

**EMPLOYER OBLIGATION TO PAY CHRISTMAS BONUSES**

Puerto Rico law requires employers to pay Christmas bonuses to their Puerto Rico employees.

For employees who were hired before January 26, 2017, the date of enactment of the Puerto Rico Labor Reform of 2017 (“Law No. 4”), employers must pay a Christmas bonus to each employee who has worked for the company at least 700 hours or more within the 12 months between October 1 of 2023 and September 30 of 2024. This bonus is based on a percentage of the first \$10,000.00 earned by the employee during the mentioned period. The maximum legally required bonus is 3% (\$300) for employers with 15 employees or less or 6% (\$600) for employers with more than 16 employees.

Employees hired on or after January 26, 2017, who work for employers who employ over twenty (20) employees during the 12 months between October 1 of 2023 and September 30 of 2024, are entitled to receive a Christmas bonus equal to 2% of their salary, up to \$600.00, if they worked at least 1,350 hours within the mentioned period. Employers with twenty (20) employees or less during the same time are required to pay employees who have completed the 1,350 hours a Christmas bonus equal to 2% of their salary, up to a maximum of \$300.000. Further, employees hired after January 26, 2017, who have only completed one (1) year of service will only be paid half of the Christmas bonus outlined above (\$150.00 for employees in companies with twenty (20) employees or less and \$300.00 for those in companies with over twenty (20) employees).

Other requirements for the annual Christmas bonus include:

(1) employers are not required to make bonus payments which, in total, exceed fifteen (15%) of the company’s net profits derived from their Puerto Rico operations;

(2) employers seeking a partial or complete exemption from their obligation to pay Christmas bonuses must submit their financial statements to the Secretary of Labor and Human Resources by December 2, 2024, with the corresponding application for exemption;

(3) employers legally obligated to pay employees who no longer work for the company at the time of payment of the Christmas bonus, and who cannot be located, are required to deposit the amount at the Puerto Rico Department of Labor and Human Resources; and

(4) Employers must pay their employees’ Christmas bonuses every year between November 15 and December 15.

If you have questions or need assistance, please contact us.

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