



New State Insurance Fund Incentive for Small and Medium Sized Businesses

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Lorraine Merced Cruz

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of this article.

Background

Small and medium enterprises play a substantial role in the Puerto Rican economy, as they generate many employment opportunities. Following the Government of Puerto Rico's public policy on finding ways to strengthen this sector, the State Insurance Fund Corporation (SIFC) has introduced an incentive program through Administrative Order 23-04.

What is the incentive?

This incentive provides a 50% reduction in annual premium rates due for fiscal years 2023-24 and 2024-25 to insured employers that meet certain criteria (Incentive).

Who qualifies for the incentive?

Any corporate employer with 50 employees or less, an annual payroll of \$1,525,000 or less, and with a permanent policy in compliance with the payment of premiums or in the alternative under a formal payment plan with the SIFC can request the Incentive.

Who is excluded from the Incentive?

The following employers are expressly excluded from this Incentive:

1. Corporate employers with eventual policies, domestic policies, and policies that present self-employed classifications and government policies.
2. Corporate employers who have outstanding debts with the SIFC or those under a payment plan that is not in compliance with the terms of the payment plan.
3. Employers certified by the Trade and Export Company (CCE, by its Spanish acronym) as Small and Medium Sized Businesses (SMB) that, at the date of their Incentive application, have a current partial exemption of 50% of the premiums payable to the SIFC.

What is the process to request the Incentive?

1. Employers must submit their application for the Incentive through the Integrated System for Formalization and Extended Collections (SIFRE,

for its Spanish acronym) or other electronic procedure established by the SIFC.

2. The employer will receive an automatic communication stating the necessary documents to complete the Payroll Statement and to receive the Incentive.
 - a. If the employer begins the Payroll Statement submission process before accessing the benefits application link, the portal will display a message informing about the benefit availability and related requirements.
 - b. If the employer has not filed the Payroll Statement that corresponds to the fiscal year ending in 2022-23 and/or 2023-24, it must do so to be eligible for the Incentive and pay the related premiums in the notices of collection. As part of this process, the following documents must be attached to the Payroll Statement:
 - i. Quarterly Returns from the Department of Labor and Human Resources, the Department of Treasury, or the Internal Revenue Service.
 - ii. Informative Returns for payments of services rendered.
 - iii. Number of employees, payroll, and risk classifications where they were reported.
 - iv. Any other requested document.
3. SIFC officers will review the application and the submitted documents to determine whether the petitioning employer complies with the rules established in Administrative Order 23-04 and will issue the corresponding decision through SIFRE.
4. If a corporate employer applies for the Incentive after filing the employer Payroll Statement, the officer will validate that the employer has paid its policy and submitted the required documentation before recalculating and rebilling the policy for the current year.

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Francisco Luis
Partner, Head of Tax
E francisco.luis@pr.gt.com



Lina Morales
Tax Partner
E lina.morales@pr.gt.com



María de los A. Rivera
Tax Partner
E maria.rivera@pr.gt.com



Isabel Hernández
Tax Partner and IBC Director
E isabel.hernandez@pr.gt.com



Omar Mues
Tax Partner
E omar.mues@pr.gt.com

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