

(H. B. 1640)
(Conference)

(No. 37)

(Approved July 10, 2009)

AN ACT

To amend clauses (1), (2), and (4) and add new clauses (5), (6), (7), and (8) to subsection (b) of Section 1011; to amend clause (6) of subsection (a) of Section 1018, Section 1020A, subclause (N) of clause (4) of subsection (b) of Section 1022, Section 1040D, clause (5) of subsection (e) of Section 1040K, clause (5) of subsection (e) of Section 1040L, subsection (a), clause (6) of subsection (b), and subsection (d) of Section 1040M, Section 2008; to amend Section 2011; to add a new Section 2407 to Subtitle BB; to amend subsection (c) of Section 2409 of Subtitle BB, Section 2502; to amend subsection (a) of Section 6189, amend subsections (a) and (b) and eliminate subsection (c) of Section 3701; amend Section 3702; add a new subsection (c) to Section 3704 of Act No. 120 of October 31, 1994, as amended, better known as the “Puerto Rico Internal Revenue Code”; to amend subsection (1) and clause (b) of subsection (4) of Section 34.180; to add Section 36.03A to Act No. 7 of March 9, 2009, as amended, to amend subsection (16) of Section 61.240 of Act No. 77 of June 19, 1957, as amended, better known as the “Puerto Rico Insurance Code”; subsection (b) of Section 16 of Act No. 88 of June 21, 1966, as amended; to amend clause (3) of subsection (b) of Section 25 of Act No. 52 of August 11, 1989, as amended, better known as the “International Banking Center Regulatory Act”; to amend subsection (A) of Section 2.01 of Act No. 83 of August 30, 1991, as amended; to amend clause (2) of subsection (c) of Section 16 of Act No. 80 of August 30, 1991, as amended, better known as the “Municipal Revenues Collection Center Act”; to amend Sections 2.02, 2.04, 2.09, and 2.10 of Act No. 83 of August 30, 1991, as amended; the last paragraph of Section 3.01 of Act No. 83 of August 30, 1991, as amended; to amend Sections 3.02, 3.21, and 3.27 of Act No. 83 of

August 30, 1991, as amended, better known as the “Municipal Revenues Collection Center Act”; to amend clause (1) of subsection (u) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, better known as the “Municipal Revenues Collection Center Act”; to amend Section 5.30 of Act No. 83 of August 30, 1991, as amended, better known as the “Municipal Revenues Collection Center Act”; to amend Section 4 of Act No. 203 of December 14, 2007; subsection (b) of Section 6.08 of Act No. 255 of October 28, 2002, as amended, better known as the “Savings and Credit Unions Act of 2002”; to amend clause (6) of subsection (a), add a new subsection (b), renumber subsection (b) as subsection (c), amend clause (1) of the thus renumbered subsection (c) of Section 30, amend Section 35, subsection (a) of Section 36.03, Section 37.02, clauses (2), (7), and (12) of subsection (b) of Section 37.04, clause (13) of subsection (a) of Section 38.02, Section 39, and Section 40, amend Section 34, and repeal Sections 24 and 64A of Act No. 7 of March 9, 2009, as amended, known as the “Special Act to Declare a State of Fiscal Emergency and to Establish a Comprehensive Fiscal Stabilization Plan to Salvage the Credit of Puerto Rico”; and for other related purposes.

STATEMENT OF MOTIVES

Act No. 7 of March 9, 2009, as amended, known as the “Special Act to Declare a State of Fiscal Emergency and to Establish a Comprehensive Fiscal Stabilization Plan to Salvage the Credit of Puerto Rico” (“Act No. 7”), declared a state of economic and fiscal emergency in the Government of the Commonwealth of Puerto Rico and adopted a comprehensive economic and fiscal stabilization plan with the purpose of salvaging the credit of Puerto Rico.

This comprehensive plan established under Act No. 7 provides for responsibly addressing the need to attain the fiscal stabilization of the Government of Puerto Rico and to protect its credit by means of: (a) new revenue and better oversight measures; (b) measures to control and cut back on spending; and (c) fiscal and financing measures to cover budgetary

shortfalls until the revenues and spending control measures cast their effect, to finance costs in connection with the implementation of spending cutback measures, and averting an adverse impact on the General Fund due the fiscal precariousness of some public corporations and municipalities.

Moreover, this comprehensive plan provided for under Act No. 7 does not have the sole objective of attaining fiscal stabilization, but rather, such plan allows for addressing the need to eliminate the structural deficit, for paying off the public debt, for reestablishing fiscal health, and most of all, for laying the groundwork in order to enable the Government to once again propel the economic development of Puerto Rico in an ample and effective way.

As part of the aforementioned comprehensive plan, countless measures were adopted in connection with better oversight and revenues consigned in Chapter II of Act No. 7. Given their nature, these provisions are highly complex and technical and have generated much discussion among practitioners and taxpayers.

Likewise, another among the most fundamental areas of such Act No. 7 is its Chapter III. Such Chapter incorporates mechanisms to cut back on operating expenses and payroll expenses; its objective is to generate the necessary savings until the goal to cut back \$2 billion a year is reached. This Legislature is responsible for seeing that the measures which comprise Phases I, II, and III of the said Chapter are implemented efficiently and responsibly, and in a manner fully consistent with the public policy objectives of this Act, as provided for under Section 2.

It is therefore of utmost necessity to make such amendments so as to clarify the provisions of Act No. 7, thus guaranteeing that the best interests of the People of Puerto Rico shall be safeguarded.

As for Chapter II, the amendments consigned herein are mainly: (1) provisions to address specific situations brought to the attention of the Department of the Treasury and this Legislature; and (2) clarifications in order for the text to be more specifically compliant with the legislative intent.

Thusly, for example, amendments relative to the alternate basic tax on individuals seek the purpose of establishing a credit against the regular tax, to revert the benefit of investing in tax-exempt obligations when taxable income is earned at regular rates. Moreover, in recognition of the endeavor fulfilled by the Conservation Trust in protecting our environment and the cultural assets of our Island, as well as of the need to provide adequate housing to citizens served by the Puerto Rico Housing and Human Development Trust, the notes issued by such entities have been exempted from the alternate basic tax.

Several amendments refer to the moratorium on tax credits. Specifically, it is clarified that the moratorium under Section 1040M of the “Puerto Rico Internal Revenue Code of 1994,” as amended (the “Code”), applies to: (1) credits generated or granted before the date of effectiveness of Act No. 7; and (2) all tax credits granted under Act No. 212 of August 29, 2002, as amended. It is allowed to grant tax credits subject to the moratorium established under Section 30 of Act No. 7, whenever an application has been filed before March 9, 2009, with the Department of the Treasury, which application shall be fully compliant with all requirements for the issue of such credits. Furthermore, it is hereby allowed for the Department of the Treasury to grant tax credits under Act No. 212 of August 29, 2002, as amended, during Fiscal Years 2009-2010, 2010-2011, and 2011-2012 for up to a maximum of \$40,000,000 a year. Such credits issued

during Fiscal Years 2009-2010, 2010-2011, and 2011-2012 shall be subject to limitations upon redemption of such credits, in order to assuage the impact of such credits on the Government's budget during the term of effectiveness of the Stabilization Plan.

In addressing the clamor of taxpayers, the amendments relative to the sales and use tax ("IVU," Spanish acronym) reestablish the Exemption Certification on resale for merchants whose volume of business is equal to or greater than five hundred thousand dollars (\$500,000), and for merchants whose volume of business is lesser than five hundred thousand dollars (\$500,000) when able to properly prove to the Secretary of the Treasury that they are up to date in their tax obligations. Such amendments empower the secretary to revoke for one (1) year any Exemption Certifications held by merchants who fail to comply with IVU obligations as established in the Code. Furthermore, the amendments make it clear that properly registered merchants who buy products for resale shall continue to enjoy the resale exemption on municipal tax.

Several amendments also clarify (1) the provisions on the computation of the minimum alternative net income, so that the limitation on the deduction on payments for services rendered outside of Puerto Rico shall only apply to payments made to business-related persons; (2) that cigars or cigarettes introduced or manufactured in Puerto Rico for export shall be exempted from the cigarette excise; (3) that motorcycles and all-terrain vehicles (ATVs) shall be subject to a fixed-rate 10% excise, different from that of cars, and be exempted from the payment of the sales and use tax; (4) that the special tax established under Act No. 7 on all real properties intended for residential and commercial purposes for the Year 2009-2010 shall be a fixed-rate 0.591% tax, as well as the concept of real property

intended for residential purposes; and (5) that the special taxes established under Act No. 7 shall be reported, charged, and paid the same as income taxes.

As for Chapter III, the amendments included herein (1) are mainly clarifications, so that the text may be more specifically compliant with the legislative intent; and (2) seek mainly to extend the date of effectiveness of collective bargaining agreements that have expired or that are to expire during the term of effectiveness of the Act, until March 9, 2011.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.—Clauses (1), (2), and (4) are hereby amended and new clauses (5), (6), (7), and (8) added to subsection (b) of Section 1011 of Act No. 120 of October 30, 1994, as amended, to read as follows:

“Section 1011.—Tax on Individuals.—

...

