibility of the award. The Trust will appoint an expert evaluator or evaluators to make a final recommendation regarding complex cases.

D. Puerto Rico Science Technology and Research Trust

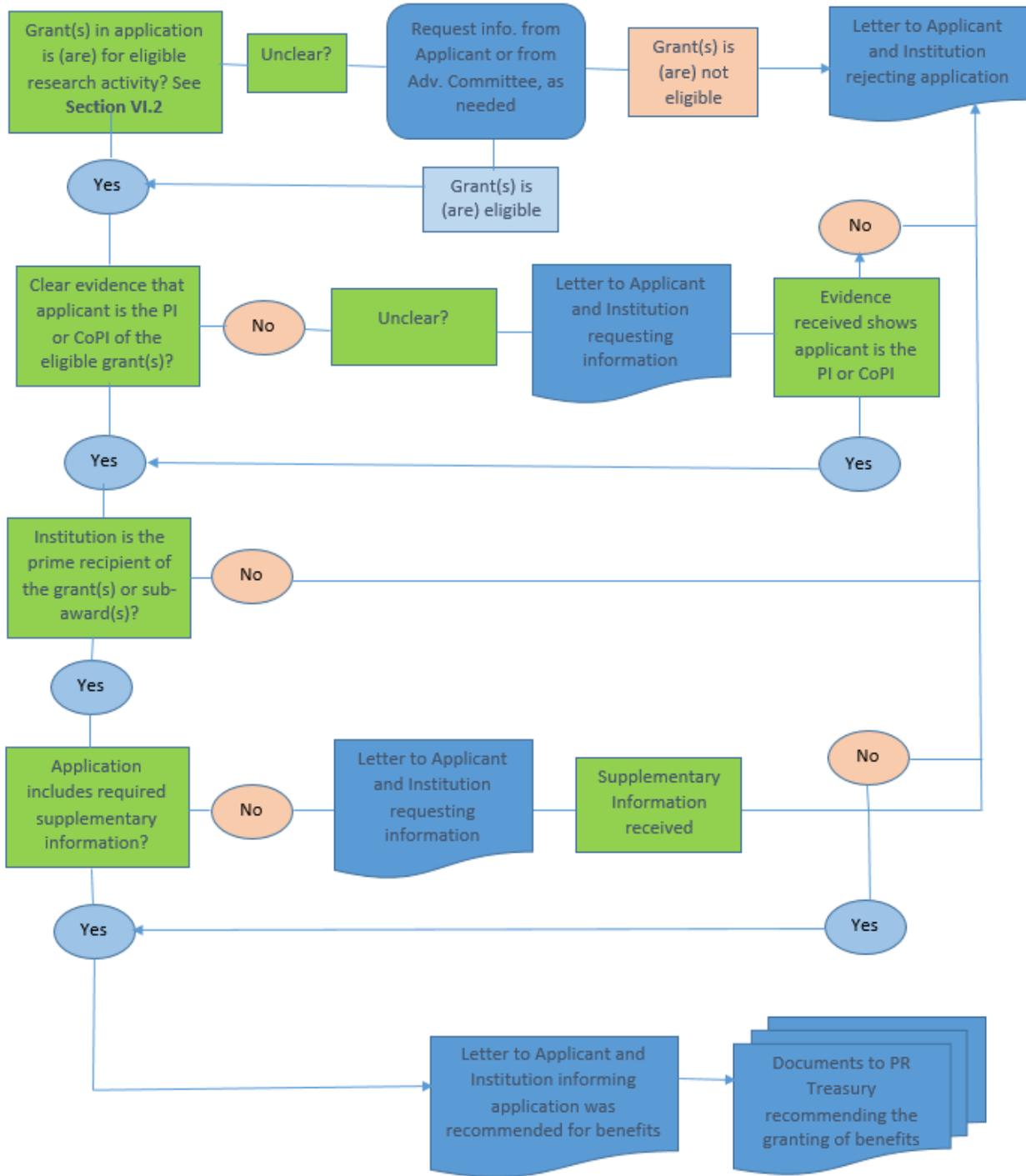
The Trust's responsibilities are to review the nomination packages submitted by the Academic Institutions and submit final determinations regarding tax exemption to the Secretary of the PR Treasury Department, the Academic Institution, and the Investigator, within 30 working days of receipt of the nomination package⁸. The Trust is also responsible for keeping a log with the information and description of all grants recommended for tax exemption benefits. Finally, the Trust is responsible for helping promote Law101-2008 implementation and benefits, ensuring that all stakeholders are aware of their role and responsibilities and of the eligibility criteria and purpose of the Law, and periodically reviewing Law101-2008 implementation to adjust internal processes or make recommendations to other stakeholders.

In order to perform these duties, the Trust will appoint a representative, responsible for Law101 implementation within the Trust. This person will be accessible via the following email: law101@prsciencetrust.org. The appointed representative will review each nomination package received, examine whether they contain the required information, and determine whether they meet the eligibility criteria as defined by the law.

A graphical depiction of the Trust's evaluation procedures is presented in the next page. In general, the evaluation performed by the Trust will be to verify the eligibility criteria presented in **Section II**. In essence:

1. Whether the incentive request includes all required information.
2. Whether a Puerto Rican accredited Academic Institution of higher-learning is the recipient of the eligible grant(s) or sub-award(s);
3. Whether the Investigator is a PI or Co-PI of the grant(s) or sub-award;
4. Whether the grants in the nomination package were awarded to conduct eligible research activity, as defined by the law, and after open competition and evaluation by a peer review group;

⁸ See Public Law 101-2008 Ruling, Article 1022(b)(58)-2-(c) entitled "*Evaluación por el Secretario Ejecutivo del FITEC*"



Flowchart of the Trust's evaluation process

In cases where there is ambiguity or complexities regarding the eligibility criteria, the Trust may appoint an Advisory Committee (comprised of a panel of experts in R&D grants and the interpretation of Law 101-2008) to evaluate aspects of the incentive requests and make recommendations in terms of their eligibility.

