

Dear client,

In order to provide you with the best possible legal service during the situation currently affecting the Dominican Republic due to the novel coronavirus (COVID-19) outbreak, our team has prepared this informative newsletter (Newsletter) in order to keep you updated. It is essential to emphasize that we are facing an unprecedented and rapidly evolving legal situation. Therefore, we may alter the contents of this Newsletter, slightly or significantly, in the coming days.

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## Timeline of Events

The first case of COVID-19 in the Dominican Republic was confirmed on March 1, 2020. Since that date, the competent authorities – especially the Ministry of Public Health (MISPAS or Public Health) – have issued a series of statements and resolutions aimed at facing the pandemic. Below we provide a timeline of the different measures that have been adopted so far.

Date	Measure	Disposition
March 14	Suspension of certain flights and cruise ships for 30 days. Access: <a href="https://bit.ly/3ag5xLL">https://bit.ly/3ag5xLL</a>	The Ministry of the Presidency reported that commercial flights from Europe, China, Korea and Iran, in addition to all cruises, were suspended for 30 days.
March 17	The President addresses the nation. Access: <a href="https://bit.ly/33HpVmC">https://bit.ly/33HpVmC</a>	<p>The President addresses the nation and announces several measures, including the following: <b>“Commercial activities are suspended for the next 15 days</b>, with the exception of businesses that carry out basic activities for the population: supermarkets, grocery stores, gas stations, pharmacies and commercial establishments dedicated to selling raw or cooked food, among others. Public and private medical service centers and medical laboratories are also authorized to operate normally.</p> <p><b>Any other type of company or business whose activity may be considered vital in the current circumstances can contact the Presidential High Level Commission and we will seek the appropriate solution.</b> The Presidential High Level Commission will be announcing in the coming days additional measures to be adopted during this exceptional 15-day period that we have declared. [...]</p> <p><b>We also request that all productive sectors, whenever possible, implement remote work for at least 15 days. In cases where this is not possible, flexible working hours will be implemented and it is recommended that they limit the attendance of their employees to the minimum necessary, considering implementing shifts to avoid the influx of many people [...].</b></p> <p><b>Likewise, we have decided to close the country’s borders by land, sea, and air, for the next 15 days [...].”</b></p> <p>These measures came into effect on Thursday, March 19.</p>
March 18	President of the High Level Commission on COVID-19 (the Commission) addresses the nation. Access: <a href="https://bit.ly/2Ueg58M">https://bit.ly/2Ueg58M</a>	<p>The Minister of the Presidency, speaking as president of the High Level Commission on COVID-19, reiterated that the <b>businesses that may operate during the 15-day period of the quarantine, are the following:</b></p> <ol style="list-style-type: none"> <li>1) Businesses that provide basic necessities for the population, grocery stores, supermarkets, pharmacies, gas stations, and commercial establishments that sell raw or cooked foods.</li> <li>2) Industrial sector businesses, free zones and agricultural businesses may continue operations, but must promote teleworking and flexible hours. It is important to avoid large groupings of personnel and apply standards for distancing in production areas [...].</li> </ol>