(b) Alternate Basic Tax on Individuals.—

(1) General Rule.—There shall be levied on, charged to, and paid by any individual for every taxable year, in lieu of any other tax levied under this part, a tax on net income subject to the alternate basic tax, assessed pursuant to the following table and subtracted by the alternate basic credit for taxes paid abroad (when such tax is greater than the regular tax):

If the net income subject to the alternate basic tax is:	The tax shall be:
\$75,000 or more but not over \$125,000	10%
Over \$125,000 but not over \$175,000	15%

Over \$175,000

20% on the excess
over \$125,000

(2) Net Income Subject to the Alternate Basic Tax.—For purposes of this clause, the term ‘net income subject to the alternate basic tax’ means the taxpayer’s gross income for the taxable year as determined pursuant to the provisions of Section 1022 of this Subtitle, subtracted by deductions allowed under Section 1023 and deductions granted on account of taxpayer’s and taxpayer dependents’ deductions provided for in Section 1025, except that for purposes of determining the total amount of the net income subject to the alternate basic tax:

(A) Neither:

(i) Any income preclusions or exemptions not covered under this Subtitle, even if these are granted under special laws, except for those provided for in Act No. 225 of December 1, 1995, as amended, known as the ‘Puerto Rico Agricultural Incentives Act,’ nor

(ii) Any preclusions provided for in subclauses (C) through (M) and (O) through (R) of clause (4); subclause (F) of clause (8); nor clauses (7), (9), (13), (20), (23), (24), (26), (27), (28), (29), (33), (34), (36), (40), (43), (46), (47), (48), (50), (53), (55) or (56) of subsection (b) of Section 1022 of this Subtitle, shall apply;

(3) ...

(4) In the case of a married person living with his/her spouse who files a separate return, the levels of net income subject to the

alternate basic tax assessed under clause (1) for purposes of the alternate basic tax shall be reduced to fifty percent (50%), according to regulations established by the Secretary.

(5) Credit for Taxes Paid in the United States, United States possessions, and Foreign Countries.—There may be claimed against the alternate basic tax assessed under clause (1) of this subsection, a credit for taxes paid in the United States, United States possessions, and foreign countries, as follows:

(A) In General.—The credit against the alternate basic tax for taxes paid in the United States, United States possessions, and foreign countries for any taxable year, shall be the credit that would be determined under Section 1031 of this Subtitle for such taxable year, if:

(i) The amount determined under clause (1) of subsection (b) were to be the tax against which the aforementioned credit would be taken for purposes of Section 1131(b) of this Subtitle concerning such taxable year and all other preceding taxable years; and

(ii) Section 1131(b) of this Subtitle were applied on the basis of the net income subject to the alternate basic tax in lieu of the net income.

(6) Credit for Alternate Basic Tax for Preceding Taxable Years.—

(A) Granting of Credit.—For taxable years beginning after December 31, 2009, there shall be allowed as a credit against the tax levied under subsections (a) and (c) of this

Section, an amount equal to the credit for the alternate basic tax for preceding years.

(B) Credit for Alternate Basic Tax for Preceding Years.—For purposes of subclause (A) of this clause (6), the credit for any taxable year for alternate basic tax for preceding years shall be the excess, if any, of:

(i) The sum of the net alternate basic tax assessed for all preceding taxable years beginning after December 31, 2008, over

(ii) The sum of the net regular tax assessed for all such preceding taxable years beginning after December 31, 2008.

(C) Cap on Credit.—The credit admissible under clause (6) of this subsection for any taxable year shall not be greater than the excess, if any, of:

(i) The net regular tax, as defined in this subsection, over

(ii) The net alternate basic tax for the taxable year in question.

(D) Definitions.—For purposes of this clause (6):

(i) Net Alternate Basic Tax.—The term ‘net alternate basic tax’ means the total amount of the net income subject to the alternate basic tax for each taxable year, multiplied by the applicable alternate basic tax rate, and subtracted by the credit against the alternate basic tax paid in the United States, United States possessions, and

foreign countries as provided under clause (5) of this subsection (b).

(ii) Net Regular Tax.—The term ‘net regular tax’ means the regular tax, subtracted by the credit granted under Section 1031 of this Subtitle.

(7) In addition to the provisions under clauses (1), (2), (3), (4), and (5) of subsection (a) and clauses (1) and (4) of subsection (b) of Section 1051, individuals who have a seventy-five thousand (75,000) dollar or a greater net income subject to the alternate basic tax for the taxable year, and spouses who live together by the closing of the taxable year and who may choose to file separate tax returns, with a thirty-seven thousand, five hundred (37,500) dollar or a greater net income subject to the alternate basic tax for the taxable year shall be bound to file an income tax return under Section 1051. For purposes of the obligation to file as established in this clause, the net income subject to the alternate basic tax for spouses living together by the closing of the taxable year who may choose to file separate tax returns shall be determined by using the same rule established for gross income in subclause (B) of clause (4) of subsection (b) of Section 1051.

(8) Any person, regardless of the capacity in which he/she may be acting, who credits or makes payments to any individual on account of interest, revenues, dividends, pensions, annuities or any other item of income subject to the alternate basic tax, shall be bound to report such payments to the Secretary and such individual on such forms, on such date and in such manner as the Secretary may

prescribe by regulation, circular letter or other administrative determination or communication of a general nature.

(c) ...

...”

Section 2.—Clause (6) of subsection (a) of Section 1018 of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 1018.—Adjustments in Computing the Alternative Minimum Net Income.—

(a) ...

(1) ...

...

(6) **Deducting Expenses for Services Rendered outside of Puerto Rico.**—For each of the taxable years beginning after December 31, 2008, and before January 1, 2012, when determining the minimum alternate tax, no deduction whatsoever shall be allowed on account of expenses incurred or paid to a business-related person, as such term is defined in Section 1221(a)(3) or 1231(a)(3) of this Subtitle, whichever may apply, for services rendered outside of Puerto Rico, if such payments for services are not subject to income tax under this Code.

(b) ...

...”

Section 3.—Section 1020A of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 1020A.—Levying a Special Surtax.—For each of the taxable years beginning after December 31, 2008, and before January 1, 2012, as for corporations or partnerships whose gross income exceeds one hundred thousand dollars (\$100,000) or estates, trusts, single individuals, heads of

household, married persons not living with their spouse or married persons living with their spouse who file separate tax returns, whose adjusted gross income exceeds one hundred thousand dollars (\$100,000), or married persons who live with their spouse and file a joint tax return, whose adjusted gross income exceeds one hundred fifty thousand dollars (\$150,000), there shall be levied, charged, and paid a special surtax of five percent (5%) on the total tax assessed under Sections 1011, 1012, 1012B (relative to the special tax on variable annuities in separate accounts), 1013, 1013A, 1014, 1015, 1016, 1017, 1018A, 1121(c), 1201, 1204, 1207, and as for individuals residing in Puerto Rico, Sections 1012A and 1012B of this Subtitle. Notwithstanding any other provision of law, including provisions set forth in Subchapter C of this Subtitle, the special surtax shall constitute a separate tax, against which only those credits provided for in Sections 1030, 1031, 1032, 1033, 1035, 1037, 1038, 1039, 1040, and 1040B of this Subtitle may be claimed, as well as payments made on account of the estimated tax for the taxable year in question.”

Section 4.—Subclause (N) of clause (4) of subsection (b) of Section 1022 of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 1022.—Gross Income.—

(a) ...

(b) Exclusions from Gross Income.—The following items shall not be included in the gross income and shall be exempt from the payment of taxes under this Subtitle:

(1) ...

(4) Tax-free Interest.—Interest on:

(A) ...

...

(N) Obligations issued by (i) the Conservation Trust of Puerto Rico, as created and operated pursuant to Deed No. 5 of January 23, 1970, executed before Notary Luis F. Sánchez-Vilella, before July 1, 2009 or after June 30, 2011 and (ii) the Housing and Human Development Trust of Puerto Rico, as created and operated pursuant to Deed No. 135 of May 15, 2004, executed before Notary José Orlando Mercado-Gelys.”

Section 5.—Section 1040D of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 1040D.—Credit for the Purchase of Products Manufactured in Puerto Rico for Export.—

Any eligible business that purchases products manufactured in Puerto Rico to export such products, directly or through business-related persons, may claim a credit as provided in this Section.

(a) Use of the Credit.—The credit provided in this Section shall be applied against the taxes levied under Subtitle A. Provided, that as for purchases of products manufactured in Puerto Rico by plants engaged in tuna processing, the credit provided for in this Section shall be applied against the sales tax charged by the eligible business and payable pursuant to Sections 2604 through 2607; and any remainder of the credit may be used against the taxes levied under Subtitle A.

(b) ...

(c) Limitation on Credit.—The credit provided for in this Section shall be used as follows:

(1) ...

(2) Sales Tax.—Pursuant to the provisions of subsection (a), when the credit is used by the eligible business against the sales tax, such credit shall be granted with regard to the sales tax payable in subsequent years to that in which the business made the purchases which warranted the credit.