Depending on the results of the evaluations, the Trust may perform the following actions:

- a. *For incentive requests that meet all the eligibility requirements and contain all the required information*, the Trust will send a letter to the Investigator and the Academic Institution to inform them that a recommendation granting the tax incentive benefits has been sent to PR Treasury. The Trust will also prepare and send the required documents to PR Treasury issuing a formal recommendation to grant the benefits to the Investigator.
- b. *For incentive requests with grants rendered ineligible*, the Trust will send a letter to the Academic Institution and the Investigator stating the result of its evaluation and the reason to render the grants ineligible. (Refer to **Section II.E** of this Manual to see examples of instances rendering the grant ineligible).
- c. *For incentive requests for which the Trust might need additional information to reach a final decision*, the Trust will send a letter to the Academic Institution and the Investigator stating the result of its evaluation and the reason to request additional information. The Trust will provide 30 days to the Investigator to submit the required documentation.. If the information is not received within 30 days, the grant will be deemed incomplete and ineligible.

E. PR Treasury Department

The role of Puerto Rico's Treasury Department is to receive the Trust's recommendations and to issue a final decision within 30 working days of receiving the tax incentive recommendation from the Trust⁹. The Secretary of PR Treasury Department will communicate its final decision as to whether or not to grant the tax exemption benefit to the Trust's Executive Director, the Academic Institution, and the Investigator. Refer to **Appendix G** to see an example of a notification issued by the PR Treasury Department granting the tax exemption. Finally, the PR Treasury Department will also keep a log with the information and description of all grants that have been granted tax exemption benefits.

⁹ See Public Law 101-2008 Ruling, Article 1022(b)(58)-2-(d) entitled "*Determinación del Secretario*"

IV. Documentation and Appeals

A. Nominations where all the awards meet eligibility requirements

For nominations where, based on the Trust's evaluation, all of the investigator's research activities meet the eligibility criteria for Law 101-2008 incentives, the Trust will perform the following:

1. Send a letter to the Investigator stating that the incentive request was duly evaluated and that a recommendation was sent to the Secretary of the PR Treasury Department to grant the tax exemption benefits. This letter must include a description of each grant, the amount of incentive requested per grant and the conclusions reached for each grant. Refer to **Appendix C**.
2. Prepare a document to the PR Treasury Department with the recommendation to grant the tax exemption benefits. As agreed-upon with the PR Treasury, this document will include the following:
 - a. A letter from the Trust's Executive Director addressed to the Secretary of the PR Treasury with the recommendation to grant the tax exemption benefits to the investigator.
 - b. A form, per each grant solicited by the Investigator, showing the evaluation performed to examine eligibility
 - c. Information about the Academic Institution's Suitable Evaluator.
 - d. A certification from the Academic Institution of eligible salaries earned by the Investigator during the taxable year. Eligible salaries are to be presented separately per each grant. This Certification must be on the Academic Institution's official letterhead and must be signed by a representative of the Academic Institution who can certify information regarding earned salaries.

Refer to **Appendix B** for an example of the documents that the Trust will send Puerto Rico's Treasury Department if the incentive request is deemed eligible for tax exemption.

B. Nominations for awards deemed to be ineligible

For nomination packages that include one or more awards that do not meet the eligibility criteria for Law 101-2008 benefits, the Trust will:

- ✓ Send a letter to the Investigator and the Academic Institution stating the reason to reject one or more grants included in the incentive request. This letter must include a description of each grant, the amount of incentive requested per grant and the conclusions reached by the Trust per grant. Refer to **Appendix D** for an example of a letter to an investigator with an award that was deemed ineligible.

C. Nominations where the Investigator is deemed ineligible

For nomination packages that, based on the Trust's evaluation, were submitted on behalf of an Investigator who is not a PI or Co-PI of the grant, the Trust is to perform the following:

- ✓ Send a letter to the Investigator stating the reason to reject one or more awards included in the incentive request. The Trust will provide the Investigator 30 calendar days to submit proof that he/she is PI or Co-PI of the grant. The letter must include a description of each grant, the amount of incentive requested per award and the conclusions reached by the Trust per award. Refer to **Appendix E** for an example of a letter sent by the Trust to an investigator that was not found to be a PI or Co-PI on a grant.

D. Nominations where the academic institution is not eligible

For nomination packages that, based on the Trust's evaluation, were submitted for awards for which the Academic Institution is not the prime award or sub-award recipient, the Trust is to perform the following:

- ✓ Send a letter to the Investigator stating the reason to reject one or more grants included in the package. This letter must include a description of each award, the amount of incentive requested per award and the conclusions reached by the Trust per award. Refer to **Appendix F** for an example of a letter submitted by the Trust to an Investigator notifying that the award was deemed ineligible because an eligible academic institution is not the award or sub-award recipient.

E. Appeals

As stated in **Sections B, C and D** above, applicants will be provided 30 days to appeal the Trust's initial evaluation result. Appeals should be submitted via email at law101@prsciencetrust.org.

The Trust will re-evaluate cases based on the information in the original nomination package, additional information provided by the Investigator, and any other means that the Trust deems necessary to re-evaluate the case and reach a final conclusion.

Based on the re-evaluation results, the Trust will proceed as follows:

1. *If the Trust agrees with the Investigator and determines that the grant is eligible for Law 101 incentives*, the Trust will proceed as described in **Section IV.A** above.
2. *If the Trust does not agree with the Investigator and determines, based on its re-evaluation, that one or more of the grants are not eligible for Law 101 incentives*: In these instances, and pursuant to *Article 1022(b)(58)-2, section (d)* of Law 101 Regulations, Hacienda is the entity with the faculty to issue a final determination regarding tax exemption eligibility. To enable Hacienda to reach a final determination, the Trust will submit to Hacienda the Trust's review results and all relevant supporting documentation.

