

(S. B. 1115)

(No. 97-2023)

(Approved August 9, 2023)

**AN ACT**

To add a subsection (38) to Section 1031.02 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” in order to exempt from income taxes the wages paid retroactively to civilian personnel of the Puerto Rico Police Bureau on account of pay raises granted by virtue of Act No. 164-2003 and any other income earned as a result of subsequent promotions based on wage schedules that are pending payment; and for other purposes.

**STATEMENT OF MOTIVES**

Act No. 164-2003 granted a one hundred-dollar (\$100) pay raise to the employees of the central government of the Commonwealth of Puerto Rico, which became effective on January 1, 2004. Said statute reaffirmed that public service at the central level is critical for the Island’s socioeconomic development. For such reason, it was deemed necessary to recognize their labor of excellence as well as their contributions for the benefit of Puerto Rican society.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

Section 1.- A subsection (38) is hereby added to Section 1031.02 of Act No. 1-2011, as amended, to read as follows:

“Section 1031.02.- Exemption from gross income

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

Subtitle:

(1) ...

...

(38) Wages paid retroactively to civilian personnel of the Puerto Rico Police Bureau. – Beginning January 1, 2023, wages paid retroactively to the civilian personnel of said Bureau on account of pay raises granted by virtue of Act No. 164-2003 and any other income earned as a result of subsequent promotions based on wage schedules, and that are pending payment, shall be exempt from taxation.”

Section 2.- The Secretary of the Department of the Treasury shall prescribe by regulation, administrative determination, circular letter, or general information bulletin, the form and manner in which the exemptions provided for herein shall apply.

Section 3.- This Act shall take effect upon its approval.