Date	Measure	Disposition
March 18	Resolution No. 007/2020 issued by the Ministry of Labor. Access: <a href="https://bit.ly/2Jb86mo">https://bit.ly/2Jb86mo</a>	Ministry of Labor issues Resolution No. 007/2020, which: <ol style="list-style-type: none"> <li>1) Cites article 7.15 of Regulation 522-06 for Security and Health in the Workplace, which states that the employer has the ethical and moral duty, and the legal obligation, to take control of any measures in response to any health risk that has been identified at the workplace, independently of whether or not said risk is directly referenced in said resolution.</li> <li>2) Instructs all companies/employers that qualify to remain open to the public, to implement flexible work hours and, where possible, implement telework and avoid congestion at the work place. This includes supermarkets, gas stations, pharmacies and commercial establishments dedicated to the sale of food, companies in the industrial sector, free zones and agricultural businesses, among others. This measure was subject to later changes, with most free zones being ordered to close (with certain exceptions).</li> <li>3) Directs employers that must remain closed to grant paid vacations to all employees during the 15-day period following the resolution's publication. Those employees that have sufficient vacation days accumulated must be ordered to take them, while those who do not have enough vacation days accumulated will be advanced one week of paid vacations and, for the second week, their salaries will be borne by the employer. This has limited the ability of employers to suspend labor contracts.</li> <li>4) Strongly recommends isolation measures for vulnerable employees.</li> <li>5) Urges employees to assume a collaborative attitude in order to facilitate reasonable understandings with employers regarding the implementation of this resolution.</li> <li>6) Recommends flexible measures <b>that do not interfere with a businesses' production nor its employees' salaries.</b></li> </ol>
March 19	Congress issues resolution authorizing the President of the Republic to declare a State of Emergency throughout the Dominican territory. Access: <a href="https://bit.ly/3bwPERB">https://bit.ly/3bwPERB</a>	Congress authorizes the President to declare a state of national emergency for up to 25 days (Resolution No. 62- 20). This resolution authorizes the President to: (i) restrict freedom of transit and freedom of association and assembly; (ii) adopt measures to guarantee medical services and provisions; and (iii) adopt measures to support the economic sector, as a way to protect employment and the income of workers.
March 19	Presidential Decree No. 132-20 Access: <a href="https://bit.ly/33HwHc2">https://bit.ly/33HwHc2</a>	President issues Decree No. 132-20, which confirms the High Level Commission for the Prevention and Control of Coronavirus.
March 19	Presidential Decree No. 134-20 Access: <a href="https://bit.ly/2xjle58">https://bit.ly/2xjle58</a>	President issues Decree No. 134-20, which declares a state of national emergency for 25 days.
March 20	Presidential Decree No. 135-20 Access: <a href="https://bit.ly/2WEITKo">https://bit.ly/2WEITKo</a>	President issues Decree No. 135-20, which declares the application of a nationwide curfew from 8 p.m. to 6 a.m. All transit and free movement of people is forbidden between these hours, except in the following cases: persons dedicated to health services, such as doctors, nurses, bioanalyst, and paramedics; persons with medical emergencies who need to get to health centers; persons dedicated to private security, duly identified as such; members of the press and other means of communication, duly accredited as such; personnel of electrical supply companies, exclusively when attending to emergencies.
March 20	Resolution No. 058-2020 issued by the Ministry of Public Administration. Access: <a href="https://bit.ly/2UusOTv">https://bit.ly/2UusOTv</a>	The Ministry of Public Administration issues Resolution No. 058-2020 that indicates which Public Administrative Entities and Organs must close and which may remain open with limited activities.

Date	Measure	Disposition
March 23	Presidential Decree No. 136-20 Access: <a href="https://bit.ly/2xfxXHb">https://bit.ly/2xfxXHb</a>	Decree No. 136-20 modifies decree No. 135-20, in order to allow circulation of persons and vehicles linked to the food industry, energy companies, water distribution, telecommunication companies, ports, airports and others, during curfew hours.
March 23	Presidential Decree No. 137-20 Access: <a href="https://bit.ly/2JbweW8">https://bit.ly/2JbweW8</a>	Decree suspends all deadlines and terms in administrative procedures before the Public Administration, both central and decentralized. This suspension applies retroactively from March 20, 2020, and through the duration of the state of emergency. terms and deadlines will resume three business days after the state of emergency is lifted.
March 23	Resolution No. 060- 2020, issued by the Ministry of Public Administration. Access: <a href="https://bit.ly/2UusOTv">https://bit.ly/2UusOTv</a>	The Ministry of Public Administration forbids the suspension or destitution of public servants and suspends deadlines to begin procedures against public servants.

