

(H. B. 1721)
(Conference)

(No. 41)

(Approved August 1, 2005)

AN ACT

To establish the “Act to Guarantee a First Rate Education for Our Children,” to add a new subsection (d) to Section 1016 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code of 1994,” in order to impose a two point five (2.5) percent surtax of the net income subject to normal taxes; and to establish exceptions to corporations and partnerships whose net taxable income is less than twenty thousand (20,000) dollars.

STATEMENT OF MOTIVES

This Legislature proposes to amend Section 1016 of the “Internal Revenue Code of 1994” (the “Puerto Rico Code”) to impose a two point five percent surtax of the net income tax subject to normal taxes to those partnerships and corporations whose net taxable income is in excess of twenty (20,000) thousand dollars, as defined by subsection (a) of Section 1015 of the Puerto Rico Code. The funds to be collected by virtue of the provisions of this Act shall only be used to defray the expenses of the Department of Education, as provided by the Joint Resolution of the General Budget to be approved for the operations of the Government in every fiscal year.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.-This Act shall be known as the “Act to Guarantee a First Rate Education for Our Children.”

Section 2.- Paragraph (d) is hereby added to Section 1016 of Act No. 120 of October 31, 1994, as amended, to read as follows:

“Section 1016.- Surtax on Corporations and Regular Partnerships.—

- (a) Net income subject to surtax.—.....
- (b) Imposition of tax.—
- (c) Recovery of taxes for tax rate differences.—.....
- (d) Imposition of Special Tax.— There shall be levied, collected and paid for each taxable year on the net income subject to normal taxes of every corporation or partnership subject to the surtax provided by paragraph (1) of subsection (b) of this Section a special two point five (2.5) percent tax of the net income subject to normal taxes, as defined by subsection (a) of Section 1015 of this Code; provided, that those corporations and partnerships whose net taxable income is less than twenty (20,000) thousand dollars or under shall be exempted from this provision.

Section 3.- This Act shall take effect for the taxable years commencing after December 31, 2004 and ending on or before December 31, 2006, and its effectiveness shall be subject to the enactment of the House Joint Resolution No. 445 on the General Budget for fiscal year 2005-2006.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 41 (H.B. 1721) (Conference) of the 1st Session of the 15th Legislature of Puerto Rico:

AN ACT to establish the “Act to Guarantee a First Rate Education for Our Children,” to add a new subsection (d) to Section 1016 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code of 1994,” in order to impose a two point five (2.5) percent surtax of the net income subject to normal taxes; and to establish exceptions to corporations and partnerships whose net taxable income is less than twenty thousand (20,000) dollars,

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

In San Juan, Puerto Rico, today 1st of February of 2006.

Francisco J. Domenech
Director