(S. B. 582)

(No. 76-2017)

(Approved August 6, 2017)

AN ACT

To amend Sections 1034.02, 2021.01, 2021.02, 2023.06, 2030.01, 2030.07, 2041.01, 2041.02, 2051.01, 2051.02, 2052.01, 2054.01, 2054.02, and 2054.05; repeal subsection (b) of Section 2054.03 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," in order to repeal estate and gift taxes in Puerto Rico; and for other related purposes.

STATEMENT OF MOTIVES

After four years of economic collapse and improvised tax laws, Puerto Rico's tax system can no longer be regarded as an effective tax collection and economic growth tool. The irresponsible and excessive creation of new taxes and tax rate increases is contrary to an any effective and efficient tax policy.

We are now faced with the task of fixing our tax system make it an effective tool once again and, in turn, achieve the much-needed economic growth.

For example, the administration and distribution of a decedent's estate in Puerto Rico has never been an easy task. The many requirements imposed by law on heirs and executors include the filing of a Decedent's Estate Return with the Department of the Treasury.

Also, we must consider the costs to be assumed by surviving spouses and heirs who, just months after suffering the loss of a loved one, must account for the property and file a Decedent's Estate Return with the Department of the Treasury. This is a complex process for citizens, because it entails:

1. Hiring certified public accountants, attorneys, and appraisers, among other professionals, to be able to file the return.
2. Obtaining the Department of the Treasury's prior approval in order to dispose of the decedent's real property in times when the real estate market is at its worst.
3. Applying to the Department of the Treasury for a waiver of the 10% penalty for amending returns, when the heir or executor amends the decedent's estate return to add properties.

Even though the purpose of this last penalty is to deter people from omitting properties that may be subject to taxation, we believe that the penalty tends to penalize taxpayers who omitted such information unintentionally or inadvertently given that it does not take into account whether the property is taxable. For instance, let us assume that an executor or heir did not know that a decedent who was a Puerto Rico resident owned land on the Island whose market value is one hundred fifty thousand (150,000) dollars. In this case, and even if the property is not subject to taxation with the Department of the Treasury, because it is located in Puerto Rico, the taxpayer would have to pay a penalty of fifteen thousand (15,000) dollars.

This return has two main purposes, to wit: establishing whether the decedent had debts with the government such as income or property tax debts, among others, and whether the estate is subject to estate tax.

It is common knowledge that the processing of these returns has become an issue for both the heirs waiting for the release and the Department. Furthermore, it has been shown that the amount of revenues generated by this tax is limited and in no way compensates for the effort and operating costs entailed by the processing thereof.

Since 2011, only \$3.1 million have been collected, on average, on annual taxes (said amount includes both estate taxes and gift taxes). However, revenues from pending taxes (such as debt related to income taxes and property taxes, among others) amount to approximately \$20 and \$25 million annually.

By eliminating these taxes and creating a new streamlined process to obtain a Decedent's Estate and Gift Tax Release, rather than putting more resources and efforts in assessing and overseeing the valuation of the property comprising a decedent's estate or gifts, the Department of the Treasury will just verify and collect existing and due and payable debts. The collection of these debts generates significant revenues for the treasury, thus allowing heir and donees to obtain the release of a decedent's estate or gifted property the same day it is requested.

However, in addressing the Department of the Treasury's concern regarding the loss of financial resources by the Government of Puerto Rico, this Act authorizes the imposition of an additional fee for the issuance of the Decedent's Estate or Gift Release. This fee shall compensate for any difference between the \$3.1 million in taxes it currently receives, and the administrative savings generated by this Act.

