

(H. B. 901)

(No. 58-2013)

(Approved July 11, 2013)

AN ACT

To amend the first paragraph of subsection (b) of Section 10 of Act No. 53-1996, as amended, known as the “Puerto Rico Police Act of 1996”; add a new paragraph (34) to subsection (a) and renumber current paragraph (34) as paragraph (35) of Section 1031.02 of Act No. 1-2011; and make technical amendments to Section 1021.02, as amended, known as the “Internal Revenue Code for a New Puerto Rico,” in order to exempt from taxation the overtime income earned by the members of the Puerto Rico Police.

STATEMENT OF MOTIVES

On occasions, service needs require the members of the Puerto Rico Police to work time beyond their regular shift. Oftentimes, overtime is not pay/paid within a regular working period, but these officers are required to pay taxes for the income earned on account of overtime.

It is time to encourage and incentivize the work performed by the men and women who risk their lives every day to make the Island safer. To acknowledge their work and do them justice, this Legislative Assembly deems it necessary to exempt from taxation the overtime income earned by the members of the Puerto Rico Police. We believe that this initiative has no great effect on the treasury, when compared to the economic benefit that it provides to the heroes on the front line in the fight against crime.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- The first paragraph of subsection (b) of Section 10 of Act No. 53-1996, as amended, is hereby amended to read as follows:

“Section 10.- Working day

(a) ...

(b) The Superintendent shall determine, through regulations, the procedure whereby overtime is authorized, justified, and paid. Any request for overtime payment which does not meet all the requirements provided in the regulations, shall be null and void, and payment thereof shall not proceed. Starting on January 1st, 2010, the overtime payment shall be made within a maximum term of forty-five (45) days. As of January 1st, 2013, the overtime income earned by a Police Force Member as this term is defined in Section 2 of this Act, shall not be included in the gross income and shall be exempt from taxation.

...

(c) ...

(d) ...

(e) ...

(f) ...

...”

Section 2.- A new paragraph (34) is hereby added to subsection (a) and current paragraph (34) is hereby renumbered as paragraph (35) of Section 1031.02 of Act No. 1-2011, as amended, to read as follows:

“Section 1031.02.- Exemptions from Gross Income

(a) The following income items shall be exempt from taxation under this Subtitle:

(1) ...

...

(34) Overtime income earned by a Police Force member as this term is defined in Section 2 of Act No. 53-1996, as amended, known as the ‘Puerto Rico Police Act of 1996.’ This exemption shall not apply to civil employees of the Puerto Rico Police.”

(35) ...”

Section 3.- Section 1021.02 of Act No. 1-2011, as amended, is hereby amended read as follows:

“Section 1021.02.- Alternate Basic Tax on Individuals. –

(a) ...

(1) ...

(2) Net Income Subject to Alternate Basic Tax.- For purposes of this subsection, the term ‘net income subject to alternate basic tax’ shall mean:

(A) the taxpayer’s gross income for the taxable year determined according to the provisions of Section 1031.01 of this Subtitle, minus:

(i) the exemptions established in paragraphs (1), (2), (3)(A), (3)(B), (3)(L), (3)(M), (4)(D), (6), (7), (10), (11), (12), (15), (16), (17), (18), (20), (22), (23), (24), (25), (26), (27), (29), (30), (32), (33), (34), and (35) of subsection (a) of Section 1031.02.

(ii) ...

(iii) ...

(iv) ...

(B) ...

...”

Section 4.- Effectiveness.-

This Act shall take effect immediately after its approval. However, the exemption granted herein shall apply to taxable years beginning as of January 1st, 2013.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 58-2013 (H. B. 901)** of the **1st Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to amend the first paragraph of subsection (b) of Section 10 of Act No. 53-1996, as amended, known as the “Puerto Rico Police Act of 1996”; add a new paragraph (34) to subsection (a) and renumber current paragraph (34) as paragraph (35) of Section 1031.02 of Act No. 1-2011; and make technical amendments to Section 1021.02, as amended, known as the “Internal Revenue Code for a New Puerto Rico,” in order to exempt from taxation the overtime income earned by the members of the Puerto Rico Police.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 15th day of September, 2016.

Juan Luis Martínez Martínez
Director