



Estado Libre Asociado de Puerto Rico
DEPARTAMENTO DEL TRABAJO Y RECURSOS HUMANOS
Oficina del Procurador del Trabajo

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Procurador del Trabajo

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July 12, 2005

Opinion No. 15369

We acknowledge receipt of your communication wherein you requested information on the use of direct deposit wire transfers as a potential alternative to traditional payroll checks. Your request for advisory opinion reads like follow:

“I am employed as in-house counsel for a private sector corporation, Compass Group USA, Inc. (“Compass”), which employs over 122,000 employees throughout the U.S. and Puerto Rico. Compass is currently considering the use of direct deposit wire transfers as a potential alternative to traditional payroll checks. Prior to any further consideration of alternatives to the issuance of hard copy payroll checks, Compass respectfully requests and advisory opinion on the current status of state law to address the following inquiries:

- 1.) Does state law permit the use of direct deposit payroll transfers?
- 2.) Does state law permit mandating the use of direct deposit payroll transfers where:
- 3.) The collective-bargaining representative(s) of employees agree(s) to the use of mandated direct deposit payroll transfers?
 - a) The collective-bargaining representative(s) oppose(s) the use of mandated direct deposit payroll transfers?

b) A workforce is unrepresentative by any labor organizations?

4.) If mandated direct deposit payroll transfers are prohibited, are there any alternatives to the issuance of hard copy payroll checks (i.e., convenience check, payroll, card, or other means), which the state may permit?

I would appreciate any assistance your Agency can provide in the issuance of an advisory opinion to the above questions.”

Enclosed you will find the English version of the Act 17 of April 17, 1931, as amended, that establishes the Payment of Wages in Puerto Rico.

Section 171 was amended by Act 74 of July 1, 1995, and specifically establishes:

“In all contracts entered into with workers or employees, their wages shall be paid exclusively in the legal tender of the United States of America, whether in cash, check, *direct deposit or through electronic transfer of funds, directly to the checking or savings account of the workers or employees.* If by special agreement, custom, or other reason whatsoever, he/she receives a cash advance through check, direct deposit or electronic transfer; before the regular payday, it shall be lawful for the employer to deduct said advance. If it is stipulated in an executed labor contract that all or part of the wages shall be paid in other than money, check, direct deposit or electronic transfer, said contract shall be null insofar as it refers to the promise or commitment to pay the wages in any form other than legal tender of the United States of America, be it in cash, check, direct deposit or electronic transfer of funds.

The establishment of a payment system through direct deposit or electronic transfer shall be made on a voluntary basis and with the prior authorization of the employee, and shall be effective on the same payday, at the bank selected by the worker or employee. The employer shall deliver a voucher to each worker or employee as evidence of the salary deposited or transferred, after the deductions authorized by law, in the corresponding checking or savings account of the worker or employee. The costs related to the salary payment

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system through direct deposit or electronic transfer shall be exclusive responsibility of the employer.

When an employer pays the salaries of his employees through checks..."

In other words, this Act specifically establishes a list of ways the wages can be paid in Puerto Rico. Therefore, other ways of payment not enumerated in this law, like payroll card or convenience check, are strictly prohibited.

We trust this information will satisfy your needs. Should you have any questions on the foregoing, please do not hesitate to contact me at your convenience.

Sincerely,



Félix J. Bartolomei Rodríguez, Esq.
Solicitor of Labor

Attachment

Act 17 of April 17, 1931, as amended.