Likewise, the revenues received by the Department of the Treasury shall increase by eliminating the automatic base increase received by the heirs of the decedent's property. At present, the property of every decedent who is a Puerto Rico Resident receives a one thousand (1,000)-dollar automatic increase when it passes to the heirs. For example, let us imagine that the only property left by a decedent are his shares in a Puerto Rico corporation, which he acquired several years before for one hundred thousand (100,000) dollars. Let us assume that, at the time of decedent's death, said shares are valued at eight hundred thousand (800,000) dollars. In this case, the basis of the shares in the hands of the heir increases to eight hundred thousand (800,000) even when no tax is paid on the decedent's estate. If the heir sells the shares the following day for seven hundred ninety thousand (790,000) dollars, he will claim a ten thousand (10,000)-dollar loss in lieu of a six hundred ninety thousand (690,000)-dollar gain. Therefore, this reduces the revenues that the State would have received over what actually was a gain.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Subparagraph (D) is hereby amended and a subparagraph (E) is hereby added to paragraph (2), subparagraph (C) is hereby amended, and subparagraph (D) is hereby added to paragraph (5) of subsection (a) of Section 1034.02 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 1034.02.- Basis to Determine Gain or Loss.

(a) ...

(1) ...

(2) Gifts after December 31, 1923.-

(A) ...

(...) ...

(D) Property acquired by gift after December 31, 2010, and before January 1, 2018.— If the property was acquired by gift after December 31, 2010, but before January 1, 2018, the basis shall be the fair market value of said property on the date of the gift, except in the case of gifts that qualify for the deduction provided in Section 2042.02 of Subtitle B of this Code, in which case the basis of the property shall be the same as it would be in the hands of the donor, increased by the proportional share of the amount of the exclusions provided in Section 2041.03 and, if applicable, Section 2042.13 of Subtitle B of this Code, according to the information provided in the tax return filed in accordance with

Section 2051.02 of Subtitle B of this Code, but such basis shall not exceed the fair market value at the time of the gift.

(E) Property acquired by gift after December 31, 2017.— If the property was acquired by gift after December 31, 2017, the basis shall be the same as it would be in the hands of the donor.

(3) ...

(...) ...

(5) Property acquired from a decedent.-

(A) ...

(...) ...

(C) Property acquired from a decedent by bequest, devise, or inheritance, or by the decedent's estate after December 31, 2010, and before January 1, 2018.— If the property was acquired by bequest, devise, or inheritance from a decedent after December 31, 2010, and before January 1, 2018, the basis shall be determined as follows:

(i) ...

...

(D) Property acquired by bequest, devise, or inheritance, from a decedent or by the decedent's estate after December 31, 2017.— If the property was acquired by bequest, devise, or inheritance from a decedent, or by the decedent's estate after December 31, 2017, the basis shall the same it had at the time of the death.

(6) ..."

Section 2.- Subsection (a) is hereby amended and a subsection (d) is hereby added to Section 2021.01 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2021.01.- Imposition and Rate of Tax

(a) A tax is hereby imposed on the transfer of the taxable estate, assessed in accordance with Section 2023.01 of this Subtitle, of every Puerto Rico decedent, as defined in Section 1010.01 of Subtitle A of this Code, who dies after December 31, 2010, but before January 1, 2018.

(b) ...

(...) ...

(d) The property of any decedent, whether a Puerto Rico resident or nonresident at the time of his or her death, who dies after December 31, 2017, shall not be subject to any type of tax on the transfer of the estate. However, said estate shall be subject to the provisions of Chapter 5 of this Subtitle."

Section 3.- Subsections (b), (c), (d), and (e) of Section 2021.02 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," are hereby amended to read as follows:

"Section 2021.02.- Duty to Pay Tax.

(a) General Rule.- …

(b) Duty of Executor to Withhold Tax.- The Executor shall not pay any amount, nor surrender or transfer any property subject to the tax imposed by Section 2021.01 or any other tax established in Section 2054.01 of the Code to any person until after having collected and paid to the Secretary the tax thus imposed, except when a lien is cancelled in accordance with the provisions of Section 2054.02. If the Executor were to, in any way, dispose of property subject to taxation or encumbered under the provisions of this Code without the prior authorization set forth in Section 2054.02, such executor shall be personally liable with all his property for the tax attributable to the property thus disposed of.

(c) Liability of Any Owner of Property.– If an Executor has not been designated or, if an executor has been designated but property includible in the decedent's gross estate has been left out of the gross estate, the person holding the same in the capacity of owner shall be responsible for the payment of any tax owed by the decedent at the time of his or her death, in a proportion equal to the value of the property held by him or her of the total value of the decedent's gross estate at the time of his or her death.

