



COVID-19: Economic and Fiscal measures in Latam

April 24th, 2020

April 24th, 2020

As COVID-19 expands throughout Latin America, authorities of many countries not only implement emergency measures to contain the emergency, they also have established diverse measures seeking to alleviate the tax and social security burden for people and business. In this document, you will be able to find the details of adopted measures by the large majority of countries in Latin America.

Argentina

Economic / Fiscal Measures

On 18 March 2020, General Resolution 4683 was issued by the tax authorities (Administración Federal de Ingresos Públicos, AFIP) and published in the official gazette. The installment payment plan provided by General Ruling No. 4.268 (as amended and supplemented) is extended. The Mis Facilidades scheme that expires on 31 March is extended until 30 June 2020.

Tax reliefs – rate reductions

Corporate Income Tax. On 20 March, Decree 300/2020 was published in the official gazette and reduces for 90 days the tax on credits and

debits in bank accounts to 2.5% from 6% for entities that belong to the health system.

Customs and trade. On 1 April, Decree 333/2020 was published in the official gazette, which fixes the Extrazone Import Duty at 0% and exempts from the statistics rate import transactions covered by the corresponding tariff positions, including alcohol in different variants, disinfectants, gloves, masks and disposable caps, as well as a whole series of health equipment.

Employment/personal tax. On 20 March, Decree 300/2020 was published in the official gazette

and reduces for 90 days 95% of the employer contributions to the social security system for entities that belong to the health system.

On 1 April, Decree 332 was published in the official gazette. This Decree creates the Emergency Attendance to Work and Production Program for employees and workers involved in the health emergency. The benefits derived from this program include:

- Extension of due dates or reduction of up to 95% in the payment of employer's contributions to the Comprehensive Social Security System (SIPA). The reduction is

April 24th, 2020

available for contributions accrued in April 2020 and for companies with up to 60 employees unless the company applies to the Preventive Crisis Program Procedure as to be defined by further regulations.

- Compensatory allowance payable by the State to all workers, included in collective agreements, under employment relationship in the private sector for companies with up to 100 employees.
- REPRO Assistance for Health Emergency: This amount is not considered as salary for social security purposes and is paid by the State to workers, included in collective agreements, under employment relationship in the private sector, for companies with more than 100 employees.

To qualify for this program, one or more of the following criteria should be met:

- Economic activities critically affected in

geographic areas where they are developed.;

- Where a large number of workers get infected with COVID-19 or are under mandatory lockdown or with allowed time off as they belong to a risk group or have family care obligations related to the pandemic;
- Have experienced a substantial decline in sales after 20 March 2020. Those who are engaged in activities and services declared essential and whose employees are excepted from the preventive mandatory social distancing are in general outside the scope of this program.

Tax reliefs – credit and incentives

Employment/personal tax. Executive power 310/2020 provides for an Emergency Family Income to be paid by the federal government to unemployed persons, casual workers, “monotributo” taxpayers in categories A and B, and domestic workers. Specific conditions must

be met to access this benefit.

Tax filings – deferrals

Employment/personal tax. On 20 March 2020, General Resolution 4868 was published by the tax authorities (Administración Federal de Ingresos Públicos, AFIP), in the official gazette and postponed until 30 April 2020 the filing of the annual SIRADIG-WEB Form 572, used to advise of personal deductions for individuals to be considered by the employer in the annual income tax assessment, that has in turn been postponed until 29 May 2020. Payments or reimbursements arising from such assessment are to be made until 10 June 2020.

Tax audit/controversy deferrals

On 18 March 2020, General Resolution 4682, issued by the AFIP was published in the official gazette. The resolution establishes the temporary closing of the AFIP between 18 March and 31 March 2020 following the Federal Supreme Court suspension of activities, based on public health

April 24th, 2020

grounds. The measure implies that the terms regarding inspections, assessments, appeals, reimbursements, and other procedures in connection with tax, social security, and customs duties matters are extended accordingly. On 12 April 2020, General Resolution 4695, issued by the AFIP, was published in the official gazette. The resolution extends the temporary closing until 26 April 2020.

Simplified procedures

On 20 March 2020, the tax authorities (Administración Federal de Ingresos Públicos, AFIP) issued General Resolution 4685 that was published in the official gazette on the same date. The resolution allows certain communications that usually must be filed in hardcopy to be submitted to the AFIP electronically by 30 June 2020.

Tax Alerts

<https://www.taxathand.com/article/13198/Argentina/2020/Tax-measures-introduced-in-response-to-COVID-19>

<https://www.taxathand.com/article/13360/Argentina/2020/COVID-19-Nuevas-medidas-adoptadas-Actualizaci%C3%B3n>

<https://www.taxathand.com/article/13268/Argentina/2020/COVID-19-Nuevas-medidas-adoptadas->

April 24th, 2020

Brazil

Economic / Fiscal Measures

On 16 March 2020, the Brazilian Minister of the Economy announced a set of temporary economic measures to limit the negative effects of the coronavirus (COVID-19) on the economy, including the deferral of the deadline for certain tax payments. A variety of other tax and non-tax measures have since been issued or announced in response to COVID-19, including a provisional measure (PM No. 927/2020) containing provisions relating to employment and public health and measures from the tax authorities suspending certain activities and deadlines.

On 20 March 2020, the Brazilian government approved some of the temporary measures announced on 16 March to limit the negative effects of COVID-19. The measures aim to protect

individuals, maintain the current rates of Brazilian employment, and limit the direct impact of the virus on the Brazilian healthcare system, as follows:

On 20 March 2020, the International Trade Secretary suspended the import license requirement for the importation of blood collection tubes from Germany, China, the US, and the UK, and the importation of disposable needles for general use from China, during the state of emergency in Brazil (ordinance SECEX No. 18/20). On 25 March 2020, the Minister of the Economy suspended anti-dumping duties applicable to the same products during the same period (resolution No. 23/2020).

On 23 March 2020, the Minister of the Economy

extended by 90 days the validity of debt clearance certificates and positive debt clearance certificates with negative effects issued with respect to federal tax credits and executable tax debts (collective ordinance No. 555/20). On 24 March 2020, the Minister of the Economy suspended the collection of contributions to the severance pay indemnity fund (FGTS) for March, April, and May 2020 without fines or penalties (circular No. 893/20).

On 25 March 2020, the National Treasury Attorney's Office extended the deadline to apply for extraordinary transactions with respect to executable tax debts until 25 March 2020, the final effective date of provisional measure No. 899/2019, which regulates debt renegotiations with the federal government (ordinance No.

April 24th, 2020

8.457/20).

On the same date, the Simples Nacional Management Committee extended the deadline to file 2019 tax declarations to 30 June 2020 for those electing to use the Simples Nacional (simplified tax) regime (resolution CGSN No. 153/20).

Also, the Executive Committee for International Trade temporarily reduced the rate of II (import duty) to 0% for products used to fight and prevent COVID-19 (resolution CAMEX). The list of products includes mostly hospital products and medicines.

