

## Important Reminder for Employers: Paying the Christmas Bonus

### ATTORNEYS

- Anita Montaner-Sevillano
- Miguel Rivera-Arce
- Reinaldo L. Figueroa-Matos
- Rica López de Alós
- Iraida Diez
- James D. Noël
- Ismael A. Molina-Villarino

### PRACTICE AREAS

- Labor & Employment

### An McV Labor & Employment Law Alert

November 22, 2019

As Puerto Rico employers get ready to pay the end-of-year bonus mandated by Act No. 148-1969, commonly referred to as the Christmas bonus, we share a few reminders:

- Employers must pay the Christmas Bonus to eligible employees by no later than **December 15**. Late payment entails penalties for the employer.
- Employees who were terminated or resigned during the year, but who worked the requisite amount of hours between October 1, 2018 and September 31, 2019 must be paid the Christmas Bonus.
- If the whereabouts of employees or former employees are unknown, the employer has to deposit the corresponding bonus amounts with the PR Secretary of Labor.
- Employees in their first year of employment may be paid only 50% of the amount established in the Act.
- The Christmas Bonus obligation may be credited against any other bonus paid to the employee during the year for any concept, provided the employer notified the employee in writing of its intent to credit said other bonus to the Christmas bonus.
- If the total amount to be paid on account of the Christmas Bonus exceeds 15% of the employers' net annual profit, as defined by the Act, the employer may file a request for exemption from payment with the PR Department of Labor on or before **November 30, 2019**. This deadline is of strict compliance and employers must submit certain documentation, including audited financial statements, to credit their need for the exemption.
- End-of year salary raises and bonus awards in excess of the statutory Christmas Bonus must be compliant with the equal pay mandate established under PR Act No. 16 -2017, which prohibits sex-based differentials in compensation.

The content of this McV Alert has been prepared for information purposes only. It is not intended as, and does not constitute, either legal advice or solicitation of any prospective client. An attorney-client relationship with McConnell Valdés LLC cannot be formed by reading or responding to this



## Important Reminder for Employers: Paying the Christmas Bonus

---

McV Alert. Such a relationship may be formed only by express agreement with McConnell Valdés LLC.