(d) Discharge of Executor from Liability.– Upon payment of any tax owed by the decedent at the time of his death, the Executor may request the Secretary to be discharged from personal liability for any deficiency assessed under this Code in connection with the decedent's estate. The Executor shall be discharged from liability under this Subtitle, unless the Secretary shows that not all debt resulting from any Subtitle of this Code or Act No. 83-1991, as amended has been paid.

(e) Authority of the Executor to Recover Taxes.– The Executor, unless otherwise provided in the will and testament, shall recover from the heirs the tax that, in proportion to the total tax paid, corresponds to the property included in the gross estate of the decedent transferrable to each heir, in proportion to the fair market value of said property."

Section 4.- A subsection (c) is hereby added to Section 2023.06 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2023.06.- Taxation of Decedent's Estates Belonging to Certain United States Residents Who Are Puerto Rico Residents.

(a) ...

(...) ...

(c) Commencing January 1, 2018, decedents referred to in subsection (a), shall be subject to the provisions of Section 2021.01(d) of this Code."

Section 5.- A new subsection (b) is hereby added to, and current subsection (b) is hereby amended and renumbered as subsection (c) of Section 2030.01 of Act

No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2030.01.- Imposition and Payment of Tax.

(a) Imposition.- Except as provided in Section 2030.07, a tax, to be computed in accordance with Section 2021.01 of this Subtitle, shall be imposed on the transfer of the taxable estate, as defined in Section 2030.06, of a decedent who at the time of his death was a nonresident alien of Puerto Rico, except when the estate of the nonresident alien (who is not domiciled in Puerto Rico) is subject to taxation in his country of origin, in which case, in lieu of the tax imposed by Section 2021.01 of this Subtitle, a tax equal to the maximum tax credit that the country of origin has granted on the estate of the nonresident alien (not domiciled in Puerto Rico) shall be imposed and paid on property located in Puerto Rico, after presenting a certificate of the credit granted by the government of the country of origin.

(b) Decedents referred to in subsection (a) who died after December 31, 2017, shall be subject to the provisions of Section 2021.01(d) of this Code.

(c) Duty to Pay Tax.- The tax imposed by any Subtitle of this Code or Act No. 83-1991, as amended, owed by the decedent at the time of his death shall be paid by the Executor, and if such tax or any portion thereof is not paid not later than the date on which the Executor distributes the property of the decedent, the heir, legatee, or beneficiary of any transfer shall be personally liable, with all his property, for the payment of the tax thus imposed up to the amount of the value of the property transferred."

Section 6.- Subsection (c) is hereby added to Section 2030.07 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2030.07.- Taxation of Decedent's Estates of Certain United States Citizens Who Are Puerto Rico Nonresidents.

(a) ...

(...) ...

(c) Decedents referred to in subsection (a) who died after December 31, 2017, shall be subject to the provisions of Section 2021.01(d) of this Code."

Section 7.- Subsection (a) is hereby amended and a subsection (c) is hereby added to Section 2041.01 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2041.01.- Imposition and Rate of Tax.

(a) There shall be imposed a tax computed in accordance with the provisions of this Section on any transfer of property by gift, made before January 1, 2018, regardless of whether the donor is a Puerto Rico resident or nonresident.

(b) ...

(c) The transfer of personal or real property by gift, whether made by a Puerto Rico resident or nonresident, shall not be subject to any type of tax, when it occurs after December 31, 2017. However, such transfers shall be subject to the provisions of Chapter 5 of this Subtitle."

Section 8.- Subsections (a) and (b) of Section 2041.02 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," are hereby amended to read as follows:

"Section 2041.02.- Duty to Pay Tax and Keep Records.

(a) Duty to Pay Tax.- The tax imposed by any Subtitle of this Code or Act No. 83-1991, as amended, owed by the donor at the time of the transfer by gift, shall be paid by the donor, and if such tax or any portion thereof is not paid on or before the due date therefor, the donee shall also be personally liable, with all his property, for such tax up to the value of the gift received by him.

(b) Duty to Keep Records.- All donors shall be required to keep and preserve records and documents relative to any gifts made, as well as the receipts for tax paid, for a period of four (4) years from the date on which the tax return was filed or the due date for filing the same, including time extensions, whichever is the later date."