On 26 March 2020, the Brazilian Federal Revenue expanded the list of medical and hospital products subject to priority customs clearance. The list includes medical oxygen, chloroquine, azithromycin, and antiseptics, among others (normative instruction No. 1.929/20).

Moreover, a provisional measure published on 31

March 2020 (No. 932/2020) reduces the rates of payroll contributions payable by employers from 1 April 2020 to 30 June 2020 as follows:

- National Service for Cooperative Training (SESCOOP): 1.25%;
- Industrial Social Services (SESI), Commercial Social Services (SESC), and Transportation Social Services (SEST): 0.75%;
- National Service for Commercial Apprenticeship (SENAC), National Service for Industrial Apprenticeship (SENAI), and National Service for Transportation Apprenticeship (SENAT): 0.5%; and
- National Service for Rural Apprenticeship (SENAR):
 - 1.25% (SENAR levied on payroll);
 - 0.125% (SENAR levied on agricultural legal entities); and
 - 00.1% (SENAR levied on individual

agricultural producers and individuals).

The provisional measure is effective for 60 days but may be extended by an additional 60 days. During this period, it must be approved and enacted into law by the National Congress to remain effective.

On 1 April 2020, other emergency tax measures also were approved to reduce the economic impact of COVID-19 on the country, as follows:

- The rates of IPI (federal excise tax on industrialized goods) are reduced until 1 October 2020 for lab and pharmacy products, thermometers, gloves, mittens, and similar items, except for those to be used in surgical procedures (decree No. 10.302/20).
- A financial transaction tax (IOF) exemption is granted for 90 days on transactions performed between 3 April 2020 and 3 July 2020 (decree No. 10.305/20). Currently, the IOF applies at a 3% rate per year. This

April 24th, 2020

measure will cost the federal government BRL 7 billion and is related to credit lines to be granted to companies at reduced interest rates.

- Although the deadline to file 2019 individual income tax returns was extended from 30 April 2020 to 30 June 2020 (normative instruction No. 1.930/20), the income tax refund schedule remains the same for 2020 with regard to taxes paid in 2019. The normative instruction also revokes the requirement to provide the number of the last income tax return receipt (as was required by normative instruction 1.924/20).

A few other tax measures were published on 3 April 2020:

- The deadlines for companies and public agencies to collect and contribute PIS/COFINS (federal social contributions on gross income) to the social security fund are extended from April and May 2020 to July and September 2020 (ordinance No. 139/20); and
- The deadline for submitting the DCTF (declaration of federal tax credits and debits) and EFD-Contribuições (social contribution on revenue) is extended from April, May, and June 2020 to July 2020 (normative instruction No. 1,932/20).
- The deadlines for tax collection under the Simples Nacional regime were extended from April, May and June 2020 to July, August, September, October, November and December 2020 (resolution No. 154/2020).

According to the federal government, these measures aim to reduce costs and boost internal production, minimizing the impact of COVID-19 on Brazil's productivity.

Temporary economic measures announced on 16 March

The measures announced on 16 March aim to protect individuals (particularly the elderly) and maintain the current rates of Brazilian employment. The measures focused on the maintenance of employment in the country include the following, among others:

- A three-month extension of the deadline for the payment of federal taxes for entities that have elected to be taxed under the simplified tax regime (which covers corporate income tax and certain other taxes and social contributions) and a three-month extension for all entities of the deadline for employers to contribute to the severance pay indemnity fund (FGTS), to support companies with

April 24th, 2020

- limited working capital;
- A total BRL 5 billion credit from the income generation program/employee assistance fund (PROGER/FAT) to be granted to micro and small companies;
- A 50% reduction of certain mandatory social contributions (SENAI, SESI, SESC, and SENAC); and
- Simplified requirements to obtain credit and elimination of the requirement to have a debt and federal tax clearance certificate to renegotiate the terms of credit.

An amount of BRL 4.5 billion also will be transferred from the traffic accident insurance (DPVAT) fund for necessary improvements to the public health system.

Provisional Measure No. 927

PM No. 927, which was published on 22 March 2020, provides for labor and public health

measures in response to COVID-19. The PM has immediate effect, but must receive Congressional approval within 120 days or it will cease to be effective. The main provisions are the following:

- Employers have the option to suspend the employment relationship, with pay (following the publication of PM No. 928 on 23 March, which amended PM No. 927) during the state of emergency period, which began on 20 March 2020. PM 928 repealed an article (No. 18) of PM 927 that included provisions that would have allowed the employer to offer participation in virtual professional qualification courses as consideration for suspending the employment relationship and would not have required employers to pay employees participating in such courses a monthly wage during the suspension period (although the employer would have had the option to provide employees monthly financial assistance in an amount negotiated with the employee).

- The terms of suspensions may be determined through individual or collective agreements and must be registered in the work permit (Employment and Social Security Record Card (CPTS)).
- Healthcare programs should be maintained for suspended employees.

As a consequence of the repeal of article 18, Brazilian senators have stated that there are still other changes to be made to PM 927 before it will become effective.

Employment law and social protection measures

Other provisions of PM No. 927 include that individual agreements between the employer and the employee that are in line with the PM will be given greater weight than the Brazilian labor law during the period when PM No. 927 is effective, since the provisions of the PM do not conflict with the Brazilian federal constitution.

April 24th, 2020

In addition, PM No. 927 provides for the following:

- Employees may be required to work from a home office (where possible);
- A special regime is available for compensating overtime in the case of interruptions of the standard working hours during the state of emergency period;
- Vacation may be suspended for healthcare employees and those providing essential services;
- Other individuals may be required to use vacation time, provided 48 hours' notice is communicated to the employee;
- Payment is required for mandatory vacations;
- Employees may be required to take holidays;
- Administrative exigencies regarding labor safety and health may be suspended;

- Employers are required to provide employees assistance in maintaining their qualifications (e.g., through online courses); and
- Employees' rights to receive distributions of FGTS payments previously made by the employer to the individual employee's FGTS account are suspended.

Other measures

The following additional measures that have been provided for during the state of emergency in Brazil aim to have a direct impact on the Brazilian health system:

- Reduction of the federal import duty (II) rate to 0% for medical/hospital goods until the end of 2020;
- A federal excise tax (IPI) exemption for imported and locally manufactured goods that are on a list of goods considered necessary to fight COVID-19;

- Alternative options to companies for discharging debt: repayment, renegotiation, payment in installments, special programs, and payment in kind; and
- Other measures including tariff preferences and priority customs clearance for medical/hospital goods.

The National Monetary Council also has allowed companies to renegotiate their credit operations by prohibiting banks from raising their interest rates in cases where the renegotiations happen within the next six months.

Additional tax-related guidance that has been issued by the National Treasury Attorney's Office (PGFN) or the Brazilian federal tax authorities (RFB) includes the following:

- The PGFN published an ordinance (No. 7,820/20) on 19 March 2020 establishing the

April 24th, 2020

procedures, requirements, and conditions related to extraordinary transactions involving the collection of tax debts at the level of the PGFN. The ordinance provides, among other measures, that transactions should be carried out exclusively through the PGFN's online platform ("Regularize") and payments may be deferred until the last working day of June 2020.