Once the review is complete, the Trust will proceed as follows:

1. *To the Investigator*: send a letter with the review results (refer to **Appendix I** for example of letter issued to the Applicant). Through this document, the Investigator will be informed that Hacienda is the entity with the faculty to issue a final determination regarding tax exemption eligibility and that documents will be provided to Hacienda to enable the Agency to reach a final determination.
2. *To Hacienda*:
 - a. Send a copy of the letter sent to the Investigator with the review results, including supporting documents used by the Trust to reach its final decision.
 - b. Documents received by the Trust from the applicant requesting a review of the initial results;
 - c. The Trust's initial evaluation results.

Hacienda will then contact the Investigator, within 30 days, or as feasible, to inform of its final decision regarding eligibility for tax exemption.

APPENDIX

A. Law 101-2008 Ruling as issued by PR Treasury Department on April 7, 2009

ESTADO LIBRE ASOCIADO DE PUERTO RICO
DEPARTAMENTO DE HACIENDA

DEPARTAMENTO DE ESTADO

Número: 7685

Fecha: 7 de abril de 2009

Aprobado: Hon. Kenneth D. McClintock
Secretario de Estado



Por: Eduardo Arosemena Muñoz
Secretario Auxiliar de Servicios

INDICE

TITULO: Reglamento para implantar las disposiciones de la Sección 1022(b)(58) de la Ley Núm. 120 de 31 de octubre de 1994, según enmendada, conocida como "Código de Rentas Internas de Puerto Rico de 1994", promulgado al amparo de la Sección 6130 del Código que faculta al Secretario de Hacienda a adoptar los Reglamentos necesarios para poner en vigor dicho Código.

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**ESTADO LIBRE ASOCIADO DE PUERTO RICO
DEPARTAMENTO DE HACIENDA**

Reglamento para implantar las disposiciones de la Sección 1022(b)(58) de la Ley Núm. 120 de 31 de octubre de 1994, según enmendada, conocida como "Código de Rentas Internas de Puerto Rico de 1994", promulgado al amparo de la Sección 6130 del Código que faculta al Secretario de Hacienda a adoptar los Reglamentos necesarios para poner en vigor dicho Código.

Artículos 1022(b)(58)-1 a 1022(b)(58)-3

"Artículo 1022(b)(58)-1.- Definiciones.- Para propósitos de este Reglamento, los siguientes términos tendrán el significado que se expresa a continuación:

(a) Investigador o científico elegible.- Significa un individuo residente de Puerto Rico durante el año contributivo, según definido en la Sección 1411(a)(25) del Código que:

- (1) es empleado de alguna institución de educación superior;
- (2) se dedica principalmente a llevar a cabo investigaciones científicas elegibles;
- (3) sometió una propuesta de investigación científica, como investigador principal o como investigador co-principal, a una agencia federal o entidad según descrita en el párrafo (b) que haya resultado en el otorgamiento de una concesión ("grant") para una investigación científica elegible para la institución de educación superior que emplea al investigador o científico elegible.

Para fines de este párrafo, se considera que un investigador o científico elegible se dedica principalmente a llevar a cabo investigaciones científicas elegibles si éste sirve como investigador principal o investigador co-principal para dicha investigación.

(b) Investigación científica elegible.- Significa aquella investigación llevada a cabo por una institución de educación superior conforme a una concesión, contrato, acuerdo cooperativo, o alguna otra donación hecha por los Institutos Nacionales de la Salud de Estados Unidos ("NIH" por sus siglas en inglés), la Fundación Nacional de Ciencia ("NSF" por sus siglas en inglés), o cualquier otra agencia del gobierno de los Estados Unidos o del Estado Libre Asociado de Puerto Rico, o cualquier organización que promueva investigaciones científicas competitivas. Cualquier referencia en este Reglamento al término "concesión" incluye cualquier tipo de donación anteriormente

mencionada. Dichas concesiones deben haberse obtenido luego de un proceso de competencia abierta a la comunidad científica general y deben haber sido otorgadas luego de un proceso de selección competitivo, al menos tan riguroso como el proceso del "NIH" para la asignación de concesiones R01, que incluye revisión entre colegas ("peer review") o niveles de escrutinio similares. En general, el término "revisión de colegas" ("peer review") se refiere a revisión por expertos cualificados, ya sea por adiestramiento o experiencia, en un campo científico o técnico particular, o por autoridades concededoras de las disciplinas y campos de estudio relacionados a las áreas científicas bajo revisión.

La investigación científica se refiere a la investigación sistemática diseñada para contribuir al desarrollo del conocimiento.

Siempre que cumplan con todos los requisitos antes mencionados, los siguientes son ejemplos de concesiones que podrían ser consideradas investigaciones científicas elegibles. Estos ejemplos no intentan proveer una relación exhaustiva de las concesiones que potencialmente cualifican como elegibles:

(1) Concesiones con clasificación R01 (Serie R) y Concesiones de "Program Project/Center", consorcios o acuerdos cooperativos "U" que financien la conducción de la investigación, concedido por cualquiera de los institutos del "NIH";

(2) Concesiones de investigación de la "NSF" de los siguientes programas: biología, computadoras, sistemas de información e ingeniería, ciber infraestructura, educación, ingeniería, educación e investigación ambiental, geociencias, matemáticas, ciencias físicas, investigación polar, ciencias sociales y de comportamiento, y ciencias económicas;

(3) Concesiones investigativas financiadas por la "National Aeronautics and Space Administration" ("NASA") o la Administración Nacional Atmosférica y Oceánica;

(4) Concesiones STAR ("Science to Achieve Results"), o cualquier otro donativo del Centro Nacional de Investigación Ambiental o cualquier otra división de la Agencia Federal para la Protección del Ambiente ("EPA" por sus siglas en inglés);

(5) Concesiones hechas por divisiones del Departamento de Energía Federal, tales como la Oficina de Ciencia, la Oficina de Eficiencia de Energía y la de Energía Renovable, la Oficina de Energía Fósil, la Oficina de Energía, Ciencia y Tecnología Nuclear y el Laboratorio Nacional de Tecnología Energética; o

(6) Concesiones del Departamento de la Defensa Federal otorgadas por la Oficina de Investigación de las Fuerzas Armadas Federales, la Oficina de Investigación Naval, la Oficina de Investigación Científica de la Fuerza Aérea, la Agencia de Proyectos Investigativos Avanzados de la Defensa o cualquier otra unidad investigativa del Departamento de la Defensa Federal.

