

DOMINICAN REPUBLIC: MEASURES ADOPTED BY THE GOVERNMENT IN LIGHT OF COVID-19 PANDEMIC

I. DECLARATION OF STATE OF EMERGENCY AND CURFEW

In view of the global COVID-19 Coronavirus pandemic, and after being approved by the National Congress, the Presidency of the Dominican Republic issued Decree No. 134-20 dated March 19, 2020, whereby a state of emergency was declared for the entirety of Dominican territory until April 13, 2020. This state of emergency was further extended on two occasions, first until April 30, 2020, and now, until May 17, 2020, on the latter occasion, by means of Decree No. 153-20.

In his speech to the nation given last Tuesday, March 17, 2020, the President of the Dominican Republic, Danilo Medina Sánchez, had already indicated the guidelines regarding the proposed measures, among these, the closing of sea, land, and air borders during the period of the state of emergency, suspension of teaching, suspension of public concentration of people of any kind, suspension of commercial activities, except for those related to basic activities provided to the population, among other measures.

Likewise, it is worth pointing out that a nation-wide curfew has been established as part of the measures; the transit and circulations of persons is prohibited from 5:00 p.m. to 6:00 a.m. , until April 30 of this year; these measures have also been extended until May 17, 2020. The following persons are excepted from the curfew:

1. Persons dedicated to health services (doctors, nurses, bio-analysts, and paramedics);
2. Persons with medical emergencies that need to head to a medical facility;
3. Persons that are dedicated to private security duties;
4. Members of the press and other media, provided they are duly accredited; and,
5. Personnel of electricity distribution companies in case of attending emergency situations.

The list of excepted persons was extended by means of Decree No. 136-20 dated March 23, to include:

6. Vehicles destined to the transportation and distribution of merchandise, raw materials, and fuel, both urban and interurban;
7. Vehicles belonging to companies and entities that provide energy, water, telecommunication, and solid waste services to attend exclusively to emergency matters,

8. Persons that work in ports and airports, in transit to or from their place of work during the hours of the curfew, provided they have an authorized identification from the company;
9. Persons that work in the foodstuff industry and commerce, pharmaceutical and medical raw material industry, in transit to or from their place of work during the hours of the curfew, provided they have an identification of a company authorized by the High Level Commission for the Prevention and Control of Coronavirus;
10. Persons and vehicles destined for funerary services, exclusively when they are in service.

Additionally, on March 20, 2020, the High Level Commission for the Prevention and Control of Coronavirus, designated by the President of the Republic by decree (the "High Level Commission"), announced that starting on Saturday, March 21, at 6:00 am., the circulation of buses and interurban minibuses would be prohibited. In this vein, the Santo Domingo OMSA, Cable Car, and Metro would be interrupted.

On another note, the National Institute of Transit and Land Transportation (INTRANT) ordered the suspension of tourism excursions (Adventure Tourism Transportation, Motorcycles, Buggies, Safaris, etc.) on March 19, 2020, for the period of the state of emergency, starting on March 19, 2020.

Likewise, the concentration of motorcycles providing services to stops was limited to 50%.

In addition to the foregoing, regarding the transportation of cargo, in compliance with the provisions of the Presidency of the Republic and the High Level Commission, commercial activities are suspended, except for supermarkets, general stores ("*Colamdos*"), gas stations, pharmacies, and commercial establishments dedicated to the sale of raw or cooked foodstuff, free trade zone enterprises, and agricultural enterprises.

Similarly, as part of the national state of emergency declaration, on March 22, 2020, the High Level Commission ordered the closing of presential operations of non-governmental entities that offer non-essential public services such as Chambers of Commerce and Production; urging them to work virtually.

On this same date, the Public Administration Ministry issued Resolution No. 058-2020, that determines the entities and organisms of the Public Administration that must close or remain open with minimum activities to prevent and mitigate the effects of the Coronavirus Pandemic.

On March 23, Decree No. 137-20 was issued whereby the computation of terms and periods was suspended while the state of emergency is in effect (and up to three days after it finishes) in relation to administrative procedures instrumented before the organs that form part of the Central Public Administration, as well as before other autonomous and decentralized State organisms.

On March 30, it was announced that the Ministry of Public Health, IDOPRIL, and SISALRIL reached an agreement to cover the costs of the tests to diagnosticate COVID-19 in favor of all persons



that have a medical prescription. According to the agreement, by means of the ARS, the Social Security System will cover the cost of the tests to affiliates of the Family Health Insurance, Special Transitory Plans for Pensioners and Retirees, and of the Labor Risk Insurance. SENASA will cover the tests for those persons that are not affiliated.

On April 24, the Administrative Minister of the Presidency, José Ramón Peralta, by means of Letter No. PR-IN-2020-7076, requested the commencement of official duties starting on Monday April 27, by the heads and necessary minimum personnel of the entities and organs of the Public Administration for purposes of offering necessary services to citizens.

II. LABOR MEASURES

Following the measures announced by the President of the Dominican Republic in his speech given last Tuesday, March 17, 2020, the Labor Ministry issued Resolution No. 07/2020 dated March 18, 2020 on Preventive Measures to Safeguard the Health of Workers and Employers given the Impact of Coronavirus (COVID-19) in the Dominican Republic, whereby it was resolved, among other measures, the following:

1. Instructing employers whose establishment qualifies to remain open to the public, to generate flexibility in the working hours and to implement work from home, as applicable.
2. Urge employers whose establishment will remain closed, to grant paid vacation to all workers that qualify; and for workers that have not acquired the right to vacation, to advance them a week of paid vacation and also pay one week's salary to be bear by employer.
3. Urge the undertaking of measures to isolate susceptible workers.
4. Recommend that the flexibility measures do not interfere with the production output of establishments, nor with the workers' salaries.