Every credit not used by the eligible business may be carried over to subsequent taxable years until it is used up in its entirety, subject to the preceding rules and limitations. In the case of products manufactured in Puerto Rico by plants engaged in tuna processing, such carried-over credit may be claimed against the sales tax as provided in subsection (a) of this Section, regardless of the taxable year in which it was generated by the eligible business.

(d) ...”

Section 6.—Clause (5) of subsection (e) of Section 1040K of Subtitle A of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 1040K.—Newly Built Housing Acquisition Tax Credit Program.—

(a) ...

(e) Credit Assignment, Sale or Transfer.—

(1) ...

...

(5) As for financial institutions owning a credit approved under this Section by the closing of any of its taxable years beginning after December 31, 2007, which are unable to use the tax credit provided for in this Section against their taxable obligation, if any, and which have not assigned, sold or transferred such credit, may

request such credit as a refundable credit within the term of effectiveness of the credit certificate which entitle such institutions to such credit, following such procedures and rules as may be established by the Secretary of the Treasury by regulation or circular letter. Notwithstanding the foregoing, the Secretary of the Treasury shall not issue tax refunds under the provisions of this clause before January 1, 2011, unless such tax refunds have been duly requested on or before March 9, 2009. A tax refund requested under this provision shall not be subject to the payment of interest or to the provisions of Section 9(j) of Act No. 230 of July 23, 1974, as amended, better known as the ‘Puerto Rico Government Accounting Act.’”

Section 7.—Clause (5) of subsection (e) of Section 1040L of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 1040L.—Existing Housing Acquisition Tax Credit Program.—

(a) ...

...

(e) Credit Assignment, Sale or Transfer.—

(1) ...

...

(5) As for financial institutions owning a credit approved under this Section by the closing of any of its taxable years beginning after December 31, 2007, which are unable to use the tax credit provided for in this Section against their taxable obligation, if any, and which have not assigned, sold or transferred such credit, may request such credit as a refundable credit within the term of effectiveness of the credit certificate which entitle such institutions to

such credit, following such procedures and rules as may be established by the Secretary of the Treasury by regulation or circular letter. Notwithstanding the foregoing, the Secretary of the Treasury shall not issue tax refunds under the provisions of this clause before January 1, 2011, unless such tax refunds have been duly requested on or before March 9, 2009. A tax refund requested under this provision shall not be subject to the payment of interest or to the provisions of Section 9(j) of Act No. 230 of July 23, 1974, as amended, better known as the ‘Puerto Rico Government Accounting Act.’”

(f) ...
...”

Section 8.—Subsection (a), clause (6) of subsection (b), and subsection (d) of Section 1040M of Act No. 120 of October 31, 1994, as amended, are hereby amended to read as follows:

“Section 1040M.—Moratorium on Tax Credits.—

(a) Notwithstanding the provisions of this Subtitle and the provisions listed in subsection (b) of this Section, for each of the taxable years beginning after December 31, 2008, and after January 1, 2012, no credit whatsoever may be claimed against taxes levied under this Subtitle on account of credits subject to moratorium listed in subsection (b) of this Section, generated or granted before March 9, 2009. Such moratorium shall not apply to any natural or juridical person who, before March 4, 2009, has bought credits subject to moratorium from the person to whom such credits were granted or conferred or credits granted under final agreements with the Secretary of the Treasury executed before March 4, 2009. In cases of credit purchases, at the request of the Secretary, such person shall submit evidence attesting to the date of acquisition of such credit. In the case of credits which

have been granted, conferred or otherwise recognized under the exemption provided for in subsection (b) of Section 30 of Act No. 7 of March 9, 2009, as amended, the moratorium provided for in this Section shall apply to each of the taxable years beginning after December 31, 2009, and before January 1, 2012.

(b) Credits Subject to Moratorium.—

(1) ...

...

(6) Subsections (E) and (F) of Section 4.03 and Section 4.04 of Act No. 212 of August 29, 2002, as amended, known as the ‘Urban Centers Revitalization Act,’ except for such credits granted under subclause (A) of clause (6) of subsection (a) of Section 30 of Act No. 7 of March 9, 2009, as amended, in which case, the moratorium shall apply as follows:

(A) Credits Granted during Fiscal Year 2009-10.—

Only up to 50% of such credit may be claimed in taxable years beginning after December 31, 2009, and before January 1, 2011; likewise, up to 50% may be claimed in taxable years beginning after December 31, 2010, and before January 1, 2012, and any remainder thereof in subsequent taxable years.

(B) Credits Granted during Fiscal Year 2010-11.—

Only up to 50% of such credit may be claimed in taxable years beginning after December 31, 2010, and before January 1, 2012; likewise, up to 50% may be claimed in taxable years beginning after December 31, 2011, and before January 1, 2013, and any remainder thereof in subsequent taxable years.

(7) Subsection (A) of Section 3 of Act No. 140 of October 4, 2001, as known as the ‘Tax Credits for Investment in New Construction and Rehabilitation of Affordable Housing Act,’ except for such credits granted or pending final approval over developments involving affordable housing for sale or rent or facilities for elderly persons who meet the following requirements: (1) that they hold a qualification certificate, and (2) that they have a number of credits reserved.

....

(c) ...

(d) Informational Tax Return.—In order to be entitled to claim any of the credits listed in subsection (b) of this Section in taxable years beginning on or after January 1, 2012, and any credit granted under Act No. 78 of September 10, 1993, as amended, Act No. 362 of December 24, 1999, as amended, Sections 5(b) and 5A of Act No. 135 of December 2, 1997, as amended, Sections 5 and 6 of Act No. 73 of May 28, 2008, and Sections 1040C, 1040D, 1040F, 1040J, 1040K, and 1040L of this Subtitle, in taxable years beginning on or after January 1, 2009, it shall be indispensable for the holder of such credit to submit to the Secretary on or before August 31, 2009, an informational tax return, under penalty of perjury, in such form and with such details as the Secretary may prescribe, reporting the amount of the credits previously granted by June 30, 2009. Credits subject to moratorium, as well as those that are not, which are not reported on the informational tax return, may not be claimed, unless the Secretary of the Treasury determines there to be a reasonable cause for precluding the same from such informational tax return. The Secretary of the Treasury shall make all efforts

as necessary through the communications media to enforce compliance with this Section.”

Section 9.—Section 2008 of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 2008.—Cigarettes.—

An excise tax of eleven dollars and fifteen cents (\$11.15) shall be levied, paid and collected on each one hundred or fraction of one hundred (100) cigarettes. For purposes of this Subtitle, the term ‘cigarette’ shall mean any roll of finely cut natural or synthetic tobacco or any other finely cut natural vegetable or synthetic matter, or any mixture thereof, or other finely cut solid matter or substance that is used to make such products known as cigarettes, cigars, and little cigars. Cigars or cigarettes introduced or manufactured in Puerto Rico for export, subject to such requirements and conditions as the Secretary of the Treasury may prescribe by Regulation, as well as artisan hand-rolled cigars or cigarettes as defined by the Secretary of the Treasury by Regulation, are hereby exempted.

...”

Section 10.—New clauses (6), (7), and (8) are hereby added and clause (6) is renumbered as clause (9) of subsection (a), and clause (1) is amended and new clauses (5) and (6) are added to subsection (b), and clause (11) of subsection (c) is amended in Section 2011 of Act No. 120 of October 31, 1994, as amended, to read as follow:

“Section 2011.—Vehicles.—

(a) ...

(1) ...

...

(6) Motorcycles.—10% of their taxable price in Puerto Rico.

(7) ATVs.—10% of their taxable price in Puerto Rico.

(8) Motorcycles and ATVs in stock by the effective date of the levy of the excise provided for in this clause pursuant to Act No. 7 of March 9, 2009, as such Act may be amended, shall be understood to be introduced in Puerto Rico for purposes of Section 2051 on the date of effectiveness of the levy of the excise provided for in this subsection pursuant to Act No. 7 of March 9, 2009, as such Act may be amended. The Secretary of the Treasury shall establish by regulation, circular letter or other administrative determination of a general nature, such norms as necessary for the application of the provisions of this subsection.

(9) Transitory Provisions.—

(A) ...

(b) Definitions.—For purposes of this Section and any other applicable provisions of this Subtitle, the following terms shall have the meaning stated below:

(1) ‘Automobile’.—Shall mean any vehicle provided with any self-propelling means designed to transport persons, including hearses and wreath coaches, but excluding buses and ambulances. It shall also mean those multipurpose vehicles that due to their design, internal structure, mechanical features and physical configuration may be used to transport freight as well as passengers. It also includes vehicles known by the generic name of ‘vans,’ ‘minivans,’ and ‘customized vehicles.’

(2) ...

...

(5) ‘Motorcycle’.—Shall mean and include any vehicle riding on less than four (4) tires provided with any self-propelling means designed to transport persons, commonly known as ‘motorcycles,’ ‘motorbikes,’ and ‘scooters.’

(6) ‘ATV’.—Shall mean any vehicle riding on more than three (3) tires, known in English as an All Terrain Vehicle or a Four Track, which are not authorized to fare through public roads.

(c) The following provisions shall complement the application of and compliance with this Section:

(1) ...

(11) All automobiles, self-propelling vehicles, buses, trucks, ATVs and motorcycles subject to the provisions of this Section shall be exempted from the payment of the sales and use tax established in Subtitle BB of this Code.”

