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Legal Update

New Statute Requires Licensed Professionals and Corporations to Provide their Clients with at Least Two Payment Options

On March 28, 2015, the Governor of Puerto Rico signed Act No. 42-2015 ("Act No. 42"), which requires any natural or juridical person that provides services for which a license or legal authorization is required to provide its clients with at least two (2) options of payment.

The purpose of the statute is twofold: to reduce tax evasion and to allow citizens to take advantage of payment methods that the advances in technology have provided. With regards to tax evasion, the statement of motives of Act No. 42 makes reference to a perceived tendency in various professional fields to force consumers to pay for services in cash so as to avoid fiscal obligations. It also suggests that these measures can increase the collection of existing taxes and avoid the imposition of new taxes.

Among the payment options contemplated by Act No. 42 are credit or debit cards, cash, checks, certified checks, money orders, electronic transfer of funds, internet payments and direct payments.

The Secretary of the Treasury has been charged with the enforcement of Act No. 42's provisions and is authorized to promulgate regulations thereunder.

Act No. 42 provides that any person who violates its provisions will incur in a misdemeanor and, if convicted, will be charged a fine of no less than five hundred dollars (\$500) and no more than three thousand dollars (\$3,000) for the first infraction. For subsequent infractions, a person will be charged a fine of no less than five thousand dollars (\$5,000) and no more than ten thousand dollars (\$10,000).

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