## Institutional Measures

Currently, multiple public institutions have either closed or limited their operations. So far, the list is as follows:

### Judiciary

The Council of the Judiciary, through act no. 001-2020 dated March 18, 2020 and act no. 002-2020 dated March 19, 2020 (Access: <https://bit.ly/2vOCAaY> and <https://bit.ly/2UeuUs0>, respectively), suspended activities such as:

- Hearings
- Administrative and jurisdictional tasks
- Procedural, registry and administrative deadlines
- Procedural actions carried out by bailiffs

The following activities will be maintained, in a limited capacity:

- Permanent Attention Offices of the Criminal Jurisdiction
- Procedural deadlines of the Criminal Jurisdiction and the Children and Adolescents Jurisdiction





## Institutions Covered in Resolution no. 058-2020 of the Ministry of Public Administration, Dated March 20, 2020

This resolution divided public institutions between those that will be closed for the duration of the state of emergency, and those that will remain open, operating in a limited fashion or as usual, during this same period.

Open, Virtually Open or With Minimal Physical Activity Institutions	Closed Institutions
Banco Agrícola (Agricultural Bank)	National Aquarium
National Bank of Exports	General Administration of Mirador Norte Park
Center for Exports and Investments	General Archive of the Nation
National Energy Commission	Savings Banks for Workers of Monte Piedad
National Council for Agricultural and Forestry Research	Training Center for Public Investment Planning
National Council For International Financial Zones	Industrial Development and Competitiveness Center
National Council for Childhood and Adolescence	Provincial Center for the Administration of Mining Funds
General Comptroller of the Republic	Regulatory Commission for Unfair Practices in Commerce
Dominican Corporation of State Electricity Companies	National Commission for the Defense of Competition
State Corporation of Radio and Television	Dominican Council for Fishing and Aquaculture
General Directorate of Customs	Dominican Council for Quality
General Directorate of Public Credit	National Council for Competitiveness
General Directorate of Territorial, Economic and Social Planning	National Council for Disability
General Directorate of Basic Education	National Council for Dominican Communities Abroad
General Directorate of Initial Education	Corporation for the Promotion of Hotel and Tourism Industry
General Directorate of Middle School Education	Executive Directorate of the Tourist Zone Infrastructure Executing Committee
General Directorate of Education for the Young and Adult	General Directorate of National Goods
General Directorate of Hygiene and Industrial Security	Directorate for the Promotion and Development of National Crafts
General Directorate of Internal Revenue	General National Cadastral Directorate
General Directorate of Public Investments	General Directorate of Cinema
General Directorate of Territorial Planning and Development	General Directorate of Bilateral Cooperation
General Directorate of Passports	General Directorate of Multilateral Cooperation
General Directorate of Pensions	General Directorate of Beautifications of Roads and Highways
24. General Directorate of Agricultural Risks	General Directorate of Mining
General Directorate of Supervisions and Inspections of Works	National Fund for Environment and National Resources
Construction Workers Pension Fund	National Institute of the Needle
Port Workers Pension Fund	Dominican Sugar Institute
Promotion of Reformed Companies Fund	Institute of Higher Education in Diplomatic and Consular Training
Community Initiatives Fund	Caribbean Tourism Training Institute
Institute for Biological and Industrial Innovation	Dominican Institute for Evaluation and Research on Educational Quality
Dominican Institute of Cooperative Savings and Credit	Dominican Institute of Agricultural and Forestry Research
Dominican Institute of Civil Aviation	Dominican Institute of Coffee
	Dominican Institute for Quality

Open, Virtually Open or With Minimal Physical Activity Institutions	Closed Institutions
Dominican Institute of Telecommunications National Institute for Comprehensive Early Childhood Care National Institute of Aid and Housing National Institute of Transplant Coordination National Institute of Prize Stabilization National Institute of Professional and Technical Training	Duarte Institute National Geographic Institute National Institute of Public Administration National Institute of Teacher Welfare National Institute of Physical Education National Institute of Education and Training for Teaching National Institute of Housing National Institute of Tobacco Salomé Ureña Higher Institute for Educator Training Higher Technical Community Institute Technological Institute of Las Americas National Botanical Garden Dominican Municipal League National Lottery Ministry of Culture and its dependencies Ministry of Sports and Recreation National Museum of Natural History National Office for Seismic Assessment and Vulnerability of Infrastructure and Buildings National Industrial Property Office Dominican Accreditation Body Prof. Eugenio de Jesús Marcano Ecological Botanical Park National Geological Service Autonomous University of Santo Domingo Cibao Oriental Technological University