- The PGFN also published an ordinance (No. 7,821/20) on 18 March 2020 providing for a 90-day suspension for appeals, administrative collection, and installment payments without taxpayers being considered noncompliant.

The RFB published an ordinance (No. 543/2020) on 20 March 2020 suspending its deadlines for administrative procedures and restricting face-to-face services until 29 May 2020.

Several administrative measures are under development that are similar to the suspension

of procedural deadlines by the Brazilian tax authorities. The administrative tax appeal council (CARF) issued an ordinance (No. 7,519/20) suspending its trial sessions for April 2020 until May and July 2020.

The National Council of Justice (CNJ) issued a resolution (No. 313) on 19 March 2020 establishing an extraordinary duty regime for judicial services, to ensure access to justice and limit the spread of COVID-19. The temporary regime suspends on-site work for judges, servants, trainees, and other staff members in the judicial units, maintaining only essential services for each tribunal.

The Minister of Economy has announced that new measures responding to COVID-19 may be issued every 48 hours by the government.

Tax Alerts

<https://www.taxathand.com/article/13193/Brazil/2020/Emergency-economic-measures-approved-by-government-in-response-to-COVID-19>

<https://www.taxathand.com/article/13315/Brazil/2020/COVID-19-Latest-tax-measures-approved-by-government>

April 24th, 2020

Chile

On 19 March 2020, Chile's president announced a series of tax measures to help mitigate the financial consequences of COVID-19 for businesses and individuals. Key measures include the following:

- Suspension of monthly provisional payments of corporate income tax for the next three months. This measure is expected to ease the cash flow situation for around 700,000 companies, and to require additional government resources of up to USD 2.4 billion over the period
- Suspension of VAT payments for the next three months for all companies with sales below (unit of account) UF 350,000, with the option to pay the tax in 12 monthly

installments, with no interest charge. This is expected to provide additional liquidity of up to USD 1.5 billion for around 240,000 companies during the second quarter.

- Postponement until July 2020 of the corporate income tax payable by small and medium-sized enterprises (SMEs) based on the annual tax return for 2019 due to be submitted in April 2020. This is expected to release cash resources in the region of USD 600 million for around 140,000 SMEs.
- Postponement of the April property tax payment for companies with sales below UF 350,000 and individuals owning properties with a value of less than CLP 133 million for property tax purposes. Payment is allowed

at any time during 2020, with no interest charge. This is expected to require additional government funding of around USD 670 million dollars, and the government will compensate municipalities for the temporary reduction in income.

- A temporary reduction in stamp tax (imposed on documents evidencing loans or credit transactions, and on foreign loans whether or not they are documented) to 0% for all credit operations during the next six months. This will reduce the cost of obtaining finance for businesses, at an expected fiscal cost of up to USD 420 million.

April 24th, 2020

Employment law and social protection measures

- Relief for outstanding national tax liabilities, focused on SMEs and people with lower incomes, including the flexibility to agree tax payment arrangements with the General Treasury of the Republic (Tesorería de la República), without interest or penalties, and the temporary suspension of legal action to collection unpaid tax and auctions of tax debts.
- All additional expenses incurred by companies in dealing with the issues arising from COVID-19 will be tax-deductible.

Tax Alerts

<https://www.taxathand.com/article/13156/Chile/2020/Tax-measures-in-response-to-COVID-19-announced>

April 24th, 2020

Colombia

Economic / Fiscal Measures

The Colombian government has implemented a series of initiatives, including tax measures, to mitigate the financial and economic effects of the COVID-19 virus on business and individual taxpayers with immediate effect.

On 6 April 2020, the Colombian government issued Decree 520 of 2020 announcing further tax measures to mitigate the financial effects of the COVID-19 outbreak on businesses. The measures are in addition to those contained in Decree 401 issued on 13 March 2020, and Decree 435 issued on 19 March 2020, both of which extended a number of tax filing and payment deadlines. Decree 520 postpones the 2019 corporate income tax filing and payment deadlines, and also postpones the deadline for

filing the annual return of overseas assets.

The key features of Decree 520 are as follows:

- For large taxpayers, the deadline for paying the second installment of corporate income tax for 2019 remains between 21 April 2020 and 5 May 2020, as extended by Decree 435. The deadline for filing the 2019 corporate income tax return and paying the third income tax installment is further extended to between 9 June and 24 June 2020. The specific dates are determined according to the last digit of the taxpayer's ID number.
- For entities other than large taxpayers, the deadline for paying the first corporate income tax installment for 2019 remains between 21 April 2020 and 19 May 2020, as extended by

Decree 435. The deadline for filing the 2019 corporate income tax return and paying the second income tax installment is further extended to between 1 June 2020 and 1 July 2020. The specific dates are determined according to the last two digits of the taxpayer's ID number.

- The deadline for filing the annual return of overseas assets is extended to between 9 and 24 June 2020 for large taxpayers (from between 14 and 27 April 2020), and to between 1 June 2020 and 1 July 2020 (from between 14 April 2020 and 12 May 2020) for other taxpayers.

The initial measures contained in Decree 401 of 2020 issued on 13 March 2020 extend a number

April 24th, 2020

of tax filing and payment deadlines as follows:

- Taxpayers filing a normalization tax return (in accordance with the tax amnesty) that includes overseas assets may file the associated annual return of overseas assets by 25 September 2020. This is an extension to the normal deadline of 14-27 April for large taxpayers, and 14 April–12 May for other taxpayers.
- Deadlines for making advance payments of tax under the “SIMPLE” regime applicable to small taxpayers corresponding to the bimonthly periods of January-February and March-April 2020 are postponed. The new deadlines are 5-28 May for the first bimonthly period, and 9-24 June for the second bimonthly period. The specific date will depend on the taxpayer’s ID number.
- Special provisions are introduced for entities involved in commercial air passenger

transport, the hotel industry, and taxpayers in the entertainment industry whose main activity is theatrical performances, live music, and similar live entertainment. For large taxpayers, the deadline for the payment of the second income tax installment is extended from 14-27 April 2020 to 31 July, and for the third installment from 9-24 June to 31 August.

For other taxpayers, the deadline for the payment of the first income tax installment is extended from 14 April-12 May to 31 July, and for the second installment, from 9-24 June to 31 August. The VAT payment deadline for VAT payable per the VAT return for the March-April bimonthly period is extended to 30 June from 12-26 May (depending on the taxpayer’s ID number).

Decree 398 of 2020 issued on 13 March 2020 by the Commerce, Industry, and Tourism Ministry amends the provisions of article 19 of Law 22

of 1995 to allow all types of entity to hold virtual board meetings. The entity’s legal representative must guarantee that the persons involved in the meeting are the board members or their agent. The decree also permits mixed board meetings (a combination of virtual and face-to-face attendees).

Tax Alerts

<https://www.taxathand.com/article/13128/Colombia/2020/Tax-measures-announced-in-response-to-COVID-19>

<https://www.taxathand.com/article/13366/Colombia/2020/New-extensions-for-corporate-income-tax-compliance-filing-overseas-assets-return>

April 24th, 2020

Costa Rica

Economic / Fiscal Measures

A tax relief law (Ley de Alivio Fiscal) enacted in response to COVID-19 entered into effect in Costa Rica on 20 March 2020.

