

## Tax Relief to Assistance Provided by Employers to Victims of COVID-19 Extended

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### PRACTICE AREAS

- Employee Benefits

### An McV Employee Benefits Alert

April 2, 2020

On March 29, 2020, the Puerto Rico Treasury Department issued Internal Revenue Circular Letter No. 20-22 (“CL 20-22”) to extend the provisions of Internal Revenue Circular Letter No. 20-08 of February 20, 2020 (“CL 20-08”) to Qualified Payments made by employers to employees or independent contractors as a consequence of the emergency created by the COVID-19 (“Qualified Payments”). Under CL 20-08, Qualified Payments received by employees or independent contractors are excluded from gross income under the Puerto Rico Internal Revenue Code of 2011, as amended. See our Employee Benefits Alert on CL 20-08 here.

Qualified Payments under CL 20-22 also include remuneration or payments made by employers of the private sector to their non-exempt employees that have not been able to work during the COVID-19 emergency lockdown period.

To be considered a Qualified Payment, it must be made during the period that commenced on **February 1, 2020 and will end on April 30, 2020** (“Relief Period”) and cannot exceed, together with the Qualified Payments made under CL 20-08, \$2,000 a month and \$4,000 during the Relief Period.

CL 20-22 also extends the tax exemption provided under CL 20-08 to interest free loans offered by employers to their employees or independent contractors during the Relief Period to cover expenses related to the COVID-19 emergency provided the amount of the loan or loans granted during such period under CL 20-22 and CL 20-08 do not exceed the amount of \$20,000.

**Please be aware that although the lockdown period could be modified or extended beyond the Relief Period deadline of April 30, 2020, under the current provisions of CL 20-22, Qualified Payments and interest free loans can only be made prior to such deadline.**

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