



COVID-19 PUERTO RICO UPDATE Administrative Orders (Part 2) +

March 2020 »

The Government of Puerto Rico's agencies continue to issue administrative determinations and orders to manage the COVID-19 crisis. Among the most important, PR Treasury granted temporary exemptions from the payment of state and municipal sales tax for individuals purchasing taxable items that are considered Articles of First Necessity. Other key measures and orders are adopted.

Following an update on the most recent administrative orders and determinations dealing with the coronavirus pandemic as of March 19, 2020. This is further to the declaration of emergency issued by the Puerto Rico Governor in the face of the COVID-19 threat under Executive Order 2020-020 and the mandate to shutdown businesses and citizen curfew, except for those specifically exempted, under Executive Order 2020-023, as clarified by Circular Letter No. 2020-02 from the Department of Economic Development and Commerce from March 17, 2020.

PUERTO RICO DEPARTMENT OF TREASURY ("TREASURY")

On March 17, 2020 Treasury issued *Internal Revenue Bulletin No. 20-09* to inform that the procedures to release inventory from the PR ports will continue their normal course and Treasury will permit all merchants to release their inventory from the PR ports once they have complied with the *import declaration process* in SURI. It is important to note that taxpayers that release inventory that is not considered essential should store this inventory until the end of the lockdown period. This non-essential inventory should not be sold during the lockdown period.

On March 18, 2020, Treasury issued *Administrative Determination No. 20-07 ("AD 20-07")* providing a temporary exemption from the payment of state and municipal sales tax ("SUT Exemption") for individuals purchasing taxable items that are considered "Articles of First Necessity," as defined in Order 2020-05 issued by the Department of Consumer Affairs ("DACO," by its Spanish acronym).

The SUT Exemption will be effective from 12:01 am Monday, March 23, 2020, until 11:59 pm Thursday, April 30, 2020.

Articles of First Necessity for purposes of AD 20-07 are those necessarily used or consumed by an individual to be able to prevent the contagion or for the treatment of COVID-19, but are expressly limited to the following items:

Hand sanitizers and personal disinfectant items (i.e. soap, shampoo, and wet wipes);

Tissues;

Masks and vinyl gloves;

Isopropyl alcohol;

Disinfectants and antiseptics;

Household cleaning products (i.e. soaps, detergents, chlorine, and other disinfectants);

Pain relievers and medications with acetaminophen or ibuprofen (tables, liquids or suppositories); and

Anti-cough medications and antihistamines

AD 20-07 also clarifies that individuals who visit commercial locations or programming centers to update a merchant's system in order to comply with the SUT Exemption will be considered as engaging in an "essential service" for purposes of the Puerto Rico Governor's Executive Order 2020-23, but only to the extent such visits are made during the allowed time-frame provide thereunder (5:00 am to 9:00 pm).

Note: individuals transiting public roads for these purposes are encouraged to carry a copy of AD 20-07 as evidence that he or she is engaging in an essential service.

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On March 18, 2020 Treasury also published *Administrative Determination 20-08 ("AD 20-08")* providing a temporary exemption from the SUT on prepared foods from 12:01 am Friday March 20 to 11:59 pm Sunday April 19. Persons required to make programming changes can transit during the permissible hours for said purposes with copy of AD 20-08.



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Office of Permits and Management (OGPe)

On March 16, 2020, the Department of Economic Development and Commerce ("DDEC", for its Spanish acronym), issued **Administrative Order OGPe No. 2020-06** to interrupt, alternate and/or suspend due dates for various actions and procedures carried out by the Permits Management Office ("OGPe", for its Spanish acronym), in response to the emergency declared by the Governor of Puerto Rico pursuant to Executive Order No. 2020-020. The Administrative Order also establishes provisions applicable to the applications submitted through the Single Business Portal ("SBP") in order to maintain continuity of such procedures.

Per the Administrative Order, the due dates for any request under any administrative or adjudicative procedure, any request for rectifications/corrections, applications, adjudication of applications and any due date arising from any permit, administrative order, resolution, rule or regulation that was to expire between March 16 and March 30, 2020, is interrupted until April 10, 2020.

The due dates for the following actions are also interrupted until April 10, 2020:

The terms to submit and adjudicate requests for administrative review, and

All permit, license and certification renewal requests to were to be due between March 16, 2020 and March 30, 2020.

Additionally, the Administrative Order states that:

All automatic dismissals of applications for failure to take action that are to be issued between March 16, 2020 and March 30, 2020 will be reversed/voided so that the administrative process can continue.

Hearings that were scheduled between March 16, 2020 and March 30, 2020 are suspended and will be rescheduled according to the availability of the parties.

All temporary Single Permits that were issued or requested for activities to be carried out between March 9 and March 30, 2020 may be modified if the activities were canceled due to the declared state of emergency.

The Administrative Order, however, states that OGPe's Single Business Portal will still be available, that documents may still be presented through the Portal and the Agency may attend and adjudicate applications and requests throughout the time of emergency.

