



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

I. DECLARATION OF STATE OF EMERGENCY AND CURFEW

In view of the continuation of the global COVID-19 Coronavirus pandemic, and after being approved by the National Congress, the Presidency of the Dominican Republic issued Decree No. 160-20 dated May 17, 2020, whereby the state of emergency was extended for the entirety of Dominican territory until June 1, 2020 (including).

In his speech to the nation given last Sunday, May 17, 2020, the President of the Dominican Republic, Danilo Medina Sánchez, stated the progressive lifting protocol of measures against COVID-19. Said progressive lifting will be divided in four phases, which will be separated by at least 14 days. The progression from one phase to another will depend on the behavior of the sanitary crisis during the phase in question.

The progressive lifting still envisages physical distancing. In this sense, public agglomerations are prohibited, and the use of masks is mandatory in public places and workplaces, alongside the washing of hands. Likewise, a voluntary quarantine is envisaged for higher-risk populations.

As part of the first phase, the President of the Republic announced the reopening of public transport (Metro, Cable Car, and OMSA) starting on May 20, operating at a 30% capacity and with the mandatory usage of masks at all times.

Similarly, the nation-wide curfew has been extended; the transit and circulations of persons is prohibited from 7:00 p.m. to 5:00 a.m., from Monday to Saturday, and from 5:00 p.m. to 5:00 a.m. on Sundays, until June 1 of this year. 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.
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.

Likewise, the suspension of tourism excursions (Adventure Tourism Transportation, Motorcycles, Buggies, Safaris, etc.) for the period of the state of emergency, ordered by the National Institute of Transit and Land Transportation (INTRANT) is maintained.

It is worth mentioning that Decree No. 137-20 is still in force, 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.

Previously, on March 30, it had been 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.

II. LABOR MEASURES

Following the measures announced by the President of the Dominican Republic in his speech given last Sunday, May 17, 2020, starting on May 20, the first phase of the progressive lifting protocol will be initiated, therefore certain companies can return to operations partially according to the following limits:

1. Micro-enterprises that have up to 10 employees can operate with up to 5 employees or no more than 50% of their personnel;
2. Small businesses that have between 10 to 50 employees, can operate with a minimum of 10 employees and no more than 50% of their personnel;



3. Medium-sized and big businesses must operate with a maximum of 25% of their personnel during the first phase.

Similarly, the public sector will commence operations with 50% of their personnel.

The following activities and establishments will be restricted during the first phase:

1. Education centers;
2. Entertainment or recreation spaces such as movie theaters, theaters, gymnasiums, artistic, sports, and cultural events;
3. Marches, rallies, and mass meetings;
4. Gambling;
5. Hotel sector;
6. Restaurants except for orders and home delivery.

In order to prevent the agglomeration of people in public spaces as possible, different entry to work hours have been established for different sectors, as follows:

At 7 a.m., the following will commence operations: supermarkets; pharmacies; construction sector; transformation companies and industries (including free trade zones); mines and quarries; agricultural industry, and activities in ports and airports:

At 8 a.m. the public sector will commence operations; and,

At 9 a.m., the following will commence operations: hardware stores; dealers; workshops; financial sector; furniture and appliances stores; fabric and clothing stores, and the service sector.

All sectors, without exception, must implement mandatory prevention protocols alongside the commencement of operations.

It is envisaged that the second phase will commence on Wednesday June 3, as such, limitations applicable to companies will be modified in the following manner:

1. Micro-enterprises can operate with 100% of their personnel;
2. Small businesses can operate with up to 75% of their personnel;
3. Medium-sized and big businesses can operate with up to 50% of their personnel.

Gambling (excepting casinos), allowed stores inside commercial centers, and private collective passenger transport will be allowed in this phase.

The third phase will commence on Wednesday June 17, under the following conditions:

1. Micro-enterprises can operate with 100% of their personnel;
2. Small businesses can operate with up to 100% of their personnel;



3. Medium-sized and big businesses can operate with up to 75% of their personnel.

Finally, the fourth phase will commence on Wednesday July 1. Then, companies can operate with 100% of their personnel. Similarly, hotels, airports, restaurants, and gyms can reopen.

Recreation places and other activities that involve the agglomeration of people can reopen on August 24.

Those employees that are older than 60 years of age and suffer from a high-risk disease must remain working from home.

On another note, it was announced that the 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 would continue operating during June.

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 covers 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.

In his May 17 speech, the President of the Republic announced that starting on June 1, companies could have both suspended workers under FASE 1 and workers with active work contracts under FASE 2. On the other hand, communication, restaurant, ice cream shop, dentistry office, private security company, and veterinary clinic workers were added to the FASE program.

Regarding independent workers, the "Pa' Ti" was announced in the aforementioned speech whereby a monthly transfer of RD\$5,000 (around US\$90) will be made to the bank account of persons that are considered independent workers.



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.

Afterwards, other similar measures were announced, such as:

1. Micro-enterprises and small businesses can liquidate the sales tax (ITBIS) of their sales on a trimestral basis, instead of on a monthly basis.
2. Extension of the final date until June 29 for the presentation of IR-1, RST, and IR-2 declarations of the 2019 tax year.
3. Exemption of the income tax advance payment for the May 2020 tax period, until June 15, 2020.

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 May 17, 2020, the extension during June of the "Quédate en Casa" (stay at home) temporary help program whereby 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.



On the other hand, the President of the Republic announced the creation of a guarantee fund jointly with the Central Bank, Superintendence of Banks, and the Commercial Bank Association of the Dominican Republic to channel a portfolio of up to RD\$125,000,000,000 in loans to micro-enterprises and small businesses, for them to refinance their current loans under better terms, as well as to have access to new specialized loans.

Additionally, the Monetary Board had previously 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 May 19, 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.