



# GOVERNMENT OF PUERTO RICO

Department of Labor and Human Resources

## Act No. 148

[Approved June 30, 1969]

To establish the payment of a bonus to certain employees of private enterprise and to provide for the manner and terms of payment.

### BE IT ENACTED BY LEGISLATURE OF PUERTO RICO

#### Section 1 – Payment [29 L.P.R. A. § 501]

[Amended by Act No. 12 June 19, 1970, Act No. 27 June 25, 1972, Act No. 124 September 29, 2005 and Act No. 4 January 26, 2017 § 3.23]

Any employer who employs one or more workers or employees within the period of twelve (12) months comprised from October 1st of any calendar year through September 30th of the following calendar year shall be required to pay to each one of said employees, who has worked seven hundred (700) hours or more, or one hundred (100) hours or more in the case of dock workers, within the aforementioned period, a bonus equal to six percent (6%) of the total maximum wage of ten thousand dollars (\$10,000) earned by the employee or worker within said period of time. It is hereby provided that every employer who employs fifteen (15) employees or less shall pay a bonus equal to three percent (3%) of the total maximum wage of ten thousand dollars (\$10,000).

As for employees hired after the effective date of the 'Labor Transformation and Flexibility Act,' any employer who has more than twenty (20) employees during more than twenty-six (26) weeks within the twelve (12)-year period comprised from October 1st of any year through September 30th, of the following calendar year, shall be required to pay each employee who has worked at least one thousand, three hundred fifty (1,350) hours or more during said period, a bonus equal to two percent (2%) of the total wage earned up to six hundred dollars (\$600.00). If an employer has twenty (20) employees or less during more than twenty-six (26) weeks within the twelve (12)-year period comprised from October 1st of any year through September 30th of the following calendar year, such employer shall be required to pay each employee who has worked at least one thousand, three hundred fifty (1,350) hours or more during said period, a bonus equal to two percent (2%) of the total wage earned up to three hundred dollars (\$300.00).

The total of the amounts paid on account of said bonus shall not exceed fifteen percent (15%) of the net annual profit of the employer, within the period comprised from September 30th of the preceding year until September 30th of the year to which the bonus corresponds. In

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#### Labor Standards Bureau

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computing the total hours worked by an employee to receive the benefits of this Act, those hours worked for the same employer, even if the services have been rendered in different businesses, trades, and other activities of this employer, shall be counted. In order to determine net profits, the amount of the net loss carryover of previous years and account receivables that remain unpaid at the end of the period covered in the balance sheet as well as in the profits and loss statement shall not be included.

As for employees hired after the effective date of the 'Labor Transformation and Flexibility Act,' the bonus required shall be fifty percent (50%) of what is provided herein during their first year of employment.

This bonus shall constitute a compensation in addition to any other wages or benefits of any other kind to which the employee is entitled. The employer may credit against said obligation any other bonus previously paid to the employee during the year on any account; provided, that the employer has notified the employee in writing of his intent to apply such other bonus toward the payment of the bonus required under this Act.

**Section 2 – Date of payment; penalty [29 L.P.R. A. § 502]**

[Amended by Act No. 12 June 19, 1970, and Act No. 4 January 26, 2017 § 3.24]

The payment of the bonus herein established shall be made normally between November 15 and December 15 of each year.

If the payment of the bonus herein established is not made within the period stated above, the employer shall be required to pay, in addition to said bonus, a sum equal to one-half of the sum of the bonus by reason of additional compensation when the payment has been made within the first six (6) months of its noncompliance. If the payment is delayed more than six (6) months, the employer shall be required to pay another sum equal to said bonus, as additional compensation.

**Section 3 – Procedure for claiming [29 L.P.R. A. § 503]**

The procedure established by Act No. 2 of October 17, 1961 may be used to make judicial claims under this chapter

**Section 4 – Employer Defined [29 L.P.R. A. § 504]**

[Amended by Act No. 12 June 19, 1970]

To the effects of this chapter there shall be understood by "employer" any natural or [juridical] person of any nature who, with or without the intention of profit, employs or allows to work laborers, workers or employees through any kind of compensation, and by "dock workers" those persons who work in the loading, unloading or handling of any type of article or merchandise which arrives, leaves or is stored in any of the maritime docks or piers of the island of Puerto Rico, and which are employed by employers engaged in maritime transportation.

### **Section 5 – Exclusions [29 L.P.R. A. § 505]**

Persons employed in farm activities, in household duties, or in a family residence or in charitable nonprofit institutions, and the officials and employees of the Commonwealth, its public corporations and municipalities who hold office, position or employment of a continuous or irregular character, shall be excluded from the provisions of this chapter.