## Chamber of Commerce and Production of Santo Domingo

The Chamber of Commerce and Production of Santo Domingo, through a press release published on March 23, 2020 (Access: <https://bit.ly/3ahHZq2>) and acting on the recommendation of the Dominican Federation of Chambers of Commerce (FEDOCÁMARAS), will only be conducting the following services digitally as of Tuesday March 24, 2020:

- Simple renewals
- Issuance of Duplicates
- Issuance of Certifications
- Data updates
- Issuance of certified copies

The Chamber of Commerce and Production of Santo Domingo cannot process other services that can only be requested in person, such as modifications to the Certificate of Mercantile Registry and the registration of corporate documents, for the time being.

## Labor Measures

On March 18, 2020 the Ministry of Labor (ML) via Resolution No. 007/2020 allows companies "... **that are engaged in basic activities for the population:** supermarkets, grocery stores, gas stations, pharmacies and commercial establishments dedicated to the sale of raw or cooked food, industrial sector companies, free zones and agricultural companies **among others**"; to remain open. For the purposes of this Newsletter, we will consider these as Category 1 companies.

The description of Category 1 companies is very clear for certain cases (e.g., supermarkets, pharmacies, etc.) and ambiguous for others (e.g., industrial sector companies, among others). All other companies in the country, in principle, must close their facilities – we will refer to these as Category 2 companies.

Resolution 07/2020 states that, although Category 1 companies may remain open, they must promote telework, increase safety and hygiene measures, implement flexible work shifts (making an effort to not substantially affect their production or their employees' salaries) and, in general term, apply all necessary measures to avoid large crowds at the work place.

On March 20, 2020, free zone companies were excluded from Category 1 – pursuant to the terms of communiques issued by the Dominican Association of Free Zones (ADOZONA) and the National Free Zone Council (CNZF). However, free zone companies that manufacture pharmaceutical products, and/or medical devices and garb, and/or other products that may be deemed essential for the population, may remain open.

Furthermore, on March 23, 2020 the CNZF issued a memorandum indicating that free zones operating as BPOs or call centers must shut down their facilities. Such companies may continue to operate, as long as such operations are carried out via telework. To this end, any BPOs or call centers interested in implementing telework were obligated to request an authorization from the CNZF in order to remove any equipment needed by their staff from their premises; such request needed to be made by March 24, 2020 at the latest.

Even though Resolution 007/2020 is not particularly clear on the matter, the consensus has been that Category 2 companies may maintain their commercial operations via telework. In that sense, below we detail the options available to such companies and our recommendations.

Telework	No Telework
<p>Employers may communicate to their employees that, although they do not have to report to their offices in person, the company does ask them to fulfill their employment obligations remotely. In this case, the company must ensure that it provides its team with the necessary tools to enable remote work, and should clearly communicate to them the applicable rules to working remotely (hours, forms of communication, etc.). As long as employees keep working remotely, the company must continue to pay their wages on a regular basis.</p>	<p>The company must comply with the provisions of the resolution and inform its employees that the offices will be closed. And, for the following two weeks, employees will enjoy their yearly vacation days.</p> <p>On this point, please note that, as indicated by the resolution regarding the enjoyment of vacations, the treatment will vary depending on whether or not the employee has accumulated his/her entire vacation period and has sufficient vacation days pending, as follows:</p> <ul style="list-style-type: none"> <li>• Regarding employees who have acquired the right to vacation for a period equal to or greater than the duration of the cessation of activities ordered by the President: Grant them the enjoyment of paid vacations for two weeks, starting Thursday March 19, 2020.</li> <li>• Regarding employees who have not acquired the right to vacations: Advance them a week of paid vacations, starting Thursday March 19, 2020, and pay them one week of salary (this payment will be borne exclusively by the company).</li> </ul> <p>If, after starting this period of "collective vacations," the company receives confirmation from the ML that it can renew its on site operations, then, in principle, it must proceed to communicate to its employees that office work will be resumed. Ideally, the ML will be able to provide additional guidance on this point.</p>

