



Tax



Business



Employer

Coronavirus Relief Fund: Assistance program to small and medium businesses

June 4, 2020

On this alert, we summarize the program guidelines published on June 3, 2020 by the Puerto Rico Treasury Department: [Internal Revenue Circular Letter 20-26](#).

Program description:

- Congress signed the **Coronavirus Aid, Relief, and Economic Security (CARES) Act** into law on March 27, 2020.
- the CARES Act established the **Coronavirus Relief Fund (CFR)**, which provides \$ 150 billion in direct assistance for domestic governments, territories, and tribal areas to disburse in accordance with its provisions.
- this Program is based on a first come, first served basis, in the form of a grant. Businesses are eligible to apply for more than one CFR program so long as the business does not submit the same line item expense through multiple programs.
- the Program provides emergency assistance of up to **\$ 5,000 to small businesses** for losses caused by the interruption of operations related to the COVID-19 emergency and/or for necessary expenditures related to the COVID-19 emergency.
- the Program also provides emergency assistance of up to **\$ 10,000 to medium-sized companies**, for the same circumstances mentioned above. Please review carefully the eligible expenditures mentioned above.
- **small business** consists of 2 to 49 employees, including non-profit organizations that provide direct assistance or services to the community;
- **medium-sized company** consist of 50 to 500 employees, including non-profit organizations that provide direct assistance or services to the community;
- **an individual self-employed** may apply for this benefit, even if he/she has received the payment of \$ 1,000 of financial aid. However, the self-employed individual will receive \$4,000 if considered a small business, and \$ 9,000 if considered a medium-sized company.
- The payment received from the Program does not constituted income for the company. Therefore, it will be considered income exclusion and will not be subject to income tax, including the alternative basic tax or the minimum alternative tax.

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Eligibility criteria:

- a. be duly registered in the Merchants Registry of the Department of Treasury;
- b. have incurred or planned necessary expenditures related to the COVID-19 emergency and maintain documentation that reliably demonstrates the expenses;
- c. commit to abiding by the terms and conditions of the Program, including requests for documentation and auditing requests;
- d. agree to return the Grant funds, if it is determined that they did not comply with any of the Program eligibility requirements or if the Grant funds were not spent on eligible expenses by December 30, 2020;
- e. agree that while receipt of other funds for COVID-19 related assistance does not preclude an applicant from receiving Grant funds under the Program, ONLY expenses that, 1) have not been covered or reimbursed, and 2) will not be covered in the future, by other state, federal, or private program; and
- f. agree and certify that receipt of these funds will not be used for payroll expenses if applicant has received, will receive, or plans on applying and receiving aid under the Payment Protection Program administered by the Small Business Administration or a state administered Payment Protection Program funded through a State or territory Coronavirus Relief Fund disbursement plan.

Other CRF programs

- in addition to the Small and Medium Business program detailed above, the Governor of Puerto Rico allocated funds for additional programs to address both government needs (mainly associated with attending to the public health emergency and continuing government operations) and those of the private sector, which has been severely affected by interruption of operations.

Allowable expenditures:

1. necessary expenditures incurred due to the public health emergency with respect to the COVID-19;
2. were not accounted for in the budget most recently approved as of March 27, 2020 for the State and government; and
3. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Application

- applications will be submitted by electronic form using the SURI platform administered by the Puerto Rico Department of Treasury.
- in addition, you must submit a copy of Form 941-PR, Employer's Quarterly Federal Tax Return for March 31, 2020, filed with the IRS.
- finally, you must provide your bank account information to receive the payment of the corresponding aid.
- upon submission, applicants will receive a confirmation via electronic mail.
- the Program will open for applications on June 5, 2020.



Process overview:

Date	Process
June 5, 2020	Applications received by SURI on a first come first served basis
December 30, 2020	Deadline for the Award Funds to be used by recipient
February 1 to April 30, 2021	The Program audits use of funds compliance and recovery
May 1, 2021	Program closes

Please contact our Tax Department should you require additional information regarding this or any other tax issue. We will be glad to assist you.



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