Las concesiones que no hayan sido específicamente identificadas en los ejemplos anteriores, pero que cumplan con la definición del término "investigación científica elegible" podrán cualificarse como tal de conformidad con el proceso que se dispone en el Artículo 1022(b)(58)-2.

Las "investigaciones científicas elegibles" no incluyen:

(1) programas de adiestramiento o "training fellowships" tales como aquellos provistos por la "NIH", "NSF" u otras entidades, incluyendo, por ejemplo, los "NIH Career Development Awards" y los "National Research Service Awards", u otros donativos del "NIH" (incluyendo aquellos designados como "Research-Related Programs" en el documento del "NIH" conocido como "Activity Codes, Organizational Codes, and Definitions Used in Extramural Programs" de julio de 2007) que se enfocan en el desarrollo profesional o en adiestramiento, o cualesquiera otras concesiones típicamente sujetas a un escrutinio de menor nivel científico o técnico;

(2) concesiones de fondos irrestrictos o "awards of unrestricted gift funding";

(3) contratos para realizar servicios científicos, tales como pruebas o servicios clínicos no relacionados a una investigación científica; o

(4) aquéllos servicios realizados por sub-contratos o sub-donativos bajo los cuales una institución de educación superior no es el concesionario primario.

(c) Compensación elegible para exención.- Significa la porción del total del salario pagado por una institución de educación superior a un investigador o científico elegible que es asignada, en la forma debida, a su trabajo en una investigación científica elegible. La asignación se hace en la forma debida si se adjudica de acuerdo con los estándares dispuestos por el concesionario. En cualquier año contributivo, el total de salario atribuible a compensación elegible para exención nunca podrá exceder el límite de salarios imputable a las concesiones de la "NIH". Para el año contributivo comenzado el 1 de enero de 2008, el máximo salarial imputable a concesiones de la "NIH" es \$191,300.

Ninguna compensación devengada por un investigador o científico por servicios prestados a personas o entidades que no sean una institución de educación superior será elegible para la exención de investigación científica. Para la forma de calcular la compensación elegible para exención refiérase al Artículo 1022(b)(58)-3.

(d) Institución de educación superior.- Significa la Universidad de Puerto Rico y cualquier otra institución educativa, pública o privada, con licencia del Consejo de Educación Superior de Puerto Rico, según lo establece la Ley Núm. 17 de 16 de junio de 1993, según enmendada, y acreditada por la "Middle States Commission on Higher Education".

(e) Investigador principal o investigador co-principal.- Es una persona designada como tal en la solicitud de concesión por la institución de educación superior, así aprobada por la entidad otorgante de la concesión, que es responsable de la dirección científica y técnica de la investigación científica elegible.

Artículo 1022(b)(58)-2.- Procedimiento para determinar elegibilidad para la exención de investigación científica.- (a) Revisión.- Una vez recibida una concesión para investigación científica, la institución de educación superior deberá, en tiempo razonable, revisar dicha concesión de conformidad con los requisitos establecidos más adelante, para determinar si dicha concesión cualifica como una investigación científica elegible. Cualquier investigador potencialmente elegible para recibir la exención dispuesta para investigaciones científicas elegibles podrá iniciar el proceso de revisión sometiendo una solicitud a la institución de educación superior a la que esté adscrito.

El principal oficial ejecutivo de la institución de educación superior promoverá que un evaluador idóneo examine la concesión para determinar si cualifica como una investigación científica elegible. La determinación del evaluador deberá basarse en la revisión de un expediente que contenga al menos:

- (1) una copia de la propuesta de investigación sometida por el investigador o científico elegible a la agencia o entidad otorgante;
- (2) una copia de la notificación de concesión del donativo;
- (3) el contrato otorgado u otro acuerdo relacionado al donativo; y
- (4) cualquier otro material pertinente relacionado al donativo.

(b) Informe.- Luego de que el evaluador examine la concesión, el principal ejecutivo de la institución de educación superior emitirá un informe declarando bajo juramento lo siguiente:

(1) que la concesión fue debidamente evaluada por un evaluador idóneo seleccionado por la institución de educación superior que preside;

(2) a la luz del historial profesional y la experiencia del evaluador, éste está en posición de conducir la evaluación según se requiere en este Reglamento y para los propósitos aquí dispuestos;

(3) dicho evaluador ha emitido un informe escrito en donde concluye, a base del análisis escrito correspondiente, que la concesión es una investigación científica elegible, según se define en el Artículo 1022(b)(58)-1(b); y

(4) el principal oficial ejecutivo de la institución de educación superior ha revisado el expediente y, a su mejor entender, el mismo sostiene las conclusiones del evaluador.

El informe emitido por el principal oficial ejecutivo de la institución de educación superior incluirá además:

(i) relación de las cualificaciones del evaluador para llevar a cabo la evaluación, tales como un "curriculum vitae" o un historial profesional; y

(ii) una copia del expediente revisado por el evaluador para realizar la determinación sobre la elegibilidad del donativo.

(c) Evaluación por el Secretario Ejecutivo del FITEC.- En el caso de que la concesión se considere una investigación científica elegible, el informe del principal oficial ejecutivo, con los documentos suplementarios, se referirán al Secretario Ejecutivo del Fideicomiso de Investigación, Ciencia y Tecnología de Puerto Rico (FITEC). El Secretario Ejecutivo del FITEC deberá emitir una recomendación al Secretario, no más tarde de 30 días laborables después del recibo del informe propiamente documentado, sobre la elegibilidad del investigador principal o investigador co-principal asociados con la investigación científica elegible para la exención de investigación científica.

