

## Special Distributions from Puerto Rico Retirement Plans and IRAs are Extended to COVID-19 Victims

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### PRACTICE AREAS

- Employee Benefits

### An McV Employee Benefits Alert

March 31, 2020

The PR Treasury Department issued on March 29, 2020 Internal Revenue Circular Letter No. 20-23 (“CL 20-23”) providing that “Eligible Expenses” under the recently issued Internal Revenue Circular Letter No. 20-09 (“CL 20-09”) will also consist of damages, losses (including loss of income), and extraordinary expenses incurred as a result of the COVID-19 emergency.

CL 20-09 will continue in full force and effect, except that it will also apply to Eligible Distributions made from Puerto Rico qualified retirement plans and individual retirement accounts during the Relief Period (February 20, 2020 through June 30, 2020) to cover Eligible Expenses incurred as a consequence of the public health emergency created by the COVID-19. These distributions will be subject to the same requirements imposed to Eligible Distributions resulting from the earthquakes. The earthquakes and the public health emergency created by the COVID-19 are deemed one event for purposes of the limitations under PR Code Sections 1081.01(b)(1)(D) and 1081.02(d)(1)(l).

For more information on CL 20-09, see McV’s Employee Benefits Alert of March 3, 2020 [here](#).

Since the Relief Period ends on June 30, 2020, employers who desire to offer their employees the benefits of the Eligible Distributions could face many difficulties on its implementation, specifically in trying to comply with the sworn statement requirement under CL 20-09 as notarial services may not be generally available during the lockdown.

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