Section 11.—Section 2407 is hereby added to Subtitle BB of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code,” to read as follows:

“Section 2407.—Collecting the Sales and Use Tax in Sales for Resale.—

(a) A duly registered merchant may be relieved from the requirement of collecting, withholding, and depositing the tax fixed in this Subtitle on sales of taxable items bought exclusively for resale from merchants holding a certificate of exemption duly issued by the Secretary.

(b) Except as provided for in this Subtitle, any merchant who makes a sale for resale to a person holding a certificate of exemption shall record the tax-exempt nature of such transaction by retaining a copy of such

certificate of exemption held by the buyer or through any other means as the Secretary may provide.

(c) Any merchant who does not hold a certificate of exemption or who acquires merchandise subject to the sales and use tax established in this Subtitle shall be bound to pay such sales tax in full at the time of purchase.”

Section 12.—Subsection (c) of Section 2409 of Subtitle BB of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code,” is hereby amended to read as follows:

“Section 2409.— Necessary Evidence and Presumption of Correctness.—

(a) ...

...

(c) Presumption of Exemption.—Any person who acquires taxable items from a merchant for delivery in Puerto Rico shall be presumed to be entitled to enjoy the exemption thus granted upon submittal of a valid certificate of exemption. A merchant who trusts such certificate to be reliable needs not to require any additional documents to validate such presumption.”

Section 13.—Section 2502 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code,” is hereby amended to read as follows:

“Section 2502.—Certificate of Exemption.—

(a) Any person duly registered as a merchant, whose volume of business is equal to or greater than five hundred thousand dollars (\$500,000) in the case of an existing business, or, in the case of a new business, who in good faith and to the satisfaction of the Secretary estimates that his/her volume of business for the twelve (12)-month term following the date the

business began to operate shall be equal to or greater than five hundred thousand dollars (\$500,000), and who acquires taxable items for resale, except those entitled to any exemption under this Subtitle, may apply for a sales and use tax certificate of exemption, insofar as he/she meets such requirements as the Secretary may establish.

(b) Any duly registered merchant whose volume of business is lesser than five hundred thousand dollars (\$500,000) and who acquires taxable items for resale, except for those entitled to any exemption under this Subtitle, may apply for a sales and use tax certificate of exemption, insofar as he/she meets such requirements as the Secretary may establish and complies fully with the provisions of this Subtitle.

(c) Any manufacturing plant or person entitled to any exemption under this Subtitle may apply for a sales and use tax certificate of exemption, subject to compliance with the requirements established by the Secretary.

(d) All certificates issued shall be numbered and shall be valid for the term established by the Secretary. The Secretary may, in the exercise of his/her discretion, limit or extend the validity of such certificates through a determination to such effect.

(e) The Secretary may revoke the sales and use tax certificate of exemption of any person who fails to meet any of the requirements provided for in this Subtitle. Any person whose certificate of exemption has been revoked may, one year after such revocation, apply for a new certificate of exemption, subject to the requirements established in this Section.

(f) Upon issuing certificates of exemption, the Secretary must ascertain the following:

(1) That the person who applies for such certificate is a merchant or is entitled to any exemption as established in this part;

(2) That the person is duly registered in the Registry of Merchants;

(3) In the case of a reseller, he/she must provide a detailed description of the tangible personal property that he/she shall buy for resale in the ordinary course of business; and

(4) In the case of a reseller whose volume of business is lesser than five hundred thousand dollars (\$500,000) and who wishes to apply for a certificate of exemption under subsection (b) of this Section, he/she shall: (i) not have any debts whatsoever with the Department of the Treasury, (ii) have filed all of his/her tax returns, including income tax returns and sales and use tax returns, and (iii) furnish the Volume of Business Statements for payment of the municipal license fee at all of the municipalities in which he/she conducts business.

(g) The Secretary may require that a person submit documents and evidence of his/her organizational structure, certifications of tax debts or any such other information or document as necessary during the reviewing process directed under this Section.”

Section 14.—Subsection (a) of Section 6189 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code,” is hereby amended to read as follows:

“Section 6189.—Municipal Levy of the Sales and Use Tax.—

(a) Authorization and Mandatoriness.—All municipalities shall levy uniformly and mandatorily a sales and use tax pursuant to the authorization established in Section 2410. Such tax shall be for a fixed tax

rate of one point five percent (1.5%), from which municipalities shall collect one percent (1%) and the Secretary shall exclusively and mandatorily collect point five percent (.5%), to be used in the funds provided for in subsections (e)(1), (e)(2), and (e)(3) of Section 2706, for the purposes established in Sections 2707, 2708, and 2709, as applicable. The one-percent (1%) tax rate to be collected by municipalities from the one-point-five-percent (1.5%) municipal tax shall be levied pursuant to the same base, exemptions, and limitations contained in Subtitle BB of the Code, save for the exceptions provided for in this Section.

(1) Municipalities, in their discretion, upon approval by the Municipal Legislature, may levy the one-percent (1%) tax on foodstuffs and food ingredients as defined in Section 2301(a) of this Act. As for the point-five-percent (.5%) portion of the municipal tax to be collected by the Secretary, the Secretary shall neither collect the point-five-percent (.5%) tax on foodstuffs and food ingredients as defined in Section 2301(a) of this Act, nor on any of the foodstuffs exempted under Section 2511.

(2) Any duly registered merchant not entitled to the exemption provided for in Section 2502 of the Code who acquires taxable items for resale, except for such items entitled to any exemption under this Subtitle, may apply, insofar as he/she meets such requirements as the Secretary may establish, for a certificate on sales and use tax exemption for the one-percent (1%) municipal tax collected by municipalities by virtue of this Section. Each certificate thus issued shall be numbered and be valid for such term as the Secretary may establish. The Secretary, in the exercise of his/her

discretion, may limit or extend the validity of such certificates through a determination to such effect.

(3) The credit provided for in Section 2704 of the Code may not be claimed against the one-percent (1%) municipal tax collected by municipalities by virtue of this Section; however, the credit provided for in Section 2704 of the Code may be claimed against the point-five-percent (.5%) municipal tax collected by the Secretary by virtue of this Section, except for the point-one-percent (.1%) portion of the Municipal Improvement Fund created under this Code.

(4) Municipalities may adopt regulations consistent with the provisions herein through a municipal ordinance to such effect. For such purposes, the areas regulated by Federal laws, regulations, and judicial rulings, as well as any other authorized exemption from such levy, shall be taken into account.

(5) The fact that a municipality does not adopt a municipal ordinance does not relieve such municipality from compliance with its obligations and from levying the sales and use tax as established in this Act.

(b) ...”

Section 15.—Subsection (c) is hereby eliminated and subsections (a) and (b) are hereby amended in Section 3701 of Act No. 120 of October 31, 1994, as amended, to read as follows:

“Section 3701.—Imposition of Tax.—

(a) As of fiscal years 2009-10, 2010-11, and 2011-12 or until the aggregate sum of six hundred and ninety million dollars (\$690,000,000) is raised, whichever occurs first, a special Commonwealth tax is hereby levied on all real property used for residential and commercial purposes, which tax

shall be equal to zero point five hundred and ninety-one percent (.591%) of such property's appraised value, as assessed by the Municipal Revenues Collection Center (hereinafter 'CRIM,' Spanish acronym), pursuant to the Municipal Property Tax Act of 1991, Act No. 83 of August 30, 1991, as amended, after taking into consideration the exonerations provided in Sections 2.02 and 2.03 of said Act, as well as in Section 34.180(1) of Act No. 77 of June 19, 1957, as amended, and Section 4 of Act No. 203 of December 14, 2007, as amended; as well as other exonerations or exemptions provided for in special laws, except for such exonerations or exemptions granted by municipalities in the exercise of their powers. This special Commonwealth tax shall be in addition to any other tax levied by virtue of any other law in effect. This special Commonwealth tax and the computation thereof shall not impair any municipal tax on real property levied by municipalities in the exercise of their powers.

Exemption from payment of the special tax levied herein shall be granted to homesteads used exclusively for residential purposes, whose owners generate income in their family unit of less than \$20,000 a year, which income is derived solely from annuities and pensions, as well as all those homesteads whose holder or owner is a person who has been severed from employment pursuant to the provisions of Act No. 7 of March 9, 2009, as amended, until the time he/she is employed again.

It is hereby provided that the special tax levied on real property as established in the present Act, shall not be extended to those newly built housing units that have not been optioned or sold and delivered to the buyer. Upon sale and delivery of such property to the buyer, such exemption shall be extended until the following date of appraisal; provided, that such benefit shall never be greater than twelve (12) months.