Under the new law, taxpayers (both companies and individuals) will not be required to make one of the partial (advance) payments of income tax normally due for the 2020 tax year, specifically the payment that generally is made in either April, May or June depending on the taxpayer's fiscal period.

The law also allows a three-month deferral for VAT payments. Taxpayers must continue to file VAT returns during the months of April, May, and June 2020, but may defer the VAT payments due during these months until 31 December 2020

without the imposition of interest and penalties. Taxpayers requiring a payment plan must submit a request to the tax authorities before 15 October 2020.

In addition, the law provides the following:

- Payments of import VAT, selective consumption tax and import duty due with the tax returns for April, May, and June 2020 may be postponed until 31 December 2020 without the imposition of interest or penalties.
- Income from commercial leases is exempt from VAT for the months of April, May and June 2020.

The above payment deadlines and VAT exemption for commercial leases may be extended for an

additional month at the discretion of the tax authorities.

Relief of tax obligations:

- 3-month moratorium on the payment of VAT, selective consumption taxes and customs duties, which will be canceled before 31 December 2020.
- Elimination of a partial payment of income tax.
- Exemption of leases.
- Relief in insurance payments and special coverage for tourists.
- A preferential rate for occupational risk insurance for companies with less than

April 24th, 2020

30 workers. The amount to be paid, as a proportion of the total premium, would be applied as follows: 40% in year 1, 60% in year 2 and 75% from year 3.

- A new definition so that the rate of accidents due to occupational hazards that may arise from COVID-19 is not attributed to companies considered individually, but to the entire line.
- A new product to help the tourism sector to cope with the contingencies caused by COVID-19. It is a quarantine insurance for tourists who come to the country.

Other measures:

- Prohibition of entry of non-resident foreigners to the country until 13 April 2020.
- Closing of public and private educational centers until 13 April 2020.
- Implementation of telework in public sector

offices, and invitation to the private sector to implement telework.

- Approval of a loan to the Government for the attention of the crisis for \$ 500 million.

Relief in the cost of credit:

- Reduction of the monetary policy rate from 2.25% to 1.25%.
- Credit flexibility.
- Temporary adjustment in the regulations for the expansion of the credit collection space.
- 3-month moratorium on the payment of principal and interest in state banks.

Relief in insurance payments and special coverage for tourists:

- A preferential rate for occupational risk

insurance for companies with less than 30 workers. The amount to be paid, as a proportion of the total premium, would be applied as follows: 40% in year 1, 60% in year 2 and 75% from year 3.

- A new definition so that the rate of accidents due to occupational hazards that may arise from COVID-19 is not attributed to companies considered individually, but to the entire line.
- A new product to help the tourism sector to cope with the contingencies caused by COVID-19.

Employment law and social protection measures

Calculation of social charges proportionally to the time actually worked. In addition, the deferred payment of social charges. Both measures will be displayed for companies that maintain their payroll.

April 24th, 2020

- The possibility of applying the suspension of employment contracts, granting of vacations, teleworking and medical disabilities is enabled.
- Emission of a regulation for medical disabilities that were specifically related to COVID-19.
- Law that authorizes a reduction of 50% of the working hours agreed with its workers, when the gross income of the companies is affected by an emergency declaration.
- The reduction to 25% of the minimum tax base in force in health insurance and pension insurance, for the months of March, April and May 2020.

Tax Alerts

<https://www2.deloitte.com/cr/es/pages/tax/topics/boletines-y-alertas-tributarias/2020/boletin/marzo.html>

<https://www.taxathand.com/article/13401/Costa-Rica/2020/Tax-relief-enacted-in-response-to-COVID-19>

April 24th, 2020

Dominican Republic

Economic / Fiscal Measures

- As a consequence of the coronavirus pandemic (COVID-19), the Executive Power announced certain measures at an official press conference, ranging from immigration and fiscal issues to health and labor issues.
- The General Directorate of Internal Taxes (DGII) ordered the postponement for 10 days on the ITBIS filing and payment deadline, whose new filing and payment deadline is 30 March 2020.
- For the hotel sector, the DGII will temporarily stop applying the rate to the Advance Price Agreements (APA).
- The payment of the annual income tax that must be made in April by all companies that close the year in December will be allowed to be divided into four payments, that is, the amount that results as the balance to be paid in said statement, could be paid in four payments.
- Urgent facilities will be granted to make the payment of advance commitments of the entire productive sector more flexible, in three installments immediately after the emergency period.
- An extension is established for compliance with the personal income tax (IR-1) for the 2019 fiscal period and the income tax for taxpayers under the Simplified Tax System (RST).
- Taxpayers may request payment agreements of up to 4 installments for the ITBIS corresponding to the fiscal period February 2020; The installments of the payment agreement will not be subject to the compensatory interest.
- The fees of all the payment agreements in force as of the date of this Notice are reduced by 50% and the term of the outstanding fees is doubled.
- An extension is granted for the presentation and payment of the corporate income tax (ISR), and others. At the time of filing the ISR, four payment authorizations will be

April 24th, 2020

generated, each equivalent to 25% of the total to be paid, which will not be subject to the monthly compensatory interest.

Employment law and social protection measures

- Closing of the country's borders by land, sea and air, for 15 days. Effective from 6 a.m. 19 March.
- Permit for the entry of ferry planes for the departure of foreign citizens who want to return to their countries and for the arrival of planes, cargo ships and fuels to guarantee supplies to the population. Effective from 6 a.m. 19 March.
- The Monetary Board issued a first package of measures aimed at guaranteeing economic stability and the provision of liquidity for companies in the country.
- Suspension of teaching at all school and university centers until next 13 April.
- Events and concentrations of all kinds are suspended for 15 days.
- Commercial activities are suspended for the next 15 days, with the exception of those dedicated to basic activities for the population: supermarkets, grocery stores, fuel stations, pharmacies, and commercial establishments dedicated to selling raw or cooked food, among others.
- All productive sectors are requested, in all cases where possible, to implement remote work for at least 15 days.
- The courts suspend their hearings from 18 March to 13 April.
- Employers whose establishments qualify are instructed to remain open to the public, to make their work day more flexible. Likewise, take isolation measures for vulnerable workers.
- They urge employers that many establishments must remain closed, to grant the enjoyment of paid vacations to all qualified workers. For those who have not acquired this right, they must advance one week of paid vacations, as well as the payment of one week of salary at the expense of the company.

April 24th, 2020

Ecuador

Economic / Fiscal Measures

- Terms and deadlines are suspended from 16 March to 31 March 2020 in the administrative procedures carried out with the tax authorities.
- Extension for filing Tax Appendixes of March to May from August 2020 on monthly basis.
- There is no extension for filing and payment of the CIT, VAT and WHT returns.
- Extension for filing Financial Statements and Audit Reports to Superintendency of Companies from 30 April to 30 May 2020.

