

(H. B. 2565)

(No. 61-2020)

(Approved July 3, 2020)

AN ACT

To add a subsection (e) to Section 1052.02 of Act 1-2011, as amended, known as “Internal Revenue Code for a New Puerto Rico,” in order to establish the Low-income Individuals Older than Sixty-five Years of Age Assistance Program; offer electronic mechanisms to maximize and ensure that individuals older than 65 years of age may access the tax credits available; and for other related purposes during the COVID-19 emergency.

STATEMENT OF MOTIVES

Upon the approval of Act No. 1-2011, known as the “Internal Revenue Code for a New Puerto Rico” (hereinafter, the Code), the Legislative Assembly deemed it appropriate to grant certain tax credits to older adults who, upon reaching retirement, start to receive a fixed income while spending continues to increase due to inflation. This income reduction worsens the already precarious economic situation of said population.

Recognizing the needs of our older adults, Section 1052.02 of the Code grants a \$300 refundable credit to pensioners whose only source of income is a pension for service rendered when the annual amount received does not exceed \$4,800. In addition, a personal refundable compensatory credit ranging from \$200 to \$400 is granted to individuals older than 65 years of age whose annual gross income, including social security benefits, do not exceed \$15,000 (\$30,000) in the case of married taxpayers). Likewise, aware of the importance of providing this assistance to our older adults, upon its approval, Act No. 40-2020, provided a maximum period of thirty (30) days from the time the credit is claimed for the issuance of the

appropriate payment. It is our priority to advocate for the quality of life of this population which comprises a very important sector that has become more vulnerable as a result of the economic and financial crisis.

For the past several years, the Department of the Treasury has been working on modernizing the systems used to manage and collect the different taxes it administers. Relying on technology as the cornerstone of modernization, the Legislative Assembly has empowered the Secretary of the Treasury to require that every credit tax return, form, or application be filed electronically. This provides for a better oversight and expedites the processing of tax returns, credits, and refunds, thus allowing the Department to issue the taxpayer's refunds faster. For example, many taxpayers have received their tax refunds within a period ranging from 10 to 15 business days from the filing date of their Income Tax Returns for Taxable Year 2019, a significant improvement in comparison with Taxable Years 2015 and 2016, when it took months or even years for refunds to be issued.

The use of technology entails some challenges, particularly for older adults who have not had the opportunity to become familiar with or keep abreast of technological changes. For such reason, in past years, the Department opted to establish taxpayer information centers to assist our older adults during the process of applying for the refundable tax credits to which they are entitled.

The COVID-19 situation and the closure of the government has disrupted the operations of the Department of the Treasury, thus limiting, in some cases, the services it usually provides to the general public. In times of social distancing, it would be irresponsible to make older adults to go to the Department of the Treasury in person to file documents, thus putting them at risk of contracting the coronavirus. In view of this situation and recognizing the limited technology proficiency of many taxpayers who qualify for this credit, a mechanism is hereby established to enable the private sector to collaborate by providing our older adults with guidance and

assistance during the refundable tax credit application process. Thus, Tax Return Statement, or Refund Claim Specialists (“Specialists”) who are duly registered in the Department of the Treasury’s Register and have a valid Specialist number may assist older adults in registering with the Unified Internal Revenue System (SURI) of the Department, as well as in filing the refundable tax credit application form provided in Section 1052.02 of the Code.

A compensation system shall be established for every specialist who assists taxpayers older than 65 years of age during the process of registering with SURI and filing the tax credit application; provided, that the Specialist does not charge for such services. In this manner, the Department of the Treasury provides taxpayers with the necessary guidance and assistance without imposing a monetary burden or additional expense on taxpayers.

It is worth noting that the outsourcing of this service entails substantial savings in the daily operations of the Department while safeguarding the physical integrity and welfare of older adults. With the creation of this Program, older adults shall not be required to go to the Department of the Treasury to apply for the credit, but rather they may resort to the Specialist of their preference who is closer to their residences.

Consistent with the foregoing, the “Low-income Individuals Older than Sixty-five Years of Age Assistance Program” is hereby created to allow older adults to receive guidance and assistance during the refundable tax credit application process free of charge from any Specialist duly registered with the Department. These specialists shall receive a refund of up to \$25 for each individual older than 65 years of age they receive and assist during the refundable tax credit application process in accordance with Section 1050.02 of the Code. Said refund shall be exempt from income taxes, including the alternate basic tax and the alternative minimum tax, for the Specialist.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- A new subsection (e) is hereby added to Section 1052.02 of Act No. 1-20111, as amended, known as “Internal Revenue Code for a New Puerto Rico,” to read as follows:

“Section 1052.02.- Credit for Low-income Individuals Older than Sixty-five (65) Years of Age.

(a) . . .

(b) . . .

(c) . . .

(d) . . .

(e) Low-Income Individuals Older than Sixty-five Years of Age Assistance Program.- In order to promote online applications for this credit, the Secretary is hereby authorized to establish the Low-income Individuals Older than Sixty-five (65) Years of Age Assistance Program to assist this population during the process of applying for the refundable tax credits provided in subsections (a) or (c) of this Section. The program shall consist in granting a refund to every Tax Return Specialist who is duly registered in the Tax Return, Statement, or Refund Claim Specialist Register in accordance with Section 6071.01 of this Code and assists taxpayers in the process of applying for the refundable tax credits provided in this Section. For applications related to tax year 2019, Specialists shall receive a refund of up to twenty-five (25) dollars for each Credit for Individuals Older than 65 Years of Age Return and Compensatory Credit for Low-income Pensioners Return filed through the Uniform Internal Revenue System (SURI, Spanish acronym) they sign as preparer thereof. For assistance in the preparation of tax returns for taxable years commencing after January 1, 2019, the Department of the Treasury shall identify resources to implement this Program. To receive this refund, Specialists may not charge for assisting taxpayers in electronically filling out and filing the return.

Specialists shall be responsible for verifying that taxpayers are eligible for the credit prior to completing the application. The refund received by Specialists from the Department for participating in this assistance program shall be exempt from income taxes, including the alternate basic tax and the alternative minimum tax. No employee of the Department of the Treasury may participate in this program. The provisions of Sections 6071.02, 6071.03, 6071.04, and 6071.05 relating to Specialists' duties and responsibilities shall also apply with respect to returns filed under the provisions of this subsection.”

Section 2.- Severability.

If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be void or unconstitutional, the ruling, holding, or judgment to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act thus held to be void or unconstitutional. If the application to a person or a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect or invalidate the application of the remainder of this Act to such persons or circumstances where it may be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and application thereof to the greatest extent possible, even if it renders ineffective, nullifies invalidates, impairs, or holds to be unconstitutional any part thereof, or even if it renders ineffective, invalidates, or holds to be unconstitutional the application thereof to any person or circumstance. This Legislative Assembly

would have approved this Act regardless of any determination of severability that the Court may make.

Section 3.- Effectiveness.

This Act shall take effect upon its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 61-2020 (H. B. 2565)** of the **7th Regular Session** of the **18th Legislative Assembly of Puerto Rico**:

AN ACT to add a subsection (e) to Section 1052.02 of Act 1-2011, as amended, known as “Internal Revenue Code for a New Puerto Rico,” in order to establish the Low-income Individuals Older than Sixty-five Years of Age Assistance Program; offer electronic mechanisms to maximize and ensure that individuals older than 65 years of age may access the tax credits available; and for other related purposes during the COVID-19 emergency.

has been translated from Spanish to English and that the English version is correct.
In San Juan, Puerto Rico, on this 9th day of February, 2024.

Mónica Freire-Florit, Esq.
Director