(b) The Secretary of the Treasury is hereby empowered and directed to collect the special tax provided for in subsection (a) of this Section every year. The Secretary shall appraise and collect the special tax following the same procedure and subject to the same limitations and rights set forth in the Municipal Property Tax Act of 1991, Act No. 83 of August 30, 1991, as amended, for the assessment and collection of property tax in Puerto Rico, including limitations on requests for administrative review and judicial contest of the tax, except that any reference in such Act to the Municipal Revenues Collection Center or its Director shall be understood, for purposes of this Subtitle, as a reference to the Department of the Treasury or the Secretary.”

c) The Secretary of the Treasury shall file each semester with the Offices of the Secretary of the Senate and the Clerk of the House, a sworn certification of the amounts charged, levied, and collected on account of the tax levied under subsection (a) of this Section until the aggregate sum of six hundred and ninety million dollars (\$690,000,000) is raised or until June 30, 2012, whichever occurs first.

d) Any levy uncollected at the time the six hundred and ninety million dollar (\$690,000,000) limit is reached or at the time in which the levy expires on June 30, 2012, whichever occurs first, must be paid in full and may not enjoy any tax amnesty. Provided, that any excess received on account of the tax levied under subsection (a) of this Section shall be covered into the General Fund.

e) Once the aggregate sum of six hundred and ninety million dollars (\$690,000,000) is collected or upon expiration of the term of levy on June 30, 2012, whichever occurs first, the Secretary of the Treasury shall be under the obligation to publish in the official webpage of the Department,

the date on which the tax levied under subsection (a) of this Section becomes ineffective, and to establish a refund mechanism, if any, in addition to a sworn certification whereby it is attested that the aggregate sum of six hundred and ninety million dollars (\$690,000,000) has been reached.

Section 16.—Section 3702 of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“Section 3702.—Definitions.—

(a) In General.—For purposes of this Subtitle, excepting any provision to the contrary, the terms used herein shall have the meaning set forth in the Municipal Property Tax Act of 1991, Act No. 83 of August 30, 1991, as amended.

(b) For purposes of this Subtitle, the term ‘real property used for residential purposes’ includes any structure used or available for use as a home, even if the same is not occupied by the owner or his/her family as a main residence, or is unoccupied or is rented to third parties; provided, however, that such term excludes any real property: (i) operated under any Federal, Commonwealth or municipal program paid with Federal funds, whose purpose is to provide homes for rent for low or moderate-income families while such real property is being operated under the provisions of such programs, subject to being thus certified by the Department of Housing of Puerto Rico or the Federal or municipal entity concerned; (ii) whose construction has been carried out so that a person with disabilities may live therein, for which a certification to such effect by a licensed engineer authorized to practice in Puerto Rico shall be necessary; provided, that the Secretary of the Treasury may require by regulation, circular letter, administrative order or any other general determination, all such documents as necessary to attest to such exemption; or (iii) over which a second

property, better known as ‘second stories,’ has been built, the use of which is not contingent upon the payment of rent or to personal profit for the owner.”

Section 17.—A subsection (c) is hereby added to Section 3704 of Act No. 120 of October 20, 1994, as amended, to read as follows:

“Section 3704.—Discounts.—

The following discounts shall be granted on the total semestrial amount of the special tax levied by this Subtitle if the payment is made in the corresponding form and term.

(a) Ten percent (10%) of the total amount of the semester if the payment is made within thirty (30) days of its due date.

(b) Five percent (5%) of the total amount of the semester if the payment is made after thirty (30) days, but before exceeding sixty (60) days.

(c) Provided, as a transitory measure, that in lieu of the provisions in subsections (a) and (b) of this Section, a ten-percent (10%) discount shall be granted over the total amount of the semester due and payable in September of the year two thousand nine (2009) if the payment is made within ninety (90) days of its due date.”

Section 18.—Subsection 1 and clause (b) of subsection (4) of Section 34.180 of Act No. 77 of June 19, 1957, as amended, are hereby amended to read as follows:

“Section 34.180.—Tax Exemption.—

1. Every cooperative insurer duly organized under this Code shall be exempted from all real and personal property taxes belonging to said cooperative insurer; provided, that said exemption shall in no case exceed the appraised value of one million dollars (\$100,000.000); provided, further, that for fiscal years 2009-10, 2010-11, and 2011-12, the exemption that shall apply to such cooperative insurers shall be ten million dollars (\$10,000,000).

2. ...

...

4. a. ...

b. Taxable years beginning after December 31, 2008, and before January 1, 2012.—Notwithstanding the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, and this Code, during each of the taxable years beginning after December 31, 2008, and before January 1, 2012, cooperative insurers organized pursuant to this Code shall be subject to a special five (5)-percent tax on the amount of their net income for the taxable year, to be computed in accordance with the provisions of Subchapter G of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, regardless of the provisions of Section 1101 of said Subtitle or this Code, but only to the extent that said net income exceeds two hundred fifty thousand dollars (\$250,000). Unless otherwise provided by the Secretary of the Treasury by regulation, circular letter or other administrative determination or communication of a general nature, such tax shall be reported, paid, and collected in such form and manner as established in Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, for corporations to pay general income taxes.”

Section 19.—Section 36.03A is hereby added to Act No. 7 of March 9, 2009, as amended, to read as follows:

“Section 36.03A.—Exemption from Application of the Ethics in Government Act.—

(a) Employees who avail themselves of the Voluntary Permanent Workday Reduction Program shall be exempted from the application of

Section 3.2(f) and Section 3.3, subsections (d), (e), and (h), of the Puerto Rico Ethics in Government Act, Act No. 12 of June 24, 1985, as amended.

(b) Employees who avail themselves of the Voluntary Incentivized Resignation Program shall be exempted from restrictions on actions by former public employees provided for in the Puerto Rico Ethics in Government Act, Act No. 12 of June 24, 1985, as amended.”

Section 20.—Subsection (16) of Section 61.240 of Act No. 77 of June 19, 1957, as amended, is hereby amended to read as follows:

“Section 61.240.—Tax Treatment.—

(1) ...

...

(16) Notwithstanding the provisions to the contrary in Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, and this Code, during each of the taxable years beginning after December 31, 2008, and before January 1, 2012, every International Insurer and every International Insurer Holding Company shall be subject to a special five (5)-percent tax on the amount of its net income for the taxable year, to be computed in accordance with the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, regardless of the provisions of this Code. Unless otherwise provided by the Secretary of the Treasury by regulation, circular letter or other administrative determination or communication of a general nature, such tax shall be reported, paid, and collected in such form and manner as established in Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, for corporations to pay general income taxes.”

Section 21.—Subsection (b) of Section 16 of Act No. 88 of June 21, 1966, as amended, is hereby amended to read as follows:

“Section 16.—Tax Exemption.—

(a) ...

(b) Taxable years beginning after December 31, 2008, and before January 1, 2012.—Notwithstanding the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, and this Act, during each of the taxable years beginning after December 31, 2008, and before January 1, 2012, the Cooperative Bank of Puerto Rico and its subsidiaries and affiliates shall be subject to a special five-percent (5%) tax on the amount of their net income for the taxable year, to be computed in accordance with the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, regardless of the provisions of Section 1101 of said Subtitle or this Act, but only to the extent that said net income exceeds two hundred fifty thousand dollars (\$250,000). Unless otherwise provided by the Secretary of the Treasury by regulation, circular letter or other administrative determination or communication of a general nature, such tax shall be reported, paid, and collected in such form and manner as established in Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, for corporations to pay general income taxes.”

Section 22.—Clause (3) of subsection (b) of Section 25 of Act No. 52 of August 11, 1989, as amended, is hereby amended to read as follows:

“Section 25.—Income Tax Exemption.—

(a) ...

(b) (1) ...

...

(3) Taxable years beginning after December 31, 2008, and before January 1, 2012.—Notwithstanding the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended,

and this Act, during each of the taxable years beginning after December 31, 2008, and before January 1, 2012, every international banking entity shall be subject to a special five (5)-percent tax on the amount of its net income for the taxable year, to be computed in accordance with the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, but only to the extent that said net income does not constitute an excess net income for the purposes of clause (1) of this subsection (b). Unless otherwise provided by the Secretary of the Treasury by regulation, circular letter or other administrative determination or communication of a general nature, such tax shall be reported, paid, and collected in such form and manner as established in Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, for corporations to pay general income taxes.

(c) ...
 ...”

Section 23.—Subsection (A) of Section 2.01 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 2.01.—Basic Tax, Nonexempt and Non-Exonerated Property.—

(A) Municipalities are hereby authorized to levy, through municipal ordinances approved to that effect, for fiscal year 1992-93 and for each subsequent fiscal year, a basic tax of up to four percent (4%) per annum on the appraised value of all personal property and of up to six percent (6%) per annum on the appraised value of all real property not exempted or exonerated from taxes, located within their territorial limits, which will be in addition to any other tax levied by virtue of other laws in effect.

Notwithstanding the foregoing, for fiscal years 2009-10, 2010-11, and 2011-12 or until the revenues established under Section 15 of this Act are raised, the basic tax to be levied by municipalities on real property may not exceed point six percent (0.6%) per annum.

...

(B) ...

...”

Section 24.—Clause (2) of subsection (c) of Section 16 of Act No. 80 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 16.—Transfer of Funds for Municipalities.—

The following funds shall be transferred to the Municipalities during fiscal year 1991-92 and during each subsequent fiscal year:

(a) ...

...

(c) ...

(1) ...