April 24th, 2020

El Salvador

Economic / Fiscal Measures

El Salvador's government enacted additional legislation in response to the coronavirus (COVID-19) between 23 March and 31 March 2020, including some special and temporary measures relating to tax and customs matters. In particular, three legislative decrees (No. 606, 607, and 608) provide an exemption from customs duties and other taxes on imports of goods donated in response to COVID-19 and temporarily relax certain fiscal controls, among other measures.

Decree 606

Decree 606 amends the legislative decree (No. 593) that declared a national state of emergency in response to COVID-19 and provided a 30-day suspension of legal periods and deadlines for

administrative and judicial proceedings, which was published in the official gazette on 14 March 2020. The amendments, which will be effective until the end of the national state of emergency, include the following:

A new article (article 11-A) is added that grants an exemption from the payment of customs duties on certain imports, as well as an exemption from VAT and any other type of national or municipal tax. The exemption is available for goods that enter the Salvadoran territory as humanitarian aid through any person, organization, or entity and that are provided to the central government or a municipal council as a donation to benefit persons that have been affected by COVID-19. The provisions of the new article prevail over the acquisition and contracting procedures

established in the law governing such procedures for public administrative entities (LACAP).

An existing article (article 13) is modified to temporarily authorize the application of specific guidelines for emergency purchases, which will be issued by the Ministry of Finance and will allow the central government and the municipalities to enter into direct contracts for purchases in response to COVID-19.

Decree 607

The application of the Fiscal Responsibility Law for the Sustainability of Public Finances and Social Development (which regulates matters such as government borrowing and spending) and the fiscal parameters and goals required by the law are temporarily suspended during the national

April 24th, 2020

state of emergency.

The Ministry of Finance will prepare a regularization plan to facilitate the process of fiscal consolidation and sustainability, which must be carried out within a period of no more than 90 days starting from the day after the end of the national state of emergency.

Decree 608

The executive branch is authorized to manage the raising of funds of up to USD 2 billion. The funds may be obtained through the issuance of credit securities to be placed in the national or international markets, through a loan, or through a combination of both options.

Depending on the mechanism adopted (credit securities or a loan contract), the decree includes provisions on the manner and conditions in which the funds must be obtained.

If the funds are obtained through a loan, all transactions that are generated as a result of or

related to the loan contract will be exempt from all kinds of taxes, fees, and contributions; the same will be true of any transactions that arise as a result of the negotiation, contracting, and placement of the loan, regardless of whether the lender is a domestic or foreign investor or creditor that is a resident or a nonresident.

The funds obtained will be used to finance the emergency, recovery, and reconstruction fund to respond to the effects of COVID-19.

Income tax

There are some postponements of deadlines, which are being applied:

- The deadline for paying income tax for the 2019 tax year has been extended until 31 May 2020; and the interest, surcharges and fines will be exempted, when:
 - The taxpayer is engaged in the tourism sector;
 - The income tax to be paid is equal to or

less than USD 25,000;

- Taxpayer does not enjoy any tax incentive, in completely or in part.
- The deadline for paying income tax for the 2019 tax year has been extended; and the interests, surcharges and fines will be exempted, when the taxpayer is in either of the following cases
 - Applies to taxpayers that have a tax payable equal to or less than USD 10,000,
 - Applies to taxpayers who are engaged in the generation, transmission and distribution of electricity.
 - Applies to taxpayers who are dedicated to provide together or at least two of the following services: subscription television, residential and commercial internet, fixed telephony services, mobile telephony.

In order to apply them, the taxpayer has to request authorization for installment payments before the Directorate General of Treasury (DGT), which will grant up to a maximum of 8 monthly

April 24th, 2020

installments, and the first installment of 10% needs to be paid by 31 May 2020.

- The deadline for paying Advanced income tax prepayments related to March, April and May of 2020 has been extended in favor to: a) taxpayer who are engaged to provide together or at least two of the following services: subscription television, residential and commercial internet, fixed telephony services, mobile telephony.

And taxpayer has to request authorization for installment payments before the Directorate General of Treasury (DGT), which will grant up to a maximum of 6 monthly installments, and the first installment of 10% of the tax has to be cancelled in July 2020. The interest, surcharges and fines will be exempted.

It is important to consider that the due date for filing the income tax return remains the same date (30 April 2020)

VAT

VAT tax, as well as any other levy, have been declared exempt for goods that are interned on the basis of the Law on Industrial and Marketing Free Zones, in order to be donated to the Government, public or private institutions, non-profit organizations, for the benefit of those affected by the COVID-19 national emergency.

Employment law and social protection measures

- The definitive import into the Salvadoran territory of non-commercial goods, made online by natural persons, from the USA, under the form of fast delivery or Courier, postal shipments, small family shipments and air delivery managers, with a value less of USD 200, shall not be subject to compliance with non-tax customs obligations.
- The employer shall define the jobs that, according to the needs of the company,

may subject to telework, as well as the requirements that the worker must follow.

- Suspension of 30 days of the deadlines granted to individuals and authorities of the Public Administration, in the administrative and judicial procedures in which they participate, in any matter and instance. The suspension period is counted from 19 March.
- Freedom of transit and assembly has been restricted throughout the country. The transit of person will be permitted in certain cases, for example: purchase of food; people who transit to their workplace, in permitted cases related to commercial activity, public transport, restaurant food activity, industrial and other applicable with regard to the national emergency; medical care; public employees whose institutions are solely related to the fight against the pandemic.

The restriction applies to the following activities: companies in the textile industry, call center

April 24th, 2020

for the purpose of delivery food, banking and medical services; security companies, gas stations, passenger transport, media, health services and other ones.

Payment of bills for water and electricity services has been deferred. It applies to invoices for the months of March, April and May 2020, which will be cancelled in a level quota between July and December 2020, in addition to the normal invoice charge for the respective month. The benefit applies to natural, legal, municipal persons who have experienced a decrease in their income directly or indirectly from the partial or total closures that have been established by COVID-19. Providers of such services should not cut off services for the duration of the emergency.

Tax Alerts

<https://www2.deloitte.com/content/dam/Deloitte/sv/Documents/tax/ELSALVADOR/NotasFiscales/19032020-sv-taxalert.pdf>

https://www2.deloitte.com/content/dam/Deloitte/sv/Documents/tax/ELSALVADOR/NotasFiscales/Tax Alert_230320.pdf

<https://www2.deloitte.com/content/dam/Deloitte/sv/Documents/legal/200320-sv-legalalert.pdf>

<https://www.taxathand.com/article/133333/El-Salvador/2020/Additional-legislation-enacted-in-response-to-COVID-19>

April 24th, 2020

Guatemala

Economic / Fiscal Measures

As from 17 March 2020, the Guatemalan government has been progressively implementing mandatory national emergency measures in response to the coronavirus (COVID-19) that prohibit non-essential economic activities and promote a transition to home office and virtual office work, where feasible. A countrywide lockdown is in force from 4:00 pm to 4:00 am daily. Measures also are being introduced to provide relief relating to tax and social contribution obligations.

The Superintendency for Tax Administration (SAT) has extended the 31 March 2020 tax filing deadline to 15 April 2020. This deadline is applicable to the 2019 income tax returns for companies and individuals, the 2019 transfer

pricing information return annex, and the February 2020 value added tax return, among other things.