Section 9.- Subsections (a) and (b) are hereby amended, paragraph (1) of subsection (d) is hereby amended, and a subsection (e) is hereby added to Section 2051.01 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2051.01.- Final Decedent's Gross Estate Tax Return.

(a) Final Tax Return to be Filed by Executor.- Every Executor of estates of decedents who died before January 1, 2018, shall file with the Secretary, within a period of nine (9) months immediately after the date of the decedent's death, a final tax return, under oath, in accordance with requirements prescribed by Secretary through regulation, circular letter, information bulletin or general administrative determination, determining the decedent's estate tax imposed by this Subtitle...

(b) Tax Return to be Filed by Beneficiary.- If the Executor is unable to file the final tax return required in subsection (a) regarding any portion of the gross estate of the decedent, but is aware of its existence, he shall include in the final tax return filed by him a description of such portion and, if known to him, the names of each and every person with any kind of share therein. Within thirty (30) days after receiving notice from the Secretary, the person with an interest in the property shall file a final tax return that includes that portion of the gross estate of the decedent that had not been included in the final tax return filed by the Executor.

(c) ...

(d) ...

(1) The Secretary shall exonerate any person from payment of such additional fees in those cases in which just cause for the amendment is shown or if the property reported in the original return and the amendment does not exceed the deduction provided in Section 2023.08 or is property located in Puerto Rico, as defined in Section 2023.02(b) of this Code. The exoneration herein provided shall apply to every request for exoneration that, as of January 1, 2018, is under consideration by the Secretary, pending administrative hearing or before the Court of Law of Puerto Rico, and with respect to which a final and binding determination has not been issued. The Secretary is hereby authorized to prescribe by regulation, circular letter, information bulletin, or general administrative determination, the circumstances and requirements for requesting exoneration in order to include additional situations not provided for in this paragraph.

(e) Information Return for Decedents Who Died After December 31, 2017.- All Executors of an estate, whose decedent has died after December 31, 2017, shall file with the Secretary, within a period of twelve (12) months immediately after the date of the decedent's death, an information return, under oath, observing such requirements as the Secretary may provide by regulation, circular letter, information bulletin, or general administrative determination. It shall not be required to include in such return the market value of the property, however, a detailed description of each property, including any existing unique identifier according to the type of property shall be included.

(1) The Secretary shall issue the decedent's estate lien cancellation certificate described in Section 2054.02 upon the filing of the information return; provided that, it is shown that the decedent had no outstanding debt on account of tax imposed by any Subtitle of this Code or Act No. 83-1991, as amended, at the time of his death. Said transaction may be conducted at the Taxpayers Services Office of any district.

(2) To issue the release, the Secretary shall not take into account those debts challenged by the decedent at the administrative level or in a court with jurisdiction with respect to which a final and binding determination has not been issued. However, in these cases, the Secretary may issue a conditional lien cancellation certificate, as provided in Section 2054.02(f).

(3) The Secretary may charge a fee, which shall not exceed twenty-five (25) dollars, for issuing the release as provided in Section 2054.03,.

(4) If an information return is amended to include additional property after it has been filed, the Secretary may charge once again the fee authorized in Section 2054.03 to issue an amended release."

Section 10.- Subsections (a) and (b) are hereby amended, and a subsection (e) is hereby added to Section 2051.02 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2051.02.- Tax Returns and Information Statements on Gifts.

(a) Tax Return to be Filed by Donor.- Any person who at any time before January 1, 2018 makes any gift in excess of the ten thousand-dollar ($10,000) annual exclusion per donee as provided in subsection (b) of Section 2041.03 shall file a tax return under oath with the Secretary not later than January 31 of the year following the calendar year in which the gift was made, in accordance with the requirements and in the form and manner prescribed by the Secretary through regulation, circular letter, information bulletin, or general administrative determination, reporting the amount thereof and the tax to be paid.

...

