

# FERRAIUOLI LLC

LABOR & EMPLOYMENT DEPARTMENT

January 24, 2014

## EMPLOYER'S TAX AMNESTY

On January 3<sup>rd</sup>, 2014 the Governor of Puerto Rico signed into law Act No. 15 (the "Act"), providing employers in Puerto Rico a tax amnesty regarding all accrued debts from contributions or premiums due as of June 30, 2013, related to: (i) Workmen's Compensation Insurance, (ii) Chauffer's Social Security, (iii) Unemployment Insurance Program and (iv) the Non-Occupational Disability Insurance. The amnesty does **not** apply to income tax withheld on wages to employees.

This tax amnesty offers employers the alternative to pay the principal sum owed in full without any interest or in various installments under a payment plan. However, in order to qualify for a payment plan, the employer shall make an initial payment of at least 10% of the principal debt amount. The remaining balance can be paid in installments for periods not to exceed four years, with annual interest rates depending on the selected payment plan.

Employers who are currently undergoing an audit, administrative hearing or judicial review process (presumably by the Department of Labor and Human Resources ("DOL"), or the State Insurance Fund Corporation ("SIF")) can benefit from the tax amnesty, since entering into a payment plan is considered sufficient cause to dismiss the process. Also, employers that have an existing payment plan with the DOL or the SIF may renegotiate the terms of the payment plan with the Secretary or the Administrator.

The amnesty will be effective for a period of 100 calendar days, following issuance of administrative guidance by the DOL and/or the SIF (expected prior to March 3<sup>rd</sup>, 2014). We will inform you as soon as the DOL and/or the SIF release the enabling guidance under the Act.

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

René J. Avilés-García  
[raviles@ferraiuoli.com](mailto:raviles@ferraiuoli.com)

Katherine González-Valentín  
[kgonzalez@ferraiuoli.com](mailto:kgonzalez@ferraiuoli.com)

María Judith Marchand-Sánchez  
[mmarchand@ferraiuoli.com](mailto:mmarchand@ferraiuoli.com)

Tatiana Leal-González  
[tlead@ferraiuoli.com](mailto:tlead@ferraiuoli.com)

Luis O. Rodríguez-López  
[lrodriguez@ferraiuoli.com](mailto:lrodriguez@ferraiuoli.com)

Rafael I. Rodríguez-Nevarés  
[rafaelr@ferraiuoli.com](mailto:rafaelr@ferraiuoli.com)

221 Ponce de León Ave., Suite 500, San Juan, PR 00917 - T 787.766.7000 | F 787.766.7001 | [www.ferraiuoli.com](http://www.ferraiuoli.com)