(2) The distribution among municipalities of the appropriation provided in this subsection (c), as determined under Section 18 of this Act, shall be adjusted so that those municipalities for which said appropriation has represented fifty (50) percent or more of its income for fiscal year 2007-2008, shall receive an amount not less than that received for fiscal year 2007-2008. The total amount of the adjustments shall be distributed among the remaining municipalities on an inversely proportional basis to the percentage that the participation of each of said remaining municipalities in the appropriation provided in this subsection (a) for fiscal year 2007-2008 represented of its total revenues for said year.

(d) ...”

Section 25.—Section 2.02 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 2.02.—Special Tax for Amortization and Redemption of General Obligations of the Commonwealth and Municipalities; Exonerations.—

A special tax of one point zero three (1.03) percent per annum on the appraised value of all personal and real property in Puerto Rico not exempted from taxes is hereby levied for fiscal year 1992-93 and for each subsequent year, for the amortization and redemption of the general obligations of the Commonwealth. Municipalities are hereby authorized and empowered to levy another additional surtax subject to the requirements established in Act No. 4 of April 25, 1962, as amended. This surtax shall be in addition to all other taxes imposed by virtue of other laws in effect. The Municipal Revenues Collection Center is hereby empowered and directed to annually collect these taxes. Notwithstanding the foregoing, for fiscal years 2009-2010, 2010-2011, and 2011-12, the special surtax for the amortization and redemption of the general obligations of the Commonwealth applicable with respect to real property shall be determined on the basis of a rate of point one zero three (0.103) percent per annum. Furthermore, for fiscal years 2009-2010, 2010-2011, and 2011-2012, the special surtax on real property shall be reduced to one tenth (1/10) of the tax rate that has been adopted by the municipality by municipal ordinance for levying said tax for each one of these fiscal years.

The owners of property for residential purposes are hereby exonerated from the payment of the special surtax and the basic tax levied by virtue of Sections 2.01 and 2.02 of this Act and the property taxes levied

by the municipalities of Puerto Rico corresponding to fiscal year 1992-93 and to each subsequent fiscal year in an amount equal to the tax levied on said properties up to fifteen thousand (15,000) dollars of the appraised value of the property, subject to the provisions of Section 2.07 of this Act. In the case of properties partially devoted to residential use, the exoneration from payment of said taxes which would otherwise be payable, shall be recognized only as to that portion of the property devoted to such purposes for up to an amount equal to fifteen thousand (15,000) dollars of the appraised value. For fiscal years 2009-2010, 2010-2011, and 2011-2012, the exemption applicable to the owners of properties for residential use shall increase to one hundred fifty thousand (150,000) dollars. For said fiscal years, in the case of properties partially devoted to residential use, the exoneration from the payment of said taxes, which would otherwise be payable, shall be recognized only as to that portion of the property devoted to such purposes for up to an amount equal to one hundred fifty thousand (150,000) dollars of its appraised value.

...

Any structure shall be understood to be devoted to 'residential use' when on the 1st day of January of the corresponding year, it is being used as residence by its owner or his/her family, or any new structure, built to be sold and appraised for tax purposes in the name of the entity or person who built it, if on the date of issue of the tax receipt, it is being used or is available for use by the buyer as his/her home or that of his/her family, provided the owner did not receive rent for its occupancy; including, in the case of properties located in the urban zone, the lot where said structure is located, and in the case of properties located in the rural and suburban zones, the land where such a structure is located, for up to a maximum capacity of

one (1) *cuerda*. When a taxpayer acquires a new structure built after the 1st of January of any year and submits the certification as evidence that he/she uses it as a home for him/herself or his/her family, the mortgage creditor shall withhold the tax corresponding to the excess of the appraised value over fifteen thousand (15,000) dollars or the tax corresponding to that part of the property not being used as a home by the owner or his/her family. For fiscal years 2009-2010, 2010-2011, and 2011-2012, the mortgage creditor shall withhold the tax corresponding to the excess in appraised value over one hundred fifty thousand (150,000) dollars or the tax corresponding to that part of the property not being used as a home by the owner or his/her family.

...”

Section 26.—Subsection (b) of Section 2.04 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 2.04.—Collection and Covering of Taxes into Funds and Application of Tax Proceeds.—

The proceeds from the taxes levied by Sections 2.01 and 2.02 of this Act shall be covered into the general trust established by the Collection Center and the Government Development Bank, pursuant to subsection (c) of Section 4 of the ‘Municipal Revenues Collection Center Act.’

(a) ...

(b) The Collection Center is bound to deposit in the Commonwealth Debt Redemption Fund the proceeds of the 1.03% property tax (0.103% for fiscal years 2009-2010, 2010-2011, and 2011-2012) in connection with real property taxes not later than the fifteenth working day after payment has been made by the taxpayer.

(c) ...

...”

Section 27.—Section 2.09 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 2.09.—Appropriation to the Fund for the Matching of Municipal Revenues.—

An amount equal to the uncollected tax on residences whose exoneration had been requested by January 1, 1992, as provided by this Act, resulting from the tax exoneration provided by Section 2.02 of this Act, plus the equivalent of the amount of twenty hundredths of one percent (2 hundredths of 1 percent (0.02%) on property tax for fiscal years 2009-2010, 2010-2011, and 2011-2012 in connection with real property taxes), for which the municipalities are compensated by Act No. 16 of May 31, 1960, is hereby appropriated to the Collection Center from available funds in the Puerto Rico Commonwealth Treasury for 1992-93, and for each subsequent fiscal year, for deposit in the Government Development Bank for Puerto Rico as trustee, pursuant to the provisions of Section 2.04 of this Act.”

Section 28.—Section 2.10 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 2.10.—Payment in Lieu of Taxes.—

The payment in lieu of taxes made by public corporations to municipalities shall include the property taxes corresponding to them according to the applicable provisions of law up to the date of approval of this Act, plus the rate increase adopted by each municipality pursuant to this Act.

The tax corresponding to one (1) percent and to three (3) percent (point three percent (0.3%) for fiscal years 2009-10, 2010-11, and 2011-12) per annum of the appraised value of the real and personal property, respectively, or until the revenues determined under Section 15 of this Act

are raised, which tax was covered into the General Fund in accordance with the provisions of law in effect on the date of approval of this Act, is hereby excluded from said computation.

...”

Section 29.—The last paragraph of Section 3.01 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 3.01.—Survey, Classification, and Appraisal of Property.—

...

Provided, that for purposes of this Act, the appraised value of all real property on January 1, 2009, January 1, 2010, and January 1, 2011, shall be the appraised value determined pursuant to the precepts established in this Act and in any other applicable law multiplied by ten (10).”

Section 30.—Section 3.02 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 3.02.—New Appraisal.—

The Collection Center may only perform a new appraisal of property in Puerto Rico when the conditions and requirements set forth in this Section are met.

...

Once the resolution ordering a new appraisal is approved and ratified, the Collection Center shall classify and appraise all real property in its real and current value using any of the recognized methods and factors for the appraisal or valuation of property, so that the appraisal of each of the different types of property yields uniform results.

Provided, that for purposes of this Act, none of the provisions of this Section shall apply to the appraisal of all real property as of January 1, 2009, January 1, 2010, and January 1, 2011.”

Section 31.—Section 3.21 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 3.21.—Personal and Real Property; Changes in Appraisal and Notice, Appeal by Municipality.—

Whenever the Collection Center makes a review of the appraisal of a taxpayer’s property, or makes an appraisal of a taxpayer’s property that has not been previously appraised, or makes any change in the list and appraisal form of the property presented by any taxpayer which form has been returned for such purposes, the Collection Center shall notify within thirty (30) calendar days its resolution in writing with a description of the appraised property to the Mayor of the municipality in which the same is located, and if several municipalities are involved, to the Mayor of each one of such municipalities. Provided, that the Collection Center shall not be bound to notify the increase in the appraised value of a property with regard to the appraisal of the property as of January 1, 2009, January 1, 2010, and January 1, 2011, pursuant to the provisions of Section 3.01 of this Act. Said increase in the appraised value of the property shall appear in the notice of the tax levy issued by the Collection Center pursuant to Sections 3.26 and 3.27 of this Act.

...”

Section 32.—Section 3.27 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 3.27.—Personal and Real Property; Changes in Appraisal and Notice.—

When any change is made in the current appraisal of the property of any taxpayer or when the property of a taxpayer which has not been previously appraised is appraised, or when the taxpayer has requested the

reappraisal of his/her property, the Collection Center or its authorized representative shall notify said taxpayer of the appraisal and the tax levied by mailing said notice by regular mail, addressed to the taxpayer at the last address appearing in the records of the Collection Center. This notice, together with its publication, shall constitute full notice to each taxpayer of the tax levied, and the taxpayer shall be bound to pay the tax in the manner and within the term provided in Section 3.41 of this Act. The taxpayer may challenge the tax thus levied and notified as provided in this Act; provided, that the Collection Center shall not be bound to notify the increase in the appraised value of a property with regard to the appraisal of the property as of January 1, 2009, January 1, 2010, and January 1, 2011, pursuant to the provisions of Section 3.01 of this Act. Said increase in the appraised value of the property shall appear in the notice of the tax levy issued by the Collection Center pursuant to Sections 3.26 and 3.27 of this Act.”

