



August 13, 2012

Tax Alert 2012-4

Workers' Compensation Amnesty Takes Effect

On January 10, 2012, the Governor of the Commonwealth of Puerto Rico approved Act No. 13 ("Act. No. 13"), which creates the Workers' Compensation Amnesty (the "Amnesty") and allows a 50% discount on outstanding debts due to the Puerto Rico State Insurance Fund ("PRSIF") from worker's compensation premiums for permanent and temporary policies, invoices for uninsured workers and other miscellaneous debts. The Worker's Compensation Amnesty took effect on June 6, 2012 and will last six months. The Amnesty will be subject to the following conditions and limitations:

- Employers will need to file an application with the PRSIF to take advantage of the Amnesty.
- Employers must be in compliance with the filing of all Payroll Declarations.
- If the employer wants to file for the Amnesty benefits, such employer must have filed its payroll declaration and paid the corresponding premium for the current and immediately prior fiscal year.
- The amnesty provides a 50% discount on all accumulated debt related to the prior 15 fiscal years included in the Amnesty. Debts older than 15 years will be eliminated.
- An employer who has never had a policy in place will be required to pay for a policy for the current and prior fiscal year and pay any related penalties. The 50% discount will be available to the remaining prior years in which additional policies are paid.
- Employers must include all debts duly certified and notified by the PRSIF in their Amnesty application.
- Employers must pay in full all debts included under the Amnesty plan. No payment plans will be awarded.
- Debts related to uninsured worker accidents will qualify only if the accident occurred on or before June 30, 2012.
- The Amnesty will not apply to debts resulting from a final court judgment or administrative process.
- Debts under payment plans existing by the time Act No. 13 was approved will be allowed to benefit from the Amnesty plan only on the unpaid portion of the debt.

This amnesty program is a great opportunity to comply with the Workers' Compensation Insurance regulations in Puerto Rico and to assure that you are fully covered in the event of an accident in the work place. Feel free to contact us if you would like us to verify with PRSIF if you have any pending deficiency and if you would like us to assist in applying for this amnesty program.

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Please contact Rafael A. Arce, JD, CPA, MST, Senior Tax Manager at 787-725-1600 or at rarce@vgmmcpa.com, or any of our partners should you have any questions or comments or if you need additional information regarding this matter. This Tax Bulletin has been prepared for informative purposes and it is not intended to provide and does not constitute tax advice. Please contact us at 787-725-1600 or at fsosa@vgmmcpa.com if you would like us to add/delete you from our mailing list.

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