For the time being, the suspension of labor contracts due to the pandemic does not seem to be an option for Category 2 companies. Authorities have not limited, however, the discretion of employers to terminate their employees. Notwithstanding, **it should be noted that labor contracts cannot be terminated during the employee's vacation period.**

## Tax Measures

The General Tax Directorate (DGII) has implemented its own set of measures to counter the economic situation caused as a result of the COVID-19 outbreak and the state of emergency in the Dominican Republic. Below we provide a summary of the most relevant measures taken by the DGII.

Tax Obligations	Measures
<b>Extension on payments of income tax (ISR) for individuals and for taxpayers registered under the Simplified Tax Regime (RST)</b>	<ul style="list-style-type: none"> <li>• The DGII has granted an extension up to April 30, 2020, for payment of ISR by individual persons (IR-1), corresponding to the 2019 fiscal period, and for payment of ISR by taxpayers registered under the RST, in connection with the following tax obligations:               <ul style="list-style-type: none"> <li>– Sworn statement for the taxpayers registered under the RST and first payment installment of ISR for such taxpayers registered under said regime, based on income for physical individuals and income stemming from the agricultural sector.</li> <li>– First installment of ISR payment, based on income from companies/entities and purchases, for taxpayers registered under the RST.</li> <li>– ISR for physical individuals and undivided estates (IR-1).</li> </ul> </li> </ul>
<b>Requests for issuance of first license plate via the virtual office</b>	<ul style="list-style-type: none"> <li>• Taxpayers that own car dealerships must make use of the DGII's virtual office in order to request the issuance of a vehicle's first license plate. Requests made in person will not be accepted.</li> </ul>
<b>Payment of VAT (ITBIS) for February 2020</b>	<ul style="list-style-type: none"> <li>• Payment agreements in up to four installments may be requested. Compensatory interest on these payments will not be calculated.</li> <li>• 10-day extension to payment deadline, with the new date being March 30, 2020.</li> <li>• When making the sworn statement for this tax, four payment authorizations, equivalent to 25% of the total payment, will be generated.</li> </ul>
<b>Payment agreements with the General Internal Tax Directorate (DGII) existing as of March 19</b>	<ul style="list-style-type: none"> <li>• Payment installments will be reduced by half of their current value.</li> <li>• The payment term of pending installments shall be doubled.</li> </ul>
<b>Overdue payments as of the present date</b>	<ul style="list-style-type: none"> <li>• Payment regularization facilities will be granted.</li> <li>• No penalties shall apply.</li> </ul>
<b>Various extensions until May 29, 2020</b>	<ul style="list-style-type: none"> <li>• IR-2 Declaration for the December 31, 2019 fiscal year close.</li> <li>• Sworn declaration of ISR of natural persons with sole-owner businesses.</li> <li>• First installment of Asset Tax for companies with a December 31, 2019 fiscal year close.</li> <li>• Informative Sworn Declaration of Non-Profit Organizations for the December 31, 2019 fiscal year close.</li> </ul>
<b>Payment of ISR</b>	<p>Taxpayers with a pending payment may make such payment via four equal and consecutive installments, which may not be subject to any compensatory interest.</p>
<b>Transactions in offices related to motor vehicles (VHM), as of March 29, 2020</b>	<ul style="list-style-type: none"> <li>• Services related to VHM are limited to the following transactions:               <ul style="list-style-type: none"> <li>– Transfers</li> <li>– Cessation of oppositions related to transfers</li> <li>– Duplicates of property titles</li> <li>– Duplicates of "lost plates"</li> </ul> </li> <li>• All other services are suspended, until further notice.</li> </ul>