(d) Determinación del Secretario.- Basado en la recomendación recibida del Secretario Ejecutivo del FITEC, y no más tarde de 30 días de haber recibido dicha recomendación, el Secretario informará al Secretario Ejecutivo del FITEC, a la institución

de educación superior y al investigador principal o investigador co-principal sobre su determinación final en torno a la exención de investigación científica. Dicha determinación final estará sujeta al proceso de revisión dispuesto por ley y reglamento referente a determinaciones finales emitidas por el Secretario en asuntos similares, según se disponga en los reglamentos aplicables del Departamento o cualquier otra ley aplicable.

(e) Registro.- El Secretario Ejecutivo del FITEC y el Secretario mantendrán un registro de las exenciones de investigación científica otorgadas. El registro deberá proveer una descripción de los proyectos de investigación allí incluidos.

(f) Récorde.- La institución de educación superior deberá mantener récorde adecuados de todas las concesiones que se hayan cualificado como investigaciones científicas elegibles. Dichos récorde deberán estar disponibles para propósitos de inspección o auditoría, según estos sean solicitados por el Secretario o su representante autorizado.

Artículo 1022(b)(58)-3.- Cómputo de la compensación elegible para la exención de investigación científica.- (a) Cálculo e informe.- La institución de educación superior deberá adoptar un procedimiento para calcular e informar a cada investigador o científico elegible, que haya sido empleado por la institución de educación superior durante el año contributivo correspondiente, la compensación elegible para exención, de conformidad con la definición dispuesta en el Artículo 1022(b)(58)-1(c), para dicho año contributivo. La institución de educación superior deberá incluir la suma de la compensación elegible para exención en un informe que se le curse al investigador o científico elegible para cada año contributivo. De conformidad con los principios de contabilidad generalmente aceptados para concesiones, la compensación elegible para exención dependerá de:

(1) el salario base total del investigador o científico elegible devengado de la institución de educación superior ("salario base institucional", según este término está definido por la "NIH");

(2) la limitación salarial máxima aplicable para el año contributivo, según establecida por la "NIH"; y

(3) la proporción del salario base institucional del investigador o científico elegible que es atribuible a las investigaciones científicas elegibles.

(b) Ejemplos.- Las disposiciones de este Artículo se pueden ilustrar con los siguientes ejemplos:

Ejemplo 1: Durante el año 2008, un investigador o científico elegible tiene un salario base institucional de \$300,000, y éste le dedicó el 100 por ciento de su tiempo a investigaciones científicas elegibles. La compensación elegible para exención será \$191,300. Esto es, 100 por ciento de la limitación salarial máxima aplicable a dicho año.

Ejemplo 2: Durante el año 2008, un investigador o científico elegible tiene un salario base institucional de \$300,000, y le dedica 50 por ciento de su tiempo a investigaciones científicas elegibles y 50 por ciento a su práctica docente y clínica. La compensación elegible para exención será \$95,650 (50% por ciento de la limitación máxima de \$191,300).

Ejemplo 3: Durante el año 2008, un investigador o científico elegible tiene un salario base institucional de \$100,000, y le dedica 25 por ciento de su tiempo a concesiones de los "NIH" consideradas investigaciones científicas elegibles, 25 por ciento de su tiempo a otras investigaciones científicas elegibles y 50 por ciento a su práctica docente y clínica. Un total de \$50,000 es atribuible a investigaciones científicas elegibles (\$25,000 atribuibles a las concesiones de la "NIH", más \$25,000 atribuibles a otras investigaciones científicas elegibles). La compensación elegible para exención será de \$50,000 (50% de \$100,000)."

EFFECTIVIDAD: Este Reglamento entrará en vigor a los treinta (30) días después de la fecha de su presentación en el Departamento de Estado de conformidad con las disposiciones de la Ley Núm. 170 de 12 de agosto de 1988, según enmendada, denominada "Ley de Procedimiento Administrativo Uniforme del Estado Libre Asociado de Puerto Rico".

Aprobado en San Juan, Puerto Rico el 7 de abril de 2009.


Juan Carlos Puig Morales
Secretario de Hacienda

Presentado el 7 de abril de 2009 ante el Departamento de Estado.

B. Example of Documents sent to the PR Treasury Department with the Recommendation to Grant Law 101-2008 Tax Incentives

{Date of Submission}

Lcda. Melba Acosta Febo
Secretaria
Departamento de Hacienda
PO Box 9024140
San Juan, PR 00902-4140

Re: Recomendación de Incentivo Contributivo a Investigadores Científicos (“Recomendación”) bajo la Sección 1022(b)(58) del Código de Rentas Internas de Puerto Rico de 1994, según enmendado o la Sección 1031.02(a) del Código de Rentas Internas de Puerto Rico de 2011, según enmendado

Estimada Secretaria:

El Artículo 1022(b)(58)-2 del Reglamento Núm. 7685 del 7 de abril de 2009 (“Reglamento”) requiere al Director Ejecutivo del Fideicomiso para Ciencia, Tecnología e Investigación de Puerto Rico (“FCTI”), a que emita una recomendación al Secretario de Hacienda sobre la elegibilidad del investigador principal; investigador co-principal o asociados con la investigación científica elegible para la exención de investigación científica.

En virtud de las disposiciones del Reglamento, el FCTI certifica que ha evaluado y completado en todas sus partes la “Solicitud de Incentivo Contributivo para Investigadores Científicos” adjunta y recomienda la exención de investigación científica para el siguiente Peticionario:

Nombre del Peticionario	Researcher’s Name
Año Contributivo	20XX
Institución de educación superior de PR a la que el peticionario provee servicios.	Academic Institution Name
Nombre(s) de la(s) Propuesta(s) ó Proyecto(s)	Número(s) de Propuesta(s) ó Proyecto(s) (“AwardNumber(s)”)
Project Title	Award ID (issued by the granting agency)
Cantidad de compensación elegible para exención	As per Part V of the grant(s) evaluation document(s)

De necesitar información adicional sobre este particular, puede comunicarse con nosotros al número de teléfono (787) 523-1592.