Section 33.—Clause (1) of subsection (u) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 5.01.—Property Exempted from Taxation.—

(a) ...

...

(u) Properties built or under construction on the effective date of this Act, and which are devoted to the rental housing market under Section 515 or Section 521, Plan II of the Federal Rural Housing Act of 1949, as amended, Public Law 81-171, pursuant to the following norms:

(1) The tax exemption shall not exceed fifteen thousand (15,000) dollars (one hundred and fifty thousand (150,000) dollars for fiscal years 2009-10, 2010-2011, and 2011-2012) of the appraised value per housing unit, pursuant to the criteria for the classification

and appraisal of property for tax purposes as provided in Title III of this Act;

- (2) ...
- ...
- (4) ...
- (v) ...
- ...”

Section 34.—Section 5.30 of Act No. 83 of August 30, 1991, as amended, is hereby amended to read as follows:

“Section 5.30.—Exemption of Assets of Persons Displaced from Their Residences Due to Urban Renewal or Housing Developments or Public Improvement Projects or Any Government Action; In General.—

The property tax corresponding to fiscal year 1992-93 and subsequent fiscal years levied on any property whose appraisal value for tax purposes does not exceed \$10,000 (one hundred thousand (100,000) dollars for fiscal years 2009-10, 2010-2011, and 2011-12) and which was acquired or built to be used as a home by any person displaced from his/her residence in a zone in decay or in a slum as the result of any urban renewal and housing development or public improvements project or any government action, shall be reduced by 75 percent of its total for a term of ten (10) years, and by fifty (50) percent of its total for an additional term of five (5) years as of the date it is registered in the Property Registry in the name of said person or when said person’s ownership is registered.”

Section 35.—Section 4 of Act No. 203 of December 14, 2007, is hereby amended to read as follows:

“Section 4.—Rights Granted by the Bill of Rights of the Puerto Rican Veteran for the 21st Century.—

The following rights are granted for the benefit of the veteran:

A. Rights Regarding the Acquisition of Property:

...

C. Rights Regarding Tax Obligations:

First: Income Tax.—

...

Second: Property Taxes.—

(a) Exemption applicable to all veterans and/or their surviving spouses:

(1) The dwelling that a veteran and/or his/her surviving spouse builds or acquires in good faith as main residence shall be permanently exempt from the levy and payment of property taxes and for up to five thousand (5,000) dollars—fifty thousand (50,000) dollars for fiscal years 2009-10, 2010-11, and 2011-12—of its appraised taxable value; and if the building has more than one dwelling, the appraised value, for purposes of the exemption, shall be the proportional part which corresponds to the dwelling occupied by the veteran, of the total value of the building and the lot, as determined by the Executive Director of the Municipal Revenues Collection Center.

(2) ...

...

(5) ...

...

(b) ...

(c) Exemption Applicable to Veterans with Service-related Disabilities.—

(1) Any veteran who receives disability compensation of fifty percent (50%) or more from the Veterans Administration shall be entitled to a property tax exemption on the first fifty thousand (50,000) dollars (five hundred thousand (500,000) dollars for fiscal years 2009-10, 2010-11, and 2011-12) of the appraised value of the property for taxation purposes.

(2) ...

...

(6) The partial exemption for disability shall be granted in addition to the regular exemption of five thousand (5,000) dollars (fifty thousand (50,000) for fiscal years 2009-2010, 2010-2011, and 2011-2012) granted to all veterans and in addition to any other exemption granted by the Commonwealth to taxpayers.

(7) ...

Third: Automobiles of Disabled Veterans.—

...”

Section 36.—Subsection (b) of Section 6.08 of Act No. 255 of October 28, 2002, as amended, is hereby amended to read as follows:

“Section 6.08.—Tax Exemption.—

(a) ...

(b) Taxable years beginning after December 31, 2008, and before January 1, 2012.—Notwithstanding the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, and this Act, during each of the taxable years beginning after December 31, 2008, and

before January 1, 2012, or until the revenues determined under Section 15 of this Act have been raised, cooperative savings and credit unions covered under this Act, as well as their subsidiaries and affiliates, shall be subject to a special five (5)-percent tax on the amount of their net income for the taxable year, to be computed in accordance with the provisions of Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, regardless of the provisions of Section 1101 of said Subtitle or this Act, but only to the extent that said net income exceeds two hundred fifty thousand dollars (\$250,000). Unless otherwise provided by the Secretary of the Treasury by regulation, circular letter or other administrative determination or communication of a general nature, such tax shall be reported, paid, and collected in such form and manner as established in Subtitle A of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, for corporations to pay general income taxes.”

Section 37.—Clause (6) of subsection (a) is hereby amended, a new subsection (b) is added, subsection (b) is renumbered as subsection (c), clause (1) of the thus renumbered subsection (c) is amended in Section 30 of Act No. 7 of March 9, 2009, to read as follows:

“Section 30.—Moratorium on the Granting of Tax Credit under Certain Special Laws.—

(a) As of the date of effectiveness of this Act and for taxable years beginning after December 31, 2008, and before January 1, 2012, no tax credit shall be granted, therefore, no agency, public corporation, instrumentality, municipality or dependency of the Commonwealth of Puerto Rico may assess, process, grant or concede any tax credit nor authorize any project or transaction that results or could result in the generation of tax credits, pursuant to the provisions detailed hereinbelow:

(1) ...

(6) Subsections (E) and (F) of Section 4.03 and Section 4.04 of Act No. 212 of August 29, 2002, as amended, known as the ‘Urban Centers Revitalization Act’; except for any project under this Act subject to the provisions set forth in subclause (A) below, as well as tourist activity projects, as such term is defined in Act No. 78 of September 10, 1993, as amended, known as the ‘Puerto Rico Tourism Development Act of 1993’; as well as developments of affordable housing units for sale or rent, and facilities for the elderly, and any other project subject to the provisions set forth in subclause (A) below.

(A) Notwithstanding the moratorium provided for under this subsection, tax credits may be granted during fiscal years 2009-10, 2010-11, and 2011-12, or until the revenues determined under Section 15 of this Act are raised, insofar as such tax credits are covered under the provisions of this subsection for such projects with eligibility certificates filed with the Department of the Treasury until the date of approval of this Act, for up to the sum of \$40,000,000 per annum and insofar as no tax credit granted for any single project exceeds fifteen million dollars (\$15,000,000).

Municipalities may only evaluate and grant certificates of compliance to projects with eligibility certificates filed with the Department of the Treasury until the date of approval of this Act, subject to availability as provided for in this subclause (A).

(7) ...

...

(b) Exception.—The provisions set forth in subsection (a) shall not apply in cases in which a request for tax credits has been filed before March 9, 2009, with the Department of the Treasury or any other agency, public corporation, instrumentality or dependency of the Commonwealth of Puerto Rico which is the conclusive grantor of such tax credits, which cases shall fully meet by that date with all requirements provided for in the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, and in any other applicable law concerning such credits, and in any regulation, circular letter or other administrative determination or communication of a general nature which govern such requests, in order for the Secretary of the Treasury or such agency, public corporation, instrumentality or dependency of the Commonwealth of Puerto Rico which is the conclusive grantor of such tax credits may be enabled to recognize such credits without having to require any other additional document. Otherwise, the provisions of subsection (a) shall apply.

(c) The Secretary of the Treasury is hereby directed to:

(1) Establish, prior to December 1, 2009, a Tax Credit Registry in which all the information compiled pursuant to subsection (d) of Section 1040M of the ‘Puerto Rico Internal Revenue Code of 1994,’ as amended, shall be consigned; and

(2) ...”

Section 38.—Section 35 of Act No. 7 of March 9, 2009, is hereby amended to read as follows:

“Section 35.—Implementation of the Emergency Spending Cutback Plan.—

The spending cutback measures established in this Chapter III provide for execution in three phases, one of which, Phase II, shall take effect in a

progressive manner, until the Objective established as public policy in Section 2 of this Act is achieved.”

Section 39.—Subsection (a) of Section 36.03 of Act No. 7 of March 9, 2009, is hereby amended to read as follows:

“Section 36.03.—Incentives.—

(a) ...

The term of employment shall be determined by the Agencies on the basis of all the periods worked by the employee in public service of the Government of Puerto Rico and its Agencies and municipalities.

...

(b) ...”

Section 40.—Section 37.02 of Act No. 7 of March 9, 2009, is hereby amended to read as follows:

“Section 37.02.—Exclusion from the Application of Phase II.—

In order to prevent a negative impact on the services rendered by the Government, and in compliance with the provisions of Section 2 of this Act, the following employees of the Agencies which, as per their classifications, perform essential functions for the protection of security, education, health and welfare, as defined by the JREF, shall be exempted from the provisions on layoffs in this Act:

(a) Police officers and firefighters, Ranger Corps officers, and agents of the Special Investigations Bureau and the Office of the Special Independent Prosecutor;

(b) Corrections officers and juvenile officers;

(c) Teachers assigned to a classroom, including transitory teachers, during the school year;

(d) Directors, librarians, guidance counselors and employees working in lunchrooms attached to the Department of Education;

(e) Teachers of the Puerto Rico Music Conservatory and the School of Plastic Arts;

(f) Health professionals (physicians, paramedics, nurses, pharmacists and laboratory technicians);

(g) Social workers;

(h) 911 emergency call system operators;

(i) Pathologists and expert and technical personnel of the Institute of Forensic Science;

(j) Employees of the Public Service Labor Relations Commission and the Appeals Commission for the Public Service Human Resources Administration System;

(k) Office of Pre-trial Services personnel;

(l) Property Registry personnel;

(m) Parole Board personnel; and

(n) Vocational Rehabilitation counselors and technical support personnel.