The SAT has suspended activities from 24 March to 14 April 2020. This means that this period does not count in the determination of any other tax deadline, periods related to tax controversies in process, or any other tax-related deadlines for filing, payments, or formal obligations. The relevant items will become due on, or the relevant periods will resume from, 15 April 2020.

Employment law and social protection measures

Relief has been granted for social security (IGSS) contributions. Employers have the option to make their contributions for March, April, and May 2020

to the IGSS: (a) on a monthly basis as usual; (b) through deferred monthly payments from July to September 2020; or (c) through 18 monthly installments starting in July 2020. No interest, fines, or penalties will apply for deferral.

Guatemala's Congress is considering other relief measures that could be approved in the near future.

Tax Alerts

<https://www.taxathand.com/article/13190/Guatemala/2020/Effect-of-COVID-19-on-tax-matters>

April 24th, 2020

Mexico

Economic / Fiscal Measures

On 22 April, the Tax Administration Service (“SAT”) published a press release through which it extends the term for the presentation of the annual declaration of natural persons.

With the aim of facilitating collection and promoting that the procedures are carried out preferably from home, the SAT extends until 30 June 2020 the term for the presentation of the annual declaration of natural persons.

To mitigate the economic impact of COVID-19, the government of Mexico City has extended certain local tax deadlines, working groups in the Mexican Senate are drafting and discussing a blueprint for tax incentives, and some business

organizations have sent proposals to the president and the federal government for their consideration.

It is important to note that it is uncertain whether proposed federal tax incentives will be adopted as the president is reluctant to approve them.

The following summarizes the most important measures that have been adopted or proposed.

Mexico City

On 20 March 2020, the following tax relief provisions were published in the Mexico City official gazette:

- The deadline to file local tax returns and pay local taxes is extended from 17 April to 30 April 2020.

- The deadlines for administrative proceedings are suspended until further notice.
- The days between 23 March and 19 April 2020 will not be treated as business days for legal and administrative matters and the calculation of relevant terms and deadlines.
- The 31 March 2020 deadline to obtain a subsidy for the vehicle ownership tax is extended to 30 April.
- These measures are effective as from 23 March 2020.

Senate tax incentive proposals

Working groups in the Senate are drafting a blueprint that proposes the following tax

April 24th, 2020

incentives:

- The value added tax (VAT) and excise tax payments due in March, April, and May 2020 would have to be paid in three equal installment payments in July, August, and September 2020, without interest but adjusted for inflation.
- An immediate 100% depreciation deduction would be allowed for new investments in fixed assets acquired between March and May 2020. This benefit would not apply to investments in office furniture, office equipment, vehicles, fixed assets that are not individually identifiable, and aircraft other than those used in agriculture.
- The withholding tax on wages and salaries that must be remitted to the tax authorities (SAT) in March, April, and May 2020 would have to be paid in three equal installment payments in July, August, and September

2020, without interest but adjusted for inflation.

Proposals from business organizations

The Mexican CPA Association, the Maquiladoras Association (INDEX), and other business organizations are holding discussions with the SAT, seeking the extension of certain tax filings, notices, and payments, as well as other tax benefits, in response to COVID-19.

On 20 March, INDEX submitted a letter to President López Obrador requesting immediate and mid-term measures to mitigate the economic impact of the COVID-19 outbreak.

Overall, INDEX's proposals are in line with requests from other chambers of commerce and business organizations but also include maquiladora-specific measures, as follows:

- Extend the 2019 tax return filing deadline for corporations to 31 May at the earliest, and to 30 June for individuals.
- Extend the March and April 2020 monthly income tax payment deadlines (17 April and 17 May) to 17 May and 17 June, respectively.
- To foster investment, reduce the safe harbor profit margins that maquiladoras are required to report (article 182 of the Income Tax Law) from 6.5% to 4.5% on operating expenses and from 6.9% to 4.9% on operating assets.
- Resolve maquiladoras' advance pricing agreements (APA) applications by using the profit margins proposed above.
- Announce that the monthly employment subsidy granted to workers with the lowest wages will not be adjusted even if those workers receive bonuses or additional subsidies during the month. Similarly, adjust the minimum and maximum monthly

April 24th, 2020

employment subsidy amounts to update the nominal value of the (recently increased) minimum wage so that workers will not be affected by larger subsidy discounts.

- Implement a program for certified maquiladoras to receive VAT refunds immediately and freeze all VAT audits and examinations until the end of 2020.
- Increase the speed and efficiency of Maquiladora, Manufacturing and Export Services Industry (IMMEX) program procedures for VAT/IEPS-certified maquiladoras (e.g., new establishments, branches, warehouses, notices of shareholders change, etc.). (IEPS is a special excise tax on production and services.)
- To foster foreign investment, accelerate the review of new IMMEX programs for

companies with a low-risk profile.

- Provide an income tax exemption for all individuals earning up to three times the minimum wage.
- Encourage Mexican states, with support from the federal government, to introduce a payroll tax exemption until the end of 2020.
- Grant a reduction between 5% and 10% for all social security premiums.

In addition, other business organizations have requested the following from the federal government:

- Establish a temporary countercyclical fiscal policy to allow an increase in the federal budget deficit of 0.5% of GDP.

- Allow accelerated tax depreciation of new fixed asset investments.
- Allow interest on loans to be fully deducted to expand production capacity.
- Make the days between 19 March and 19 April 2020 non-business days so that the SAT will not take them into account for purposes of terms and due dates.
- Temporarily freeze monthly income tax payments, especially for companies in the airline, hotel, tourism, logistics, and transportation industries.
- Temporarily freeze of all tax audits and examinations.
- Immediately issue a package of temporary

April 24th, 2020

tax incentives to support employment and investment.

- Temporarily freeze the special excise taxes on gas and diesel.
- Increase and expedite access to soft loans and credit lines from the National Finance Corporation (NAFINSA) and Mexico's Exim bank (BANCOMEXT).

It currently is uncertain whether any of these proposals will be included in a stimulus package to be enacted by the federal government.

Tax Alerts

<https://www2.deloitte.com/mx/es/pages/tax/articles/facilidades-administrativas-estimulos-fiscales-por-COVID19.html>

<https://www.taxathand.com/article/13256/Mexico/2020/Various-tax-measures-proposed-to-mitigate-economic-impact-of-COVID-19>

April 24th, 2020

Panama

Economic / Fiscal Measures

Resolution No. 201-2416, 9 April 2020. An extension is granted until 15 July 2020 to file the VAT returns whose reporting period corresponds to the months of March, April and May 2020.

Resolution No. 201-2406, 6 April 2020. Except as long as the State of National Emergency lasts the use of fiscal printer or any other billing system throughout the national territory to taxpayers who cannot make use of said equipment as a consequence of the decreed temporary closure.

Resolution No. 383-2020-DG, 3 April 2020. Suspends the generation of fines, surcharges and interest for the submission and / or late payment of the monthly return form of workers and wages of the months-quotas of February, March,

April and May 2020 of natural or legal persons, national or foreign, of public or private law, subject to the compulsory and voluntary regime of the Social Security.