Atentamente,

{Name}
Director Ejecutivo



INSTRUCCIONES

PETICIONARIO

Deberá completar la Parte I Y II. Además, los documentos solicitados en la Parte IV (línea 1-4) deberán ser entregados a la Institución de Educación Superior junto con esta Solicitud.

INSTITUCIÓN DE EDUCACIÓN SUPERIOR

Deberá completar la Parte III, V y VI e iniciar la Parte IV. Además, los documentos solicitados en la Parte IV deberán ser enviados al Fideicomiso para Ciencia, Tecnología e Investigación de PR junto con esta Solicitud.

FIDEICOMISO PARA CIENCIA, TECNOLOGÍA E INVESTIGACIÓN DE PR (FCTI)

Deberá revisar todas las partes y de estar de acuerdo iniciar la Parte IV y V y completar la Parte VI. Una vez evaluado el caso en su totalidad deberá enviar al Departamento de Hacienda esta Solicitud junto con la Recomendación.

IMPORTANTE: Esta solicitud deberá estar completada en su totalidad. De lo contrario, la misma se considerará incompleta.

INSTITUCIÓN DE EDUCACIÓN SUPERIOR

Academic Institution Name

FECHA DE LA SOLICITUD

Date

AÑO CONTRIBUTIVO

20XX

PARTE I. INFORMACIÓN PRINCIPAL DEL PETICIONARIO

Nombre del Peticionario	Researcher's Name
Dirección Postal	Researcher's Address
Teléfono	Researcher's Telephone Number
Correo Electrónico	Researcher's email address

PARTE II. ELIGIBILIDAD DEL PETICIONARIO

1. Residente de Puerto Rico durante el año	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No	
2. ¿Es empleado de alguna Institución de Educación Superior?	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No	
3. Rol del Investigador (Investigador Principal ó Investigador Co-Principal)	<input checked="" type="checkbox"/> IP	<input type="checkbox"/> ICP	
4.. Firma del Peticionario	Researcher's Signature or make reference to documents received		



PARTE III. ELIGIBILIDAD DE LA INVESTIGACIÓN

1. Agencia Federal o Entidad que otorga el "grant"	Granting Agency's Name		
2. Tipo de grant	Type of Grant		
3. Nombre de la Propuesta o Proyecto	Project Title		
4. Número de Propuesta o Proyecto ("Award Number")	Award ID (issued by the granting agency)		
5. Número del Fondo Restringido asignado al Proyecto	Program Number issued by Academic Institution (Restricted Fund Number)		
6. Periodo que cubre el Proyecto	Program Period as per NOA issued granting agency		
8. Fondos totales del Proyecto	Program Budget as per NOA issued granting agency		
9. ¿Competencia abierta a la comunidad científica?	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No	
10. ¿Incluye revisión entre colegas ("peer review")?	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No	
11. ¿La investigación es un programa de adiestramiento o "training fellowship"?	<input type="checkbox"/> Si	<input checked="" type="checkbox"/> No	
12. ¿La Investigación es basada en una concesión de fondos irrestringidos o "awards of unrestricted gifts funding"?	<input type="checkbox"/> Si	<input checked="" type="checkbox"/> No	
11. ¿La investigación es basada en un contrato para servicios científicos tales como pruebas clínicas no relacionados a una investigación científica?	<input type="checkbox"/> Si	<input checked="" type="checkbox"/> No	
12. ¿La investigación es relacionada a servicios realizados por sub-contratos o sub-donativos bajo los cuales la institución de educación superior no es el concesionario primario?	<input type="checkbox"/> Si	<input checked="" type="checkbox"/> No	

PARTE IV. EXPEDIENTE DEL PETICIONARIO

	Incluido		Inicial Inst.	Inicial FCTI	NOTAS
1. Copia de la propuesta de investigación sometida por el investigador o científico elegible a la agencia o entidad otorgante.	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No		IRM	
2. Copia de la notificación de concesión del donativo.	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No		IRM	
3. Contrato otorgado u otro acuerdo relacionado al donativo.	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No		IRM	
4. Cualquier otro material pertinente relacionado al donativo.	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No		IRM	
5. Declaración jurada del principal ejecutivo de la institución de educación superior que contenga lo siguiente:					
a. Que la concesión fue debidamente evaluada por un evaluador idóneo (mencionando el nombre de dicho evaluador) seleccionado por la institución de educación superior que preside;	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No		IRM	
b. A la luz del historial profesional y la experiencia del evaluador, éste está en posición de conducir la evaluación según se requiere en el Reglamento 7685.	<input checked="" type="checkbox"/> Si	<input type="checkbox"/> No		IRM	



PARTE IV. EXPEDIENTE DEL PETICIONARIO (CONTINUACIÓN)

<p>c. Dicho evaluador ha emitido un informe escrito en donde concluye, a base del análisis escrito correspondiente, que la concesión es una investigación científica elegible, según se define en el Artículo 1022(b)(58)-1(b); y</p>	<input checked="" type="checkbox"/> Sí	<input type="checkbox"/> No		<p>IRM</p>	
<p>d. El principal oficial ejecutivo de la institución de educación superior ha revisado el expediente y, a su mejor entender, el mismo sostiene las conclusiones del evaluador .</p>	<input checked="" type="checkbox"/> Sí	<input type="checkbox"/> No		<p>IRM</p>	
<p>6. Copia del curriculum vitae o historial profesional del evaluador idóneo designado por la institución de educación superior. No obstante, en los casos en que se designe un comité evaluador, la copia del curriculum vitae o historial profesional que formará parte del expediente será la del presidente del referido comité.</p>	<input checked="" type="checkbox"/> Sí	<input type="checkbox"/> No		<p>IRM</p>	
<p>7. Certificación de Ingresos devengados por Investigadores Científicos Elegibles que indique el total de la compensación pagada al investigador ó científico elegible durante el año contributivo que corresponda a servicios prestados directamente relacionados a la investigación científica elegible.</p> <p style="text-align: center;">Oprima aquí</p>	<input checked="" type="checkbox"/> Sí	<input type="checkbox"/> No		<p>IRM</p>	

