

1 October 2020

Global Tax Alert

News from EY Americas Tax

Puerto Rico's Treasury Department issues guidance on requesting economic assistance under a local Payroll Protection Program

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access information about the tool and registration [here](#).

EY Americas Tax

EY Americas Tax brings together the experience and perspectives of over 10,000 tax professionals across the region to help clients address administrative, legislative and regulatory opportunities and challenges in the 33 countries that comprise the Americas region of the global EY organization. Access more information [here](#).

The Puerto Rico Treasury Department (PRTD) issued guidance (Circular Letter (CL) 20-38) on requesting economic assistance through a local Payroll Protection Program (PPP) that is part of the Strategic Plan ordered by Executive Order EO-2020-40, which was signed by the Governor of Puerto Rico.

To qualify for the PPP, the business must:

- ▶ Be in the private sector with no more than 500 employees
- ▶ Have annual gross income that does not exceed US\$10 million
- ▶ Have been operating on 15 March 2020, with employees to which it paid salaries subject to payroll withholding
- ▶ Have a Merchant's Registry Certificate
- ▶ Have incurred, or will incur, COVID-19-related emergency expenses (eligible expenses) no later than 30 December 2020
- ▶ Maintain documental evidence of the COVID-19-related emergency expenses
- ▶ Confirm that the funds received under the PPP will be used to cover expenses from COVID-19 that have not been covered by funds received through other local, state and federal programs
- ▶ Stay in operation for a minimum of eight weeks after receiving the funds from the PPP and retain all the employees reported at the time the request for assistance under the PPP was submitted

Eligible businesses should electronically submit a request for assistance under the PPP through the Internal Revenue Unified System (SURI). Businesses should access their accounts on SURI and click on the PPP link under their Alerts section. They should complete all of the required information, including their bank account information, and click submit. The businesses also should certify that the funds they receive will be used under the terms and conditions established in the PPP guides.

CL 20-38 outlines how the PRTD will determine the amount a business will receive under the PPP. The funds received under the PPP will not be treated as income and, therefore, will not be subject to income tax.

Implications

The COVID-19-related emergency and government lockdown has economically affected countless businesses operating within Puerto Rico. Eligible employers in Puerto Rico may be able to mitigate the economic damage due to the pandemic.

Employers should evaluate the provisions and requirements under this program in the context of their operations in Puerto Rico to determine how the program might alleviate the economic hardship induced by the current emergency.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Puerto Rico LLC, State and Local Taxation Group, San Juan

- | | |
|--------------------------|------------------------------|
| ▶ Rosa M. Rodríguez | rosa.rodriguez@ey.com |
| ▶ Pablo Hymovitz Cardona | pablo.hymovitz@ey.com |
| ▶ María T. Riollano | maria.riollano@ey.com |
| ▶ Alberto J. Rossy | alberto.rossy@ey.com |
| ▶ Alexandra M. Pérez | alexandra.perez@ey.com |
| ▶ Carla J Diaz | carla.j.diaz@ey.com |
| ▶ Karol I. Santiago | karol.santiago@ey.com |
| ▶ Marcel Ramos | marcel.ramos1@ey.com |
| ▶ Noeliz Suarez | noeliz.suarezarchilla@ey.com |

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

EY Americas Tax

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 006745-20Gb1

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com