Resolution No. 201-2402, 2 April 2020. The personalized attention procedures made before the Tax Administration (DGI) described in Resolution No. 201-1838 of 28 May 2019 are suspended for the duration of the State of Emergency. The provision of these services or procedures is authorized electronically.

Employment law and social protection measures

Executive Decree 252 of 24 March 2020

A term of 120 calendar days, counted from 20 March 2020, was granted for the payment of

national taxes, direct and indirect, rates, special contributions and any other debts, that are caused or must be paid during said period and that are of competence of the General Directorate of Revenue (DGI). This will not cause interest, surcharges and fines.

Obligations arising from the quality of withholding agents are excluded.

Additionally, a deadline is granted for the filing of income tax returns corresponding to the fiscal period 2019 until 30 May 2020.

Requests for the non-application of the CAIR method may be submitted electronically through the procedures established by the DGI.

It is established that the estimated income tax

April 24th, 2020

may be determined for an amount not less than 70% of the caused tax in the income tax return of the 2019 period. Such estimated income tax will not be subject to investigation or verification by the DGI and must be paid in two installments: the first no later than 30 September 2020 and the second no later than 31 December 2020.

Resolution No. 201-2270 of 16 March 2020.

It orders the suspension of the administrative terms in all process held in the DGI from 16 March to 3 April 2020.

Agreement No. 06-DG-DJ-ACC of 16 March 2020

Suspends appeal terms from 17 March to 7 April 2020. Special hours are established.

Employment law and social protection measures

Through Executive Decree 507 of 2020, a curfew is imposed throughout the national territory for 24 hours a day, starting on 25 March 25 2020, which will be in force during the term of the State of National Emergency. This measure does not apply to the members of the public force, medical personnel, pharmaceutical companies, supermarkets, hotels, security companies, telecommunications companies, among others.

In addition, the distribution, sale and consumption of alcoholic beverages throughout the national territory is prohibited while the State of National Emergency is in force.

April 24th, 2020

Peru

Economic / Fiscal Measures

The Peruvian tax authorities (SUNAT) issued a resolution (RS 065-2020), published on 30 March 2020, which modifies certain deadlines for filing tax returns and tax books and records and for certain other tax obligations, including the payment of tax debts under an installment agreement and/or deferral agreement. The resolution further postpones some deadline extensions already granted to certain taxpayers, expands some deadline extensions to apply to more taxpayers, and grants some additional deadline extensions following the extension of the national state of emergency relating to the coronavirus (COVID-19) until 12 April 2020.

The Peruvian tax authorities issued a resolution (No. 061-2020/SUNAT), published on 24 March

2020 in an extraordinary edition of the official gazette, which modifies the schedule for filing the 2019 annual income tax return for taxpayers (individuals and companies) whose net taxable income did not exceed 5,000 tax units ((UIT), equivalent to PEN 21 million) in fiscal year (FY) 2019. A previous resolution issued on 13 March 2020 to support taxpayers and the economy in response to the coronavirus (COVID-19) had extended the deadline only for individuals and small and medium-sized companies whose net taxable income did not exceed 2,300 UIT in FY 2019.

The original schedule approved by the tax authorities (through Resolution No. 271-2019/SUNAT) for filing the annual income tax return for FY 2019 established deadlines ranging from

27 March to 8 April 2020, depending on the taxpayer's identification number.

The new resolution postpones the deadlines for filing the annual income tax return for FY 2019 for taxpayers whose taxable income from business activities ("third category income") did not exceed 5,000 UIT or taxpayers that earned or derived taxable income other than third category income that, in total, did not exceed 5,000 UIT. The new deadlines are between 24 June and 9 July 2020; the specific date will depend on the taxpayer's identification number. The deadlines for taxpayers with taxable income exceeding 5,000 UIT in FY 2019 are unchanged.

April 24th, 2020

Employment law and social protection measures

To facilitate the transition to remote work, employers in the private or public sector have the right to modify the place where their employees provide services to their home or place of isolation, in accordance with the new provisions on remote working.

A government subsidy is granted to the social security authority (ESSALUD). ESSALUD must distribute an amount for temporary disability to any employee who has been infected by COVID-19 and whose gross monthly income does not exceed PEN 2,400.

New duty tariffs are introduced for imports of goods related to the health situation.

Extension of the deadline to issue invoices through the Electronic Invoice System until 31 May 2020 applicable to some taxpayers, including the entities operating the hydrocarbon business,

Peruvian joint ventures, Peruvian consortiums, among others.

The deadlines to file the annual income tax return 2019 are postponed for the taxpayers whose revenues do not exceed 5,000 Tax Units - UIT (PEN 21,000,000) in the FY 2019. In that sense, the new deadlines are between 24 June and 9 July 2020. The specific date will depend on the taxpayer's identification number.

Tax Alerts

<https://www.taxathand.com/article/13274/Peru/2020/Postponement-of-deadlines-for-certain-tax-obligations-extended-and-expanded>

April 24th, 2020

Uruguay

Economic / Fiscal Measures

Due to the declared health emergency, at a press conference the Executive Power has announced measures that involve tax due dates with DGI (General Tax Directorate) and measures related to the contribution to the BPS (Social Security Institute).

Expiration of current obligations until 27 March of DGI.

The general maturities according to the maturity schedule for companies in general, will be postponed until 27 March. The general maturities of DGI were scheduled for 23 March and 26 March.

Companies included in article 52 literal E of Title 4 of the Ordered Text 1996

As is known, the IRAE indicates that the income obtained by taxpayers whose income does not exceed annually the amount established by the Executive Power will be exempt from the tax. The Executive Branch established that cap in U.I. 305,000 (three hundred and five thousand Indexed Units, equivalent to \$ 1,331,600 for 2020), without prejudice to special regimes. These companies pay a fixed amount as a minimum VAT, which today is set at \$ 3,980.

It was announced by the Government that the payments that correspond to these companies with a charge month of February and March (with expected maturities in March and April) will be paid in six equal, monthly and consecutive

installments without fines or surcharges, the first due from Month of May.

Employment law and social protection measures

Contributions to the Social Security Bank

Regarding these contributions, as regards those who are in the single-tax regime (article 70 and following of Title 4 of the 1996 Ordered Text), sole proprietorships and personal companies that have up to 10 employees on a staff basis. contribution “industry and commerce”, the Announcement stated:

- Regarding the payment of 60% of employer contributions and contributions from owners or partners of personal companies corresponding to the months of office in

April 24th, 2020

March and April, they are deferred to be paid in 6 equal, monthly and consecutive installments, the first starting from the month of June.

- The remaining 40% consider the existence of a subsidy by the State.

It was argued that the reason for differentiating the maturity of quotas from BPS contributions versus those developed for the DGI responds to maturities already occurring in the BPS orbit for February.

In addition to the measures discussed here, economic measures were announced that are related to obtaining financing for small and medium-sized companies, as well as facilities in some loans with Ande.

