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Global Tax Alert

News from EY Americas Tax

Guatemala enacts *Emergency Law to Protect Guatemalans from the Effects Caused by the COVID-19 Pandemic*

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On 25 March 2020, Guatemala enacted Decree 12-2020, *Emergency Law to Protect Guatemalans from the Effects Caused by the COVID-19 Pandemic* (the decree), which establishes emergency measures to prevent the further spread of COVID-19.

Health measures

The decree directs the Directorate of Consumer Services (DIACO) to ensure that hoarding does not occur and that certain items are available and the prices for those items are stable. Those items include medicines, any services, food consumption items, and items for cleaning and prevention of contagion.

The decree also authorizes the Ministry of Public Health to provide information on prevention procedures and care during the COVID-19 pandemic. The Guatemalan Social Security Institute (IGSS) and other health sector entities must join the information campaigns, disseminating the prevention measures dictated by the government of Guatemala. The media also must facilitate the transmission of free and constant messages about prevention.

Additionally, the decree requires all state personnel to be on call so that the government agencies and public services may continue to properly function. The Government also will begin actively recruiting technical and professional personnel, and municipalities will collaborate with the Ministry of Public Health to provide the necessary care facilities to treat those with COVID-19.

The decree also includes provisions to ensure that hospitals and health centers have all the corresponding medical inputs they need to attend to the health emergency quickly. Redistribution of medical equipment and supplies among the various public hospitals is authorized according to the needs of the emergency.

Measures applicable to students

The decree prohibits the collection of fines, arrears, administrative expenses or interest generated by delays in the payment of a student's fees at educational centers or universities. The decree also prohibits the expulsion of students for nonpayment and other sanctions.

Funding of emergency programs

The decree authorizes a budget redistribution to fund the following emergency programs:

- i. Program for remodeling the infrastructure of hospitals and health centers and to provide hospital equipment and health supplies
- ii. Program for Food Support and the Prevention of COVID-19
- iii. Capital protection fund
- iv. Fund for micro, small and medium-sized enterprises

Tax measures

Taxpayers subject to the "solidarity" tax may defer the payment of the tax for the second quarter of 2020. They must pay the tax by 30 September 2020. No penalties, fines or surcharges will be imposed.

While the state of public calamity and its measures are in force, all imports received as donations for the National Coordination for Disaster Reduction of Guatemala, churches, organizations and charitable associations duly authorized and registered in the Registry of Legal Entities of the Ministry of Governance will be exempt from value-added tax and customs duties.

Deadlines related to all types of administrative processes are suspended for three months and may not be extended, except for deadlines related to constitutional issues and those related to the law for access to public information, food processes, and minimum guarantees, among others.

Other measures

The decree allows individuals to defer credit, loan and installment payments for six months without the imposition of interest. The decree also guarantees that public electricity services will continue under certain conditions.

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