

## Puerto Rico Governor Issues COVID-19 Emergency Economic Plan

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### PRACTICE AREAS

- Government Affairs

### An McV Government Affairs Alert

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As a measure to preserve the physical, emotional and economic well being of the Puerto Rican citizens in light of the COVID-19 crisis, Puerto Rico Governor, Hon. Wanda Vázquez Garced announced on March 23, 2020 a comprehensive economic plan directed at protecting the economic sectors of the Island.

The plan, adopted with the consent and approval of the Puerto Rico Financial Oversight Board consists of the following:

- **Public sector employees of the central government will continue to receive salaries during the emergency period. Mayors of municipalities strongly encouraged to do the same.**
- **Private sector workers, small and medium sized businesses including manufacture, construction and agricultural industries, and independent service professionals are granted a first set of short term economic and fiscal initiatives:**
  - Extension of due date to file Income Tax returns until July 15, 2020. Suspension of collection of sales and use tax at docks and through resale chain for three months.
  - Suspension of 10% withholding tax at source on payments for professional services for three months
  - No imposition of penalties for failure to remit bi-monthly installments of sales and use tax for a period of two months.
  - No imposition of penalties for failure to pay the first installments of estimated tax for 2020
  - Self employed individuals will be granted a \$500.00 incentive.
  - Small and medium sized business with 50 employees or less that do not qualify for federal aid and which have ceased operations during the COVID-19 crisis will be granted a \$1,500 incentive following the same protocol used to mitigate the impact of the earthquakes in the southwestern portion of the Island.

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- **Specific economic incentives were granted to the following essential personnel:**
  - Up to \$4,000.00 to public and private sector nurses
  - Up to \$2,500.00 to health technicians
  - Up to \$4,000.00 to emergency response workers
  - Up to \$3,500.00 to police, firemen, and correctional officers among others
- **Distance Education Technology Package:**
  - \$240M will be allocated for the purchase of tablets, software and training for 325,000 teachers, students, and directors of the Puerto Rico Department of Education to promote distance learning.
- **Medical Equipment Package:**
  - \$30M to be distributed in two (2) \$15M installments will be available to public hospitals for the purchase of medical equipment needed to replace that which was used in response to the COVID-19 emergency.
- **Public Safety Package:**
  - \$50M to be distributed in two (2) \$25M installments for purchases needed for policemen such as masks, disposable gloves, and hand sanitizer among others.
- **Municipalities Package:**
  - \$50M to be distributed in two (2) \$25M installments identified to benefit municipalities affected by the COVID-19 emergency. Central government will set criteria to evidence need.
- **Employment Incentives/Remote Work Plan:**
  - Unemployment benefits projected to be increased by July 2020.
  - Puerto Rico Department of Labor and Human Resources to coordinate with the federal government to offer unemployment benefits to self employed workers and workers instructed to take unpaid leave who do not qualify for unemployment benefits.
  - If possible, and while Executive Order 2020-23 is in place, remote or "telework" is encouraged in all Government sectors. Public agency secretaries and chiefs must present a plan to identify which areas can operate remotely including contractor services, professional services

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providers, businesses, private suppliers and non profit entities.

■ **Moratoriums and postponement of payments:**

- Essential services such as electricity and water are not to be suspended for nonpayment. Highway tolls are waived during the emergency.
- Ninety (90) day moratorium for payment of mortgages, car loans, personal loans, commercial loans and credit cards due to Puerto Rico Banks and Cooperatives. In order to qualify for deferment, the client must contact and coordinate with the Bank or Cooperative.

Other measures will be considered by the Governor in the future.

Please review all these measures as they will most likely have direct impact on your workforce and your business. The **McConnell Valdes Emergency Task Force** is on stand by to respond to question or inquiries you might have regarding the emergency package or any other concern you might have during this difficult time.

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