

Employers: As the COVID-19 Pandemic Continues, so do your State Insurance Fund Corporation Obligations

In response to the ongoing COVID-19 pandemic, the State Insurance Fund Corporation (“SIF”) recently announced an automatic extension to file the *Payroll Statement* for fiscal year 2019-2020, until **August 4, 2020**. This extension applies to all employers but is of particular interest to those maintaining remote work arrangements after July 1, 2020, as they will now be required to include new information regarding remote work in the *Payroll Statement* to ensure coverage.

What’s new for Employers in this year’s Payroll Statement?

Employers that will allow employees to work remotely after July 1, 2020, must include the corresponding risk classification covering remote work and estimate the payroll to be paid during the 2020-2021 fiscal year for such employees. Also, in accordance with public policy, the SIF announced modifications to the *Risk Classifications Handbook* (the “new Handbook”) effective in fiscal year 2020-2021, beginning on July 1, 2020, to encourage remote work by amending the description of certain risk classifications to cover office workers and remote work.

Despite these changes, employers continue to have the obligation to report the payroll paid during the 2019-2020 fiscal year ending on June 30, 2020. Because the SIF extended policy coverage to cover remote work in response to the COVID-19 pandemic in March 2020, salaries of employees who worked remotely until June 30, 2020, will be reported under their usual risk classification.

What are the expected changes in the *Risk Classifications Handbook*?

- **Risk classifications that cover remote work:** In the new Handbook, certain risk classifications were modified to cover office employees, whether or not they do remote work, as part of their general coverage such as auditors, accountants, lawyers, analysts and others. These risk classifications will cover remote work without having to report these employees’ salaries under Remote Work classification in the *Payroll Statement*. The estimated payroll for these employees must be reported under their usual risk classification in the Payroll Statement, regardless if they will continue to work remotely. Employees in these categories who will continue working remotely after July 1, 2020, partially or permanently, must be reported in the *Employee Report for Remote Work* described below.

- **Risk classifications that do not cover remote work:** Employers with employees in risk classifications that do not cover remote work and who will continue working from home, partially or every day, after July 1, 2020, may need to change their risk classification to the Remote Work classification. To determine whether a change of risk classification is necessary, employers must compare the current risk classification and the Remote Work classification and include in the *Payroll Statement* the risk classification with the highest premium and estimate employees’ salaries thereunder.

How Employers must report remote workers in the Payroll Statement?

Employers that will continue to allow or require remote work after July 1, 2020, must also file, along with the *Payroll Statement*, CFSE Form 02-129, *Employee Report for Remote Work*, with specific information of each employee who will continue working remotely. The *Payroll Statement* and the *Employee Report for Remote Work* may be sent to the SIF via email to portal@fondopr.com, be deposited in a mailbox at your local SIF office or filed through the SIF’s electronic portal for employers, as applicable.

Prior to filing their *Payroll Statements*, employers must review the new Handbook, published on July 1, 2020, to ensure their employees are classified correctly under the modified risk classifications.

Ferraiuoli LLC’s Labor and Employment Team is available to assist businesses during this process.

This document has been prepared for information purposes only and is not intended, and should not be relied upon, as legal advice. If you have any questions or wish to obtain more information related thereto, or about its possible effect(s) on policy or operational matters, please contact us at your convenience.

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