STATE INSURANCE FUND

On March 18, 2020, the Administrator of the State Insurance Fund announced the adoption of the following measures, for the benefit of the employers in Puerto Rico, in connection with the emergency produced by the COVID-19 virus in Puerto Rico:

Extends the validity of all policies with a March due date until April 30, 2020;

Waives any employer, that contracts with the Government of Puerto Rico or with any private entity, from the requirement of complying with the formalization process and payment of its policy for a term of 10 days after the State Insurance Fund restarts its operations completely; and

Authorizes that any employer that send its employees to work from home will have insurance coverage until April 30, 2020 or up to 10 days after the reestablishment of the State Insurance Fund services without the need of making any changes to its existing policy.

OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS ("OCIF")

In compliance with Executive Order No. 2020-023 issued on March 15, 2020, the OCIF shutdown operations. Until the OCIF resumes operations, any consultation with the OCIF during the shutdown shall be submitted electronically to the Deputy Commissioner.

Due to the above, the OCIF extended to April 15th the term for any filing due at the OCIF between March 16th and April 14th. The extension applies to the filing of all types of financial reports, including monthly and quarterly reports, license renewals, information requests, responses to complaints, and any other term established by the OCIF or the statutes under its jurisdiction. At the time of filing, such documents shall be filed electronically with the OCIF. In the event electronic filing is not a viable option, the interested party shall contact the pertinent office at the OCIF before which the filing is due to receive specific instructions for the filing through alternative means.

PUBLIC SERVICES AND TRANSPORTATION BUREAU

On March 17, 2020, the Puerto Rico Public Service and Transportation Bureau ("NTSP", by its Spanish acronym) issued a press release informing the companies or concessionaires, allowed to rendered

services during the state of emergency due to the COVID-19 pandemic. Commissioner García Fraga of the NTSP, stated "...[b]usiness allowed to provide their respective services, should take all necessary and precautionary measures to avoid and control the risk of infection and spread of the virus."

The Commissioner authorized, in accordance with OE-2020-23, the services of businesses and companies in the Transportation of General Cargo (TGC), and any other business dedicated to the distribution of foods, medicine or medical equipment such as, Transportation of, Specialized Cargo (TSC), Bottled Water (TCE, by its Spanish acronym), Tank Water (TCAEM, by its Spanish acronym), Motorcycle Cargo (TCMO, by its Spanish acronym) and Armored Vehicles (TCV, by its Spanish acronym). Also authorized, are companies dedicated to the distribution of fuel, such as Products Derived from Petroleum (TCPP, by its Spanish acronym) and Gas (FG,); Waste Management (TCDS, by its Spanish acronym) and Transport Corridors (TC).

Companies in the business of ambulance services, funeral car transport and corpses, will be allowed to provide the service herein authorized, if essential, and if precautionary measures are taken to prevent COVID-19 infection. The service allowed for Funeral Car and corpses transport is not to provide funeral services.

Luxury transportation, taxis, and porter by Contract for the transportation of cargo or passengers, will only be allowed to provide the authorized service of passengers if said service is to acquire food or medicine, and to assist a medical appointment or hospital. As an exception, the NTSP has allowed taxis and luxury transportation services to be performed for passengers who are heading to the Airport or any other authorized port, from their residence or hotel and viceversa, during curfew hours (9:00 pm to 5:00 am). Crane service business are allowed to provide their services during the period of 5:00 am to 9:00 pm. However, as an exception, in case of an emergency and during curfew, crane service companies will be allowed to provide their services if procured.

Finally, rental car companies will only be allowed to receive rental vehicles if they have a return system, without personal interactions.

Public Vehicles Companies, Public Omnibus, Carpool and Tourism Excursions are not allowed to transport passengers until March 30, 2020.

In order to eliminate the accumulation of truck wagons, the NTSP authorizes the trailer of other types of containers from the port of origin to its warehouse or destination, if such transportation has been authorized by the Ports Authority or the Treasury Department and must comply with all state and federal regulations.

PUERTO RICO TRAVEL LIMITATIONS

On March 18, 2020, Governor Wanda Vazquez Garced, issued several formal petitions to the Federal Aviation Agency, requesting the execution of several restrictions and controls to incoming domestic and international flights to Puerto Rico, for a term of 14 days. Among the petitions made by the Governor, these include: allow the government of Puerto Rico to close all other airports where no screening process is being made; to the FAA to redirect all charter flights with a origin of departure being a jurisdiction affected by COVID-19 in order to centralize the proper screening process and implement a prohibition to all general flights, excluding military, government and medical flights. Screening protocol was activated yesterday in the Luis Munoz Marin International Airport, and consists of a health state questionnaire and a thermal measurement. Any passenger with a body temperature more than 100.3 degrees will be directed to a thorough medical evaluation by the Health Department and the National Guard of Puerto Rico.

The Governor also informed that the Health Department has received an additional 200 medical kits to be used in the screening process, to any passenger that demonstrates COVID-19 symptoms.

Note: Because of the general nature and informative purpose of this newsletter, nothing herein should be considered as legal advice or a legal opinion. For further information about the contents of this newsletter, or should you need further assistance in connection with these matters, please contact any of the attorneys of the firm's Corporate Practice Group.

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