(b) Information Statement by Donee.- Any donee who, at any time before January 1, 2018, receives any gift, which is not made before a notary public and which exceeds the ten thousand-dollar ($10,000) annual exclusion per donee as provided in Section 2041.03(b), shall, not later than February 28 of the year following the calendar year in which he received the gift, file a statement under penalty of perjury with the Secretary in the form and manner prescribed by the Secretary through regulation, circular letter, information bulletin, or general administrative determination, stating the value of such gift, the date on which such gift was received, and the address and age of the donor.

(c) ...

(d) ...

(e) Information Return for Transfers by Gift Made after December 31, 2017.- Any person who after December 31, 2017, makes a gift in excess of the ten thousand-dollar ($10,000) annual exclusion per donee as provided in subsection (b) of Section 2041.03 shall, not later than January 31 of the year following the calendar year in which the gift was made, file an information return under oath, in accordance with the requirements prescribed by the Secretary through regulation, circular letter, information bulletin, or general administrative determination. A good faith estimate of the market value of the property gifted as well as a detailed description of each property, including any existing unique identifier according to the property type shall be included in said return.

(1) The Secretary shall issue the gift lien cancellation certificate described in Section 2054.02 upon the filing of the information return; provided, that it is shown that the donor had no outstanding debt on account of tax imposed by any Subtitle of this Code or Act No. 83-1991, as amended, at the time of the transfer of the property.

(2) To issue the release, the Secretary shall not take into account those debts challenged by the donor at the administrative level or in a court with jurisdiction with respect to which a final and binding determination has not been issued. However, in these cases, the Secretary may issue a conditional lien cancellation certificate, as provided in Section 2054.02(f).

(3) The Secretary may charge a fee, which shall not exceed twenty-five (25) dollars, for issuing the release as provided in Section 2054.03.

(4) If an information return is amended to include additional property it has been filed, the Secretary may once again charge the fee authorized in Section 2054.03 to issue an amended release."

Section 11.- Section 2052.01 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," is hereby amended to read as follows:

"Section 2052.01.- Examination of Tax Returns and Assessment of Tax.

Upon receipt of the tax return reporting the property of a decedent who died before January 1, 2018, or property transferred by gift before January 1, 2018, together with payment of the corresponding self-assessed estate or gift tax, the Secretary shall make a preliminary examination of such tax return and upon verifying that all taxes referred to in Section 2054.01 owed by the decedent at the time of his death have been paid, the Secretary shall then issue a lien cancellation certificate pursuant to Section 2054.02, except in those cases in which the preliminary examination reveals that the property valuation made is seventy percent (70%) below its actual value, in which case the Secretary may require an independent appraisal, such action shall toll the period established in Section 2054.02 until the required information is filed with the Secretary.

..."

Section 12.- Subsection (a) of Section 2054.01 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," is hereby amended to read as follows:

"Section 2054.01.- Preferred Liens.

(a) Lien on Transferred Property.- All taxes imposed by any Subtitle of this Code, the taxes imposed under Act No. 83-1991, as amended, and all other kinds of taxes already assessed included or includible as discounts from the estate pursuant to Section 2023.03, shall constitute a preferred lien in favor of the Government of Puerto Rico on each and every property comprising the gross decedent's estate or being transferred as a gift, as the case may be. Said lien shall apply to the transfer of property of any decedent who dies after December 31, 2017, or donor whose transference is made after December 31, 2017, even when the tax provided in Section 2023.03 is not claimed as discount in the information return.

...

(b) ..."

Section 13.- Subsection (d) is hereby amended to add paragraphs (1) and (2), and a subsection (f) is hereby added to Section 2054.02 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2054.02.- Lien Cancellation.

(a) ...

(d) Time to Issue a Lien Cancellation Certificate.-

(1) In the case of the estate of a decedent who died before January 1, 2018 or transfers by gift made before January 1, 2018, the Secretary shall issue the lien cancellation certificate provided in Section 2054.02 within a period that in no case shall exceed thirty (30) days counted from the filing date of the final estate tax return together with the payment of the corresponding self-assessed tax on the decedent's estate, as well as any such information as the Secretary may establish by regulation. Any tax return filed with the Secretary that fails to include the documents required by law or by regulation, shall be considered not filed. The Secretary shall notify the executor or the heirs, within the thirty (30)-day period stated above, of any request for information that prevents him from validating the

filing of the tax return and continuing with the lien cancellation certification issuance procedure. The immediate issue of the lien cancellation certificate shall be mandatory at the request of any interested party if, upon expiration of the thirty (30) day period from filing of the final tax return, the Secretary has failed to take any action, except in cases in which the corresponding tax obligation is in dispute or not all the required information or documents have been filed. Notwithstanding the preceding provisions, the parties may extend such period by mutual agreement when it is convenient for the executor or the heirs.

