

(S. B. 269)

(No. 231)

(Approved October 31, 2006)

AN ACT

To amend Section 1 of Act No. 166 of June 29, 1968, to increase the tax exemption amount to eleven thousand (11,000) dollars on pensions granted or to be granted in the future by the retirement systems or funds subsidized by the Government of Puerto Rico and up to the same amount for annuities or pensions granted or to be granted by the Government of the United States of America, the instrumentalities or political subdivisions of both governments and by employers of private companies, except that in the case of pensioners who are sixty (60) years of age or older, the amount of said exemption shall be fifteen thousand (15,000) dollars per year.

STATEMENT OF MOTIVES

This Legislature wishes to continue helping pensioners, and as a part of its public policy, it makes good on its promises through this bill of social justice.

This society is indebted to our pensioners, who gave the best years of their lives so that we could enjoy the Puerto Rico of today. It is undeniable that today we enjoy great progress, which doubtlessly stems from our pensioners, who preceded us and with their work paved the way for the development of modern Puerto Rico.

Unfortunately, our pensioners watch how their income decrease every day due to the high cost of living. This has caused a substantial reduction in their capacity to obtain goods and services. It is worth mentioning that pensions are the sole source of income for many households.

The fixed nature of pensions causes that any increase thereto be subjected to government subsidies granted by raises or exemptions. This, together with the high cost of living, renders pensioners financially defenseless.

This Legislature deems it meritorious to increase the tax exemption for pensioners through this bill. This bill is one of many to which the Parliamentary Majority is committed, and is, at the same time, one of the commitments endorsed by the vote of the People on last November 2nd.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- Section 1 of Act No. 166 of June 29, 1968, as amended, is hereby amended to read as follows:

“Section 1.- The first nine thousand (9,000) dollars as of the 2006 tax year; ten thousand (10,000) dollars as of the 2007 tax year; and eleven thousand (11,000) dollars as of the 2008 tax year, of the annual total amount of all pensions granted or to be granted in the future by the retirement systems or funds subsidized by the Government of Puerto Rico, and up to the same amount for annuities or pensions granted or to be granted by the Government of the United States of America, the instrumentalities or political subdivisions of both governments and by employers of private companies, are hereby exempted from all types of taxes, except that in the case of pensioners who are sixty (60) years of age or older, the amount of said exemption shall be of thirteen thousand (13,000) dollars per year as of the 2006 tax year; fourteen thousand (14,000) dollars per year as of the 2007 tax year; and fifteen thousand (15,000) dollars per year as of the 2008 tax year.

Every pensioner or person who receives an annuity whose sole income is that which corresponds to the pension or annuity if the same is equal to or less than the amount exempted from taxes by this Act, is hereby released from the obligation of filing an income tax return.”

Section 2.- This Act shall take effect immediately after its approval, but its tax effects shall begin to apply in the 2006 tax year.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 231 (S.B. 269) of the 4th Session of the 15th Legislature of Puerto Rico:

AN ACT to amend Section 1 of Act No. 166 of June 29, 1968, to increase the tax exemption amount to eleven thousand (11,000) dollars on pensions granted or to be granted in the future by the retirement systems or funds subsidized by the Government of Puerto Rico and up to the same amount for annuities or pensions granted or to be granted by the Government of the United States of America, the instrumentalities or political subdivisions of both governments and by employers of private companies, except that in the case of pensioners who are sixty (60) years of age or older, the amount of said exemption shall be fifteen thousand (15,000) dollars per year,

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

In San Juan, Puerto Rico, today 13th of February of 2007.

Francisco J. Domenech
Director