

(H. B. 2601)

(No. 89)

(Approved May 13, 2006)

## AN ACT

To amend clause (1) of subsection (c) and add a subsection (e) to Section 1016 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code of 1994”; and for other purposes.

### ***BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:***

Section 1.—Clause (1) of subsection (c) is hereby amended and a subsection (e) is added to Section 1016 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code of 1994,” to read as follows:

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

(a) ...

(b) ...

(c) Recovery of Taxes for Tax Rate Differences.—

In the case of a corporation or partnership whose net taxable income exceeds five hundred thousand (500,000) dollars, in order to recover the tax not levied for differences in tax rates on the net taxable income, there shall be levied, collected and paid a tax of five percent (5%) on the net taxable income in excess of five hundred thousand (500,000) dollars, provided the tax does not exceed:

(1) forty-one point five (41.5) percent in the case of corporations or partnerships subject to the taxes provided for in

subsections (b)(1) and (d). In the event that the tax provided for in subsection (e) applies, the aforementioned limit shall be forty-three point five (43.5) percent.

(2) ...

(d) ...

(e) Special Surtax on Corporations Covered Under Act No. 55 of May 12, 1933, As Amended, Known As the 'Puerto Rico Bank Act.'

In addition to the surtax and the special tax established in subsections (b) and (d) of this Section, there shall be levied, collected and paid for the term provided for in this Act, a special two-percent (2.0%) tax on the net income subject to normal taxes, as defined in subsection (a) of Section 1015, of all corporations covered under Act No. 55 of May 12, 1933, as amended, known as the 'Puerto Rico Bank Act.'"

Section 2.—Appropriation to Special Fund.—

The money collected on account of the Special Surtax levied on Corporations covered under Act No. 55 of May 12, 1933, as amended, known as the "Puerto Rico Bank Act," and established by virtue of the provisions of this Act, shall be covered into the Special Fund created by the "Act to Impose the Supertax of 2006," including matters relative to the authorization granted to the President of the Government Development Bank in respect of the use of said Fund, as well as the corresponding limitations, as applicable; provided, further, that in the event that the Fund pays in full the debt contracted with the Government Development Bank on account of the revenues facilitated to the Secretary of the Treasury to cover the operating expenses of the Central Government for fiscal year 2005-2006, the excess shall be appropriated to service the debt existing as of June 30, 2006, with the Teachers' Retirement System and the Retirement System of the

Employees of the Commonwealth, and any additional excess, to defray the costs of early retirement plans of the Retirement System of the Employees of the Commonwealth. In the event that the money collected under this Act, as well as under any other legislation providing funds for these same purposes, does not suffice to repay the advance granted by the Government Development Bank, this fund insufficiency shall be covered by the Urgent Interest Fund, as defined by Law, and which shall be an integral part of the Tax Reform proposal under Joint Resolution No. 321 of November 21, 2005.

Section 3.—Rulemaking Authority.—

The Secretary of the Treasury is hereby authorized to prepare all necessary regulations to implement this Act, including all related special forms and returns, without being subject to Act No. 170 of August 12, 1988, as amended, known as the “Uniform Administrative Procedures Act.”

Section 4.—This Act shall take effect immediately after its approval and its provisions shall apply for the taxable year beginning after December 31, 2005, and on or before December 31, 2006; it being understood, that for taxable years beginning after December 31, 2006, tax rates shall revert to those established in the body of laws in effect before the approval of Act No. 41 of August 1, 2005.

## CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 89 (H.B. 2601) of the 3<sup>rd</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to amend clause (1) of subsection (c) and add a subsection (e) to Section 1016 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code of 1994”; and for other purposes,

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

In San Juan, Puerto Rico, today 22<sup>nd</sup> of May of 2006.

Francisco J. Domenech  
Director