PARTE V. COMPENSACIÓN RECLAMADA PARA EXENCIÓN

	Cantidad	Inicial FCTI	NOTAS
<p>1. Compensación recibida por el investigador ó científico elegible durante el año contributivo en relación al proyecto bajo esta solicitud.</p> <p>Nota: La cantidad solicitada debe ser igual al salario adjudicado al fondo restringido para dicho programa y la misma debe ser igual a la incluida en la Parte IV línea 7 de esta solicitud.</p> <p>*De no haber finalizado el año contributivo para el cual se solicita la exención dicha certificación deberá someterse no mas tarde del 15 de febrero del año siguiente</p>	<p>Amount of eligible exempt salaries for the grant under review, as per Certifications issued by the Institution</p>	<p>IRM</p>	



PARTE VI. CERTIFICACIÓN

INSTITUCIÓN DE EDUCACIÓN SUPERIOR:

Yo _____ en mi carácter de _____ representando a
(Nombre Completo) (Posición en la Institución)

_____, por este medio certifico que he revisado todos los documentos relacionados
(Nombre de la Institución)
a la investigación del peticionario. Certifico que el peticionario cumple con los requisitos para ser considerado un
investigador o científico elegible y que la investigación realizada cumple con las disposiciones de la Ley 101 del 27 de
junio de 2008 y con el Reglamento 7685 del 7 de abril de 2009 por lo que debe ser considerada una investigación
científica elegible. La compensación recibida por el peticionario que corresponda a servicios prestados
directamente relacionados a la investigación científica elegible durante el año Contributivo _____ fue de _____ .
(Año) (Cantidad)

(Firma)

(Fecha)

FIDEICOMISO PARA CIENCIA, TECNOLOGÍA E INVESTIGACIÓN DE PUERTO RICO (FCTI)

Yo **{PRSTRT Exec. Director's Name}** en mi carácter de **Director Ejecutivo** representando al **Fideicomiso para Ciencia,
Tecnología e Investigación de PR**, por este medio certifico que he revisado todos los documentos relacionados a la
investigación del peticionario. Certifico que el peticionario cumple con los requisitos para ser considerado un investigador o
científico elegible y que la investigación realizada cumple con las disposiciones de la Ley 101 del 27 de junio de 2008 y con el
Reglamento 7685 del 7 de abril de 2009 por lo que debe ser considerada una investigación científica elegible. La
compensación recibida por el peticionario que corresponde a servicios prestados directamente relacionados a la
investigación científica elegible durante el año Contributivo **20XX** fue de **\$(Amount in Parte V)**.

(Firma)

(Fecha)

PARA USO OFICIAL DEL DEPARTAMENTO DE HACIENDA

APROBADO	<input type="checkbox"/> Si <input type="checkbox"/> No	NOMBRE	_____
FECHA -	_____	FIRMA	_____

{ACADEMIC INSTITUTION'S LETTERHEAD}

{DATE}

Certifico que {Resarcher's Name} (S.S. # ___-__-____) devengó salario(s) de la(s) concesión(es):

{Project Title, Project Id; Project Amount of Exempt Salaries},
{Project Title, Project Id; Project Amount of Exempt Salaries},

para un total de \$XX,XXX en salarios exentos durante el año contributivo 20XX.

Se incluye detalle de todas las partidas que componen los salarios devengados en el año contributivo 20XX, en donde se desprende que dicha cantidad corresponde a la(s) concesión(es).

{Institution's Representative Signature}

{Institution's Representative Name}

{Institution's Representative Title}

C. Example of Letter to Investigators with Eligible Awards

Date

(Researcher's Name)

(Researcher's Address)

SUBJECT: Result of Law 101 Application Evaluation for Taxable Year 20XX

The Puerto Rico Science, Technology and Research Trust (“Trust”) has evaluated your Law 101 application for taxable year **20XX**. To perform this evaluation, the Trust has convened an Advisory Committee comprised of experts in research grants and in the interpretation of Law 101 incentives according to its current rules and regulations.

Based on the evaluation of the Advisory Committee, the following conclusions have been reached, and recommendations made, per each grant in your Law 101 application for taxable year **20XX**:

Agency	Program Title	Program ID #	Incentive Requested
Conclusion: The grant is eligible for Law 101 incentives.			

Based on the evaluation results as presented above, we sent a letter to the Puerto Rico Department of Treasury (**Hacienda**) recommending a tax incentive exemption in the amount of **\$XX.XXX** for taxable year **20XX**. Please, note that the recommendation issued by the Trust does not represent a final determination of granting the tax incentive, provided that such faculty resides with the Secretary of Hacienda. If Hacienda determines to grant the tax incentive recommended herein, it will send you an official letter which is the document you must file with the tax return. **Please, do not use this letter for purposes of filing or amending your tax return.**

Should you have any questions about this regards, you might reach us through law101@prsciencetrust.org.

Cordially,

Name
Executive Director

Cc: Academic Institution's representative name and title

D. Example of Letter to Investigator with Award Deemed Ineligible

Date

(Researcher's Name)

(Researcher's Address)

SUBJECT: Result of Law 101 Application Evaluation for Taxable Year 20XX

The Puerto Rico Science, Technology and Research Trust (“Trust”) has evaluated your Law 101 tax incentive application for taxable year **20XX**. To perform this evaluation, the Trust has convened an Advisory Committee comprised of experts in research grants and in the interpretation of Law 101 incentives according to its rules and regulations.