In turn, changes were announced in the special unemployment insurance regime that was analyzed in the report sent on March 18. The report regarding labor modifications will be the subject of a separate report.

April 24th, 2020

Venezuela

Economic / Fiscal Measures

Venezuela's government introduced various tax, financial, and employment-related measures in response to the coronavirus (COVID-19) through presidential decrees published in the country's official gazette between 17 March 2020 and 2 April 2020.

The measures include a tax and customs duty exemption for certain imported goods, a 2019 income tax exemption for certain lower-income individuals, a special regime relating to the repayment of loans from the banking sector, a suspension of the requirement to make certain rental payments for commercial and residential real property, and a ratification and extension of

the prohibition on firing employees without an approved justified reason.

Tax and customs duty exemptions for certain imported goods

Presidential Decree No. 4166—providing an exemption from the payment of value-added tax (VAT), import tax, and customs duties, and any other applicable tax or rate, for certain final imports of wearable goods and subsequent sales of the same goods—was published in the official gazette (No. 41841) on 17 March 2020 and is effective for one year as from this date. The most relevant aspects of the decree are described below.

The exemption applies to final imports of certain wearable goods (partial-face masks, scarves, and

other related goods) made by national public administrative agencies and institutions, to prevent the spread of COVID-19. The exemption applies for purposes of the VAT, import tax, and customs duties, and any other tax or rate that applies under the current legal system.

Exempt wearable goods also are not subject to other legal regimes applicable in Venezuela for the import of goods.

The Ministry of Health is authorized to issue a resolution to expand the exemption to include other goods it deems necessary to prevent the spread of COVID-19.

As noted above, sales of wearable goods that qualify for the exemption are exempt from VAT at the national level.

April 24th, 2020

To benefit from the exemption, the following must be submitted to the relevant customs office when filing the import declaration:

- A description of the wearable goods to be imported;
- An invoice issued on behalf of the administrative institution or agency responsible for obtaining the goods; and
- A written communication issued to the taxpayer by the national tax authorities (SENIAT) exempting the goods from import tax and customs duties.

The exemption will be subject to the periodic evaluation of beneficiaries of incentives that the SENIAT carries out on a quarterly basis, in conformity with the VAT Act. Beneficiaries that do not fulfill the relevant conditions or evaluation requirements, or that fail to meet obligations imposed by the Organic Tax Code, the VAT Act, or other tax regulations, will lose the benefit of the

exemption.

Exemption from 2019 income tax for resident individuals

Presidential Decree No. 4171, published in an extraordinary issue of the official gazette (No. 6523) on 2 April 2020 and effective as from the same date, provides an income tax exemption for the domestic-source income derived by certain resident individuals during 2019. The exemption is available for individuals whose normal salary or income from the performance of business activities for 2019 did not exceed an amount equivalent to three times the annual minimum wage at the rate effective on 31 December 2019.

The minimum wage effective on 31 December 2019 was VES 150,000, so the exemption applies to individuals whose normal salary or income from the performance of business activities did not exceed VES 450,000 for 2019.

The decree was published after the official

deadline for paying the 2019 income tax, which fell on 31 March 2020. Individuals who already had paid the 2019 income tax, totally or partially, on or before the effective date of the exemption will benefit from tax credits that may be used in subsequent years.

Special regime for repayment of loans from banks

Presidential Decree No. 4168, published in an extraordinary issue of the official gazette (No. 6521) on 23 March 2020 and effective as from the same date, provides for a special regime to be implemented by the Ministry of Economy and Finance through the Superintendence of Banking Sector Institutions (SUDEBAN) regarding the repayment of loans from domestic public and private banks.

The most relevant aspects of the regime are the following:

- It will apply to all loans granted by banking institutions that were totally or partially

April 24th, 2020

outstanding on 13 March 2020.

- It will extend to the payment of principal and interest, restructuring terms, and any other clause included in the loan contracts.
- A suspension of the requirement to make payments on loans and any other related conditions may be established for a period not exceeding 180 days.
- Special conditions may be imposed for certain categories of debt.
- Interest may not be imposed during the suspension period and the immediate total or partial payment of the loan may not be demanded at the end of the suspension period.
- Loans agreed upon based on the commercial credit value unit (UVCC) or the productive credit value unit (UVCP) will maintain their specific calculation mechanism, but will be

paid under the new conditions.

Additionally, financial institutions must prioritize the granting of credit for the food, pharmaceutical, and hygiene product industries, since the activities of these industries are key to facing the current situation and preventing the spread of COVID-19.

Suspension of rental payments for commercial premises and residences

Presidential Decree No. 4169, published in an extraordinary issue of the official gazette (No. 6522) on 23 March 2020 and effective as from the same date, provides for the suspension of the requirement to make rental payments for certain commercial premises and primary residences. The most relevant aspects of the decree are the following:

- The suspension of rental payments will apply until 1 September 2020.
- Rental payments due as of 23 March 2020

and other monetary amounts agreed upon under the relevant contracts may not be demanded.

- The basis for eviction of failing to pay four rental payments without justification, set forth by article 91 of the Housing Leasing Regularization and Control Act, is suspended for six months, until 1 September 2020.
- The basis for eviction of failing to pay two rental and/or joint ownership payments, established in item “a” of article 40 of the Commercial Property Leasing Regulation Act, is suspended until 1 September 2020.
- The parties may agree on special terms to restructure payments in conformity with the suspension; however, under no circumstance may the tenant be required to pay the total amount of the accumulated rental payments at the end of the suspension period.
- If the parties do not come to a restructured

April 24th, 2020

agreement, they must settle their differences before the National Housing Leasing Superintendence (SUNAVI) in the case of buildings used as a primary residence, or the National Superintendence for the Defense of the Socioeconomic Rights (SUNDDE) in the case of premises used for commercial purposes.

- The payment suspension will cease to apply for commercial premises if a business that was required to suspend its activities in response to COVID-19 resumes its activities before the end of the period provided in the decree (i.e., before 1 September 2020).
- The payment suspension will not apply for commercial premises if a business continues to render services by virtue of its activities and in conformity with the guidelines issued by the executive branch.

Prohibition of unjustified firing of employees

Presidential Decree No. 4167, published in an extraordinary issue of the official gazette (No. 6520) on 23 March 2020 and effective as from the same date, ratifies measures that prohibit an employer from firing employees without an approved justified reason and extends the period during which the measures are effective up to 31 December 2020 (from 28 December 2020). The decree is applicable to any employee from the public and private sectors, except for those holding management positions and seasonal or temporary workers.

Employees fired without a justified reason previously evaluated and approved by a labor officer of the relevant jurisdiction will have a 30-day period from the dismissal day to file a claim with the labor inspectorate requesting reinstatement and payment of lost wages.

Employers failing to comply with the provisions set forth in the decree will be subject to sanctions established in the law.

Labor courts will not accept any administrative appeals by the employer until verification of the employee's reinstatement and restoration of the rights that were violated through the unjustified dismissal.

Tax Alerts

<https://www.taxathand.com/article/13405/Venezuela/2020/Measures-in-response-to-COVID-19-include-tax-exemptions-for-certain-imported-goods>

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