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REGULATIONS TO EXEMPT EMPLOYEES IN PUERTO RICO REMAIN UNALTERED DUE TO “PROMESA”

On July 6, 2015, new regulations issued by the United States Department of Labor (“DOL”) detailing increased salary levels for the exemptions under the Fair Labor Standards Act (“FLSA”) were published. Such regulations significantly raise the salary requirements for the well known overtime compensation exemption of executive, administrative and professional employees, from \$23,660 per year (\$455 per week) to \$47,476 per year (\$913 per week).

Despite the fact that the regulations will become effective on December 1, 2016 for most employees covered under the FLSA, they **do not apply in Puerto Rico** due to an explicit exclusion on Section 404 of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), which was approved after the DOL regulations. Therefore, the salary level requirements of exempt employees in Puerto Rico will remain of \$455 per week, until the PROMESA exclusion is expressly overwritten.

For more information do not hesitate to contact any of the following professionals:

Giovanna Moreno
Rosangela Sanfilippo

(787) 723-8747
(787) 729-1971

giovanna.moreno@mbcdlaw.com
rosangela.sanfilippo@mbcdlaw.com

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Tel. (787) 723-1233 | Fax (787) 723-8763 | 2016 Morell Bauzá Cartagena & Dapena LLC