Based on the evaluation of the Advisory Committee, the following conclusions have been reached, and/or recommendations made, per each grant in your Law 101 application for taxable year **20XX**:

Agency	Program Title	Program ID #	Incentive Requested
Conclusion: The grant is not eligible for Law 101 incentives. This grant { explain reason to reject the grant }.			

Should you have any questions about this regards, you might reach us through law101@prsciencetrust.org.

Cordially,

{Executive Director's Name}

Executive Director

Cc: Academic Institution's representative name and title

E. Example of Letter to Investigator That Is Not a PI or Co-PI in an Award

Date

(Researcher's Name)

(Researcher's Address)

SUBJECT: Result of Law 101 Application Evaluation for Taxable Year 20XX

The Puerto Rico Science, Technology and Research Trust (“Trust”) has evaluated your Law 101 tax incentive application for taxable year 20XX. To perform this evaluation, the Trust has convened an Advisory Committee comprised of experts in research grants and in the interpretation of Law 101 incentives according to its rules and regulations.

Based on the evaluation of the Advisory Committee, the following conclusions have been reached, and/or recommendations made, per each grant in your Law 101 application for taxable year 20XX:

Agency	Program Title	Program ID #	Incentive Requested
<p>Conclusion: Applicant does not appear as Principal Investigator (PI) or Co-Principal Investigator (CoPI) of the grant as per the grant or the proposal documents submitted with the application. Law 101 incentives are to be granted only to research personnel classified as PI or CoPI.</p> <p>Recommendation: Request applicant to provide evidence of being the PI or CoPI of the grant.</p>			

As per the Advisory Committee recommendations, we request that you provide us, within 30 calendar days, the required evidence that you are the PI or CoPI of the grant. You can send us the information through the following email address: law101@prsciencetrust.org.

Should you have any questions about this regard, you might reach us through law101@prsciencetrust.org.

Cordially,

{Executive Director's Name}
Acting Executive Director

Cc: Academic Institution's representative name and title

F. Example of Letter to Investigator When the Academic Institution is not the Prime Award or Sub-award Recipient

August __, 2014

(Researcher's Name)
(Researcher's Address)

SUBJECT: Result of Law 101 Application Evaluation for Taxable Year 20XX

The Puerto Rico Science, Technology and Research Trust (“Trust”) has evaluated your Law 101 tax incentive application for taxable year **20XX**. To perform this evaluation, the Trust has convened an Advisory Committee comprised of experts in research grants and in the interpretation of Law 101 incentives according to its rules and regulations.

Based on the evaluation of the Advisory Committee, the following conclusions have been reached, and/or recommendations made, per each grant in your Law 101 application:

Agency	Program Title	Program ID #	Incentive Requested
Conclusion: The grant is not eligible for Law 101 incentives. Law 101 allows only for tax exemption, salaries from research activity conducted through grants or sub-awards when the academic institution (defined in Law 101’s ruling) appears as the prime recipient in the Notification of Award or the sub-award.			

Should you have any questions about this regards, you might reach us through law101@prsciencetrust.org.

Cordially,

{Executive Director’s Name}
Acting Executive Director

Cc: Academic Institution’s representative name and title

G. Example of Notification Issued by the PR Treasury Department Granting the Tax Exemption



Estado Libre Asociado de Puerto Rico
Departamento de Hacienda
Área de Rentas Internas

Date

Researcher's Name
and Address

Researcher's Name

Año Contributivo: 20

Re: **Solicitud de Incentivo Contributivo a Investigadores Científicos**

Estimado

El Fideicomiso para Ciencia, Tecnología e Investigación de Puerto Rico ("Fideicomiso") sometió una recomendación ("Recomendación") al Departamento de Hacienda en cuanto a la elegibilidad de los siguientes proyectos ("Proyectos"):

1. Project Title

Dicha Recomendación certifica que estos Proyectos son una investigación científica elegible y que los mismos fueron llevados a cabo por un investigador o científico elegible según lo establece la Sección 1031.02(a)(26) del Código de Rentas Internas de Puerto Rico de 2011 ("Código"), según enmendado y las disposiciones del Reglamento.

El Departamento de Hacienda examinó la Recomendación y determinó otorgarle un Incentivo Contributivo para Investigadores Científicos por la cantidad de \$ para el año contributivo 20. Si rindió su planilla considerando esta cantidad como tributable, será necesario que enmiende la misma, excluyendo esta compensación exenta. Es necesario que incluya copia de esta determinación con la planilla del año contributivo correspondiente.

No estamos emitiendo opinión alguna en cuanto al tratamiento contributivo de la transacción bajo otras disposiciones del Código y/o los Reglamentos emitidos bajo éste, que pudieran ser de aplicación a la misma, o en cuanto al tratamiento contributivo de cualquiera de las condiciones existentes o resultantes de la transacción que no sean cubiertas específicamente por la opinión aquí emitida. Esta opinión será válida únicamente mientras se mantengan los hechos sometidos para nuestra consideración.

Atentamente,

Secretario Auxiliar

c: Iván Ríos Mesa - Fideicomiso para Ciencia, Tecnología e Investigación de PR

Institution's Rep. Name - Institution

H. Agency Specific and General Award Search Resources

1. Agency-Specific Award Research Resources:

- NIH's Research Portfolio Online Reporting Tools (RePORT):
<http://projectreporter.nih.gov/reporter.cfm>
- NSF Award Research: <http://www.nsf.gov/awardsearch/simpleSearch.jsp>
- NASA Grants Status Search: <https://www.nssc.nasa.gov/grantstatus>
- Department of Energy Award Research:
<http://science.energy.gov/ber/funding-opportunities/award-search/>
- Federal RePORTER: <http://federalreporter.nih.gov/reporter.cfm>

2. General Award Information Resources:

- Federal Grants Search: <http://www.federalgrants.com/search.php>
- Catalog of Federal Domestic Assistance (CFDA):
<https://www.cfda.gov/index?mode=list>