### **Section 6 – Exceptions [29 L.P.R. A. § 506]**

The provisions of this chapter shall not apply in cases where the workers or employees receive an annual bonus by collective agreement, except in the event where the amount of the bonus to which entitled by such collective agreements may result lower than the one provided by this chapter in which case they shall receive the necessary amount to complete the bonus provided hereby.

### **Section 7 – Rules and regulations and other powers [29 L.P.R. A. § 507]**

[Added as section 7 by Act No. 12 June 19, 1970, amended by Act No. 27 June 25, 1972, Act No. 130 June 13, 1980, Act No. 70 June 3, 1983, Act No. 7 March 26, 1986, Act No. 124 September 29, 2005, and Act No. 4 January 26, 2017 § 3.25]

The Secretary of Labor and Human Resources is hereby authorized to adopt those rules and regulations as he may deem necessary for the best and due administration of this Act.

He is likewise authorized to request and require employers to furnish under oath, if required to do so, any available information with regard to the balance sheets, profit and loss statements, accounting books, payment schedules, wages, hours of work, statement of changes in the financial status, and the corresponding notations, and any other information he deems necessary, etc., for the best administration of this Act, and to such effects, the Secretary of Labor and Human Resources may prepare forms such as schedules which may be obtained by the employers through the Department of Labor and Human Resources and shall be completed and filed with the offices of the Department of Labor and Human Resources within the term prescribed by the Secretary.

He is also empowered to audit and examine the employer's books, accounts, files and other documents, on his own or through his subordinates, to determine their responsibility towards their employees under this Act.

In order for an employer to avail himself of the provisions of Section 1 of this Act, which exempts him from paying all or part of the bonus established therein when he has not obtained profits from his business, industry, trade, or firm or when the profits are not sufficient to cover the total amount of the bonus without exceeding the fifteen percent (15%) limit of the net annual profits, he shall submit to the Secretary of Labor and Human Resources not later than on November 30th of each year a general balance sheet and a profit and loss statement for the twelve (12)-month period from October 1st of the previous year to September 30th of the current year, duly certified by a certified public accountant, as evidence of said financial status. In those cases in which the fiscal year of the employer who requests the exemption provided in this Section does not end on September 30th of each year, the balance sheet and the profit and loss statement required may be that corresponding to the fiscal year of the business. The balance sheet and the profit and loss statement required herein may be drafted or reviewed by a certified public accountant. The preceding shall not be construed as to limit the powers of the Secretary of Labor and Human Resources to, within his oversight duties, conduct

an intervention by way of an audit, of any employer who requests the exemption and to verify the accuracy of the information furnished.

In the case of an employer that is a cooperative organized under the laws of Puerto Rico, it shall not be necessary for the general balance sheet and the profit and loss statement to be certified by a certified public accountant. In this case, the Secretary of Labor and Human Resources shall accept the profit and loss statement that has been audited by the Public Corporation for the Supervision and Insurance of Cooperatives in Puerto Rico (COSSEC) with its internal auditors, and that covers the period of time required in this Act.

If the employer fails to submit the balance sheet and the profit and loss statement required within the term and in the manner stated above, he shall be required to pay the bonus in its entirety, in accordance with the provisions of this Act, even when he has not made profit in his business or if such profits are insufficient to cover the total bonus.

When an employer who has met the requirements with regard to the term and manner indicated in the above paragraphs fails to pay the bonus established in this Act, in whole or in part, adducing that he has not made profits in his business, industry, trade, or firm, or that such profits are not sufficient to cover the total amount of the bonus without exceeding the fifteen percent (15%) limit fixed in Section 1 of this Act, the Department of Labor and Human Resources shall conduct an audit to verify the employer's accounts if, in the judgment of the Secretary of the Department of Labor and Human Resources, the general balance sheet does not fully justify the financial status of the business, industry, trade, or firm, or when a complaint is filed by a worker.

A copy of the auditor's report rendered as a result of said examination shall be handed to the respondent employer's workers or employees. Also, a copy of the report shall be sent to the Secretary of the Treasury. Except as provided above, the information obtained by the Secretary of the Department of Labor or his duly authorized agents, by virtue of the powers conferred on them by this Act, shall be of a confidential and privileged nature and shall only be disclosed upon authorization of the Secretary of the Department of Labor and Human Resources.

The Secretary of the Department of Labor and Human Resources shall also enjoy those faculties and general investigative powers which have been conferred upon him in connection with the administration of this Act for the best performance of his functions pursuant to the labor legislation administered by him.

### **Section 8 – Effectiveness**

This Act shall take effect immediately after its approval.