(2) In the case of the estate of a decedent who died after December 31, 2017, or transfers by gift made after December 31, 2017, the Secretary shall issue the lien cancellation certificate provided in Section 2054.02 upon the filing of the estate or gift information return and such other information prescribed by the Secretary through regulation, together with proof that the decedent or donor has no debt on account of taxes imposed under any Subtitle of this Code or Act No. 83-1991, as amended. The Secretary shall notify the reasons that prevent the issuance of the cancellation certificate, if any, at the time of the filing of the information return.

(e) ...

(f) If the decedent or donor has any debt on account of taxes imposed under any Subtitle of this Code or Act No. 83-1991, as amended, that is under review at the administrative level or by a court with jurisdiction, the Secretary shall issue a conditional lien cancellation certificate."

Section 14.- Subsection (b) of Section 2054.03 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," is hereby repealed.

Section 15.- Subsection (a) is hereby amended and subsection (c) is hereby repealed in Section 2054.05 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," to read as follows:

"Section 2054.05.- Prohibited Actions Unless Document Attesting to Lien Cancellation is Submitted.

(a) Property Comprising Decedent's Estate or Transferred by Gift.- Regarding any property subject to the lien imposed by Section 2054.01 of this Subtitle for having been transferred as inheritance, bequest or legacy, in connection to which a lien cancellation certificate as provided in Section 2054.02 of this Subtitle is not submitted, the following rules shall be observed:

(1) Courts, Notaries, and Property Registrars.- Except in the specific cases authorized under Sections 2051.08 and 2054.01 of this Subtitle, no court shall approve any partition or distribution, sale, surrender, assignment, or mortgage foreclosure if the amount of the tax assessed or to be assessed by the Secretary as attributable to such property is not deducted from the proceeds of the auction and deposited with the court to the order of the Secretary; and no notary shall authorize, issue or certify any document relating to the partition or distribution, sale, surrender, assignment, or mortgage of such property; except for the certification of documents executed before the death of the decedent; and no property registrar shall record in any register under his care, any notarial document, judgment or judicial act, executed, entered, or issued in connection with any partition or distribution, sale, surrender, or mortgage of said property.

(2) Financial Institutions.- No financial institution shall surrender to the heirs, legatees or beneficiaries of a decedent or to a donee the funds in accounts in the name of the decedent or donor, or the decedent or donor and another person jointly, any amount that exceeds fifteen thousand dollars ($15,000), or twenty-five percent (25%) of the total amount of such funds, whichever amount

is greater, unless the Secretary authorizes a greater amount to be surrendered in accordance with the provisions of Section 2051.08, or a lien cancellation certificate as provided in Section 2054.02 is submitted to the financial institution. For the purposes of this Section, the term ‘financial institution’ shall include banks, investment trusts, savings and loan associations, brokerage or securities firms, and savings and credit unions doing business in Puerto Rico.

(3) ...

(4) ...

(b) ...”

Section 16.- 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 void 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.

Section 17.- Effectiveness.

This Act shall take effect upon its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 76-2017 (S. B. 582) o**f the **1st Regular Session** of the **18th Legislative Assembly of Puerto Rico:**

AN ACT to amend Sections 1034.02, 2021.01, 2021.02, 2023.06, 2030.01, 2030.07, 2041.01, 2041.02, 2051.01, 2051.02, 2052.01, 2054.01, 2054.02, and 2054.05; repeal subsection (b) of Section 2054.03 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," in order to repeal estate and gift taxes in Puerto Rico; and for other related purposes.

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

In San Juan, Puerto Rico, on this 11th day of October, 2024.

Jonathan E. Pérez Cora, Esq.
Director