Likewise, Phase II shall not apply to: (i) employees in Agencies who work in federal programs defrayed with federal funds and which program conditions the granting and receipt of Federal funds to the retention of said employees. It is hereby provided that Federally funded programs that do not condition the retaining of employees in job positions as a requirement to keep receiving such funding, the JREF, at the request of the Agency, shall have the authority to evaluate and determine which employees, given their job positions, shall be exempted from layoff provisions due to the needs of the service; or (ii) employees that are part of the United States Armed

Forces—Army, Navy, Marine Corps, Air Force, Coast Guard, and the Reserves of said Armed Forces, as well as of the Army National Guard and the Air National Guard—who render military services and are under military license pursuant to the ‘Uniformed Services Employment and Reemployment Rights Act’ (USERRA), as amended, 38 U.S.C.A. Section 4301 *et seq.*

Employees in positions of trust shall also be excluded from the layoff provisions set forth in this Phase II.”

Section 41.—Clauses (2), (7), and (12) of subsection (b) of Section 37.04 of Act No. 7 of March 9, 2009, are hereby amended to read as follows:

“Section 37.04.—Procedure.—

The procedure to carry out Phase II shall be as provided in this Section.

(a) ...

(b) ...

(1) ...

(2) Agencies shall notify the termination to all employees who, on the effective date of this Act, have a transitory or non-regular appointment; therefore, it shall not be necessary to observe the seniority criteria with respect to such employees. The written notice to such effect that the Agencies shall remit shall advise employees of their right to request a review of the decision of the Agency before CASARH, pursuant to the provisions of Article 13, Section 13.14 of Act No. 184 of August 3, 2004, as amended, and its regulations. Such notice shall be delivered by hand or by certified mail with acknowledgment of receipt to the address that appears in the records of the Agency.

(3) ...

...

...

(7) The JREF shall determine the total number of employees to be laid off, pursuant to the provisions of Section 2 of this Act, and in harmony with the need to assure the continuity and quality of government services.

...

(12) The Agency shall notify the employee of its final determination regarding seniority, as well as the labor union, if such is the case, within a term not greater than thirty (30) calendar days as of the date on which the informal hearing proceedings established in clause (11) of subsection (b) of this Section are concluded, advising him/her of the right to request a review of said determination pursuant to the provisions for such purposes in clauses (13) and (14) of Section 37.04(b) of this Act. Such notice shall be served on employees, and if such is the case, on the labor union, delivered by hand or by certified mail with acknowledgment of receipt to the address that appears in the records of the Agencies. The date of notice shall be the date of delivery or remittance. Nevertheless, the filing of the review recourse shall not stay the layoffs; provided, however, that in the case that the employee should prevail, he/she shall be reinstated in his/her position, effective on the date of layoff.

(13) ...”

Section 42.—Clause (13) of subsection (a) of Section 38.02 of Act No. 7 of March 9, 2009, is hereby amended to read as follows:

“Section 38.02.—Temporary Suspension Plan.—

(a) ...

(1) ...

...

(13) Annual monetary liquidation of the excess of accumulated sick leave; provided, that, in this case, as a temporary alternate measure, the annual monetary liquidation of the sick leave not used during the year and which exceeds ninety (90) days, subject to its enjoyment, shall be made;

(14) ...

...

Likewise, the payment of any special leave that concurs with, and that grants compensation when the employee has availed him/herself of, the leaves provided by the ‘Temporary Disability Benefit Act’ (SINOT, Spanish acronym), the ‘Compensation System for Work-Related Accidents Act’ (State Insurance Fund), the ‘Chauffeurs and Other Employees Social Security Fund’ (Chauffeur’s Social Security), or the ‘Automobile Accidents Social Protection Act’ (ACAA, Spanish acronym), is also suspended; provided, that the payment or compensation to be received shall be strictly limited to what is provided by such statutes and their regulations. Puerto Rico police officers and firefighters are hereby exempted from the application of this provision.

(b) ...”

Section 43.—Section 39 of Act No. 7 of March 9, 2009, is hereby amended to read as follows:

“Section 39.—Public Employee Options Program.—

...

The Public Employee Options Program shall consist of four (4) options or alternatives:

(a) ...

...

(c) One (1) fifty-percent (50%) subsidy of the salary of transition to a job in the Private Sector or in the Third Sector, applicable to a gross salary of up to a maximum of thirty thousand dollars (\$30,000). Therefore, the maximum benefit to be granted by virtue of this subsection is fifteen thousand dollars (\$15,000). The subsidy to be granted shall be applicable only in those cases in which the job in the sector to be subsidized is additional to those existing within the entity of the Private or Third Sector. In cases in which the entity of the Private or Third Sector hires terminated employees under the provisions of this subsection (c) or employees who have availed themselves of the Voluntary Incentivized Resignation Program, a one-year probationary period shall be applicable to the such employees in accordance with Act No. 80 of May 30, 1976, as amended. The layoff of employees in entities of the Private Sector for the purpose of employing persons through the subsidy authorized in this subsection is hereby prohibited. Any layoffs made in entities of the Private Sector that receive the subsidy authorized in this subsection shall comply with the provisions of Act No. 80 of May 30, 1976, as amended; or

(d) ...”

Section 44.—Section 40 of Act No. 7 of March 9, 2009, is hereby amended to read as follows:

“Section 40.—Negotiation of Bargaining Agreements that have Expired or are about to Expire.—

Collective bargaining agreements which have expired on the effective date of this Act or that expire during the effectiveness thereof shall be extended until March 9, 2011. Such term shall debar the presentation and holding of representative elections.”

Section 45.—Section 34 of Act No. 7 of March 9, 2009, is hereby amended to read as follows:

“Section 34.—Applicability.—

This Chapter III shall be applicable to all Agencies whose budget is, in whole or in part, chargeable to the General Fund on the effective date of this Act. The Judicial and Legislative Branches shall be exempted from the application of this Act, as well as the government agencies and government instrumentalities excluded by Article 5, Section 5.3 of Act No. 184 of August 3, 2004, as amended, known as the ‘Public Service Human Resources Administration Act of the Commonwealth of Puerto Rico’; provided, however, that the Office of the Governor itself shall be subject to the application of this Act. The Office of the Special Independent Prosecutor Panel shall also be exempted from the application of this Act.

The Office of Management and Budget shall prepare and publish a list of the affected Agencies by using the criteria established in this Act, within a term of five (5) calendar days as of the effective date of this Act.”

Section 46.—Sections 24 and 64A of Act No. 7 of March 9, 2009, are hereby repealed.

Section 47.—Severability.—

If any Section or part of this Act were to be nullified or found unconstitutional, the ruling to such effect shall not affect, impair or invalidate the remaining provisions of the Act. The effect of such ruling

shall be limited to the Section or part thus nullified or found unconstitutional.

Section 48.—Effectiveness.—

This Act shall take effect immediately after its approval, and its provisions shall be retroactively effective to March 9, 2009. It is hereby provided, that the provisions relative to Subtitle BB and Section 6189 of the “Internal Revenue Code” shall take effect on November 1, 2009; the provisions of Section 1011 shall be effective for taxable years beginning after December 31, 2008; Section 7 of Act No. 7 of March 9, 2009, as amended, is deferred and rendered ineffective until August 1, 2009, on which date, the provisions relative to Section 2011 of the “Internal Revenue Code” shall take effect; Section 22 of Act No. 7 of March 9, 2009, as amended, shall be in effect for Fiscal Year 2009-2010 and for every year thereafter beginning before July 1, 2013.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 37 (H.B. 1640) (Conference)** of the **1st Session of the 16th Legislature** of Puerto Rico:

AN ACT To amend clauses (1), (2), and (4) and add new clauses (5), (6), (7), and (8) to subsection (b) of Section 1011; to amend clause (6) of subsection (a) of Section 1018, Section 1020A, subclause (N) of clause (4) of subsection (b) of Section 1022, Section 1040D, clause (5) of subsection (e) of Section 1040K, clause (5) of subsection (e) of Section 1040L, subsection (a), clause (6) of subsection (b), and subsection (d) of Section 1040M, Section 2008; to amend Section 2011; to add a new Section 2407 to Subtitle BB; to amend subsection (c) of Section 2409 of Subtitle BB, Section 2502; to amend subsection (a) of Section 6189, amend subsections (a) and (b) and eliminate subsection (c) of Section 3701; amend Section 3702; add a new subsection (c) to Section 3704 of Act No. 120 of October 31, 1994, as amended, better known as the “Puerto Rico Internal Revenue Code;” ... etc.

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

In San Juan, Puerto Rico, today 8 of December of 2009.

Solange I. De Lahongrais, Esq.
Director