Regarding free trade zone enterprises, the Dominican Association of Free Trade Zones (ADOZONA) issued a communiqué on March 20, 2020, whereby they:

1. Urged the Free Trade Zone sector to suspend in an orderly manner their operations during the next 24 to 48 hours, to protect the health and security of their employees and families.
2. Expressed their support to the temporal closing of the Free Trade Zone operations approved by the Treasury Ministry.



3. Recommended enterprises to continue adopting teleworking measures as per the recommendations of the Executive Branch.
4. Urged enterprises that are dedicated to the production of health-related products, to follow the sanitary protocols and apply flexibility and personnel rotation to prevent large groups of employees.
5. Urged Free Trade Zone entities to favor employees with the payments and facilities provided for by the in-force labor legislation.

Finally, on March 22, 2020, the High Level Commission for the Prevention and Control of Coronavirus ordered the suspension of labor at Call Centers, excepting those entities that can implement work from homes systems.

In case of those entities that cannot continue operating, it is possible to suspend the effects of the work contract, according to the provisions of our labor laws.

Under the considerations that this situation can entail for workers and for the companies, the President of the Republic announced on March 25, the creation of an Employee Solidarity Assistance Fund (FASE) that seeks to deliver to employees affected by social distancing measures and of companies that have had to close their operations, as well as those affected by current circumstances, a contribution that allows them to receive income during the next two months. These measures will take effect on April 1 until May 31 and its implementation in coordination with the companies will be headed by the Economic Commission.

The following day, on March 26, the Treasury Minister, mister Donald Guerrero, while explaining the government plans, announced that to receive assistance from the Employee Solidarity Assistance Fund (FASE), the companies must be making payments to the Social Security Treasury (TSS) and that workers whose companies have closed and of those companies whose activities have diminished in view of the social distancing measures will be benefitted.

Afterwards, Decree No. 143-20 was issued by the President of the Republic on April 2, 2020. It created the Employee Solidarity Assistance Fund (FASE) to transitorily aid formal workers of the private sector with a money transfer for a period of sixty (60) days starting on April 2, 2020. FASE has two modalities: FASE 1 and FASE 2. FASE 1 Applies to workers whose employment contracts have been suspended as per the terms of the Dominican Labor Code.

The FASE 1 program will cover 70% of the worker's ordinary wages. In no case the transfer will be less than RD\$5,000 (around US\$90) nor more than RD\$8,500 (around US\$150). In order to be able to benefit from FASE 1, the employees must be registered before the Social Security and the SIRLA System of the Labor Ministry, and the payments required by the Social



Security law to the Social Security Treasury (TSS) must have been made. The funds provided by the FASE program are not subject to any tax withholding.

Employers that have suspended employees are urged to cover the difference of the worker's ordinary salary after the FASE funds are contributed, but this is not mandatory.

FASE 2 applies for workers of micro, small, and medium enterprises, or manufacturing companies that continue operating.

The Labor Ministry can also authorize closed entities that have not suspended workers to participate in the FASE program.

III. FISCAL MEASURES

According to notices published by the General Directorate of Internal Taxes (DGII), a series of measures were adopted aiming towards the flexibility of tax obligations during the emergency period, specifically facilities for tax compliance, postponing of the due date for payment of Sales Tax (ITBIS) and a postponement for the presentation and payment of the Sworn Declaration on Income Tax for Natural Persons and Taxpayers under the Simplified Tax Regime, Sworn Declaration on Income Tax for Legal Persons, Sworn Declaration of Non-Profit Organizations, DIOR Declarations and payment of Asset Tax instalment.

IV. MONETARY, FINANCIAL, AND CURRENCY MEASURES

The Monetary Board and the Central Bank have adopted a series of measures aiming to reduce the interest rates in the financial market, to provide liquidity to banking entities, in national and foreign currency, and to provide temporal flexibility to the financial sector prudential norms.

The Economic Commission agreed with the Commercial Bank Association the following measures:

1. The elimination of the monthly minimum payment over the debt balance of credit cards;
2. Elimination in this sense of the delay charges of credit cards.

The President of the Republic announced, on March 25, 2020, the "Quédate en Casa" (stay at home) temporary help program whereby, starting on April 1, families that have the Solidarity card will receive an increase during two months ascending to a monthly assistance of RD\$5,000 for the acquisition of foodstuff and first necessity products inside the Social



Supply Network. In those cases where the family head is especially vulnerable before Coronavirus, it was decided that the monthly assistance will ascend to RD\$7,000.

The Monetary Board has taken the following measures:

1. Reduction of the Monetary Policy Rate from 4.50 % to 3.50% annually.
2. Reduction of 150 basic points to the liquidity expansion permanent facility interest rate (daily repos), from 6% to 4.50 % annually.
3. RD\$30,133,400 were liberated from legal reserves in order to be used for loans;

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Finally, it is worth pointing out that the aforementioned measures are those taken by the Executive Branch as of April 30, 2020 at 4:00 p.m. of this day, due to the changing nature of the measures to be undertaken by the Executive Branch to control the propagation of COVID-19, the aforementioned information may change. Hence, it is necessary to contact us before taking any decision related to this area in order to advise on any further measure taken by the Dominican Government subsequent to this moment.

Headrick remains working remotely, however, we are more than willing to assist in any legal manner. Similarly, we are providing presential services in case they are required.