

PR Treasury Issues Guidance on Eligibility for “Premium Pay” for Employees who Continued Providing Essential Services During the COVID-19 Pandemic

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On September 15, 2021, the Secretary of the Puerto Rico Treasury Department (“Treasury”) issued Circular Letter No. 21-19 (“CL 21-19”) announcing the “premium pay” eligibility criteria for employees and service providers in the private sector, pursuant to a federally funded relief program available for distribution by local governments to mitigate the negative impact of the COVID-19 pandemic.

“Premium pay” under this program consists of \$2,000 to be paid to employees in the private sector, including nonprofit entities, who continued to provide essential services during the pandemic and therefore were at risk due to their interaction with patients or the public. The following are employers who have employees or service providers eligible for this benefit: security services; health services; health professionals who directly provide services to patients; supermarkets, stores that sell food (“colmados”), drugstores, cargo transportation services, and nonprofit entities that provide services directly to the community. Hospitals, Diagnostic Centers and Treatment Centers are excluded from this program, since they may seek “premium pay” under another COVID-19 government relief program.

To be eligible for “premium pay,” the employee’s yearly compensation must be under \$40,000 for calendar year 2020 or 2021. Beginning on March 1, 2020, the employee must have been actively working at least 500 essential hours and for an eligible employer. “Essential work” is further defined in CL 21-19.

An employer that requests the “premium pay” for its eligible employees must comply with the program’s guidelines and provide any document which may be requested to apply and in the event of an audit. Treasury has issued a form that employers must submit with the required information and documents through its Internal Revenue Unified System portal, also known as “SURI.” Treasury will review the applications and notify employers of the incentives approved or

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denied to its employees. Once approved, Treasury will deposit the \$2,000 “premium pay” directly in the employee’s bank account. Disbursements will be made of a first come, first served basis until the funds are exhausted.

The “premium pay” is not considered income and it is not taxable to the employer or the employee who receives this payment. In turn, the employer cannot deduct the “premium pay” from its taxable income.

For more information on the eligibility requirements and the conditions to request this benefit, you may go to <https://www.aafaf.pr.gov/fondos-federales-covid-19/>

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