<p><b>New measures as of March 23, 2020</b></p>	<ul style="list-style-type: none"> <li>• As of this date, all motor vehicle service offices are closed, until further notice.</li> <li>• Services related to real estate properties (appraisals) will only be offered on Tuesdays and Thursdays.</li> <li>• Client Service Centers will only provide services Monday through Friday, from 8 a.m. to 2 p.m.</li> <li>• Digital and telecom service channels, which are the contact center, phone line and social media sites, will be available Monday through Friday from 8 a.m. to 3 p.m. The virtual office will be available 24 hours a day.</li> </ul>
<p><b>Extension for Informative Declaration on Transactions between Related Parties (DIOR), for the September 30 cutoff date</b></p>	<ul style="list-style-type: none"> <li>• An extension is granted for the filing of this DIOR, up to April 30, 2020 (from March 30, 2020).</li> </ul>
<p><b>Digitalization of the exemption requests related to ITBIS and Special Consumer Tax (ISC)</b></p>	<ul style="list-style-type: none"> <li>• For taxpayers registered under specialized tax regimes. The digital process will be available as of March 24, 2020 for all ITBIS and ISC exemption requests, expressly provided for under applicable law, regulations and congressionally approved contracts.</li> </ul>
<p><b>Temporary suspension of in-person assistance</b></p>	<ul style="list-style-type: none"> <li>• As of March 24, 2020, in-person assistance in DGII offices is suspended.</li> <li>• Digital and telecom assistance will be available as stated above.</li> </ul>



## Monetary and Financial measures

In order to reduce the negative effects of COVID-19 on the national economy, the Monetary Board and the Central Bank have adopted the following measures:

Category	Measure
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>• “With the goal of incentivizing a general reduction of interest rates applicable to the financial system:               <ul style="list-style-type: none"> <li>– Reduce the Monetary Policy Rate (TPM) by 100 basic points, from 4.50% to 3.50% annually.”</li> </ul> </li> <li>• “With the goal of providing low cost financial liquidity to financial entities: Approve a reduction of the permanent monetary expansionary liquidity facility interest rate, by 1.5%, from 6.00% to 4.50%.”</li> </ul>
<b>Provide liquidity to the financial system</b>	<ul style="list-style-type: none"> <li>• “Relax legal reserve coverage requirements as applicable to local currency for financial entities, by RD\$22,231.0 million. In the understanding that of the previously required legal reserve amount RD\$10,000 million will be devoted to credit facilities for homeowners and small and mid-sized companies and the commercial sector, while the rest of the previously required legal reserve amount – approximately RD\$12,321.0 million will be channeled to local productive sectors, mainly the tourism industry and the export industry, with applicable interest rates no greater than 8.0% annually.”</li> <li>• “Enable service window for the provision of liquidity to financial entities, via repurchase mechanisms for up to 90 days, up to an amount of RD\$30,000 million. This facility will be available to financial entities with an interest rate of 4.75% for repurchases of up to 30 days, and 5.0% for repurchases between 31 and 90 days; renewable while current conditions are maintained.”</li> <li>• “In order to guarantee an adequate flow of dollars to cover the needs of the local exchange market: inject liquidity, in foreign currency, up to an amount of US\$300.0 million, via 90 days repurchase agreements; and temporarily relax requirements applicable to legal reserve coverage in foreign currency for multiple-service banks, recognizing titles issued by the Ministry of Treasury, in dollars, for an amount of US\$222 million.”</li> </ul>
<b>Specialized regulatory treatment for the financial sector</b>	<ul style="list-style-type: none"> <li>• “Authorize financial entities to freeze qualifications and provisions made for debtors, at the level at which they were at the moment the Monetary Board resolution was approved.”</li> <li>• “Authorize that credit restructurings that entail modification of payment conditions, interest rates, terms and installments, etc., maintain the same risk qualification applicable to the debtor when the restructuring took place (this means, the risk qualification would not be affected due to payment delays caused as a result of the current situation).”</li> <li>• “Authorize for loans issued against a line of credit not to expire for a period of 60 days. This measure includes a waiver of payments against capital by the debtor during the aforementioned period.”</li> <li>• “Grant a 90-day extension on the term granted to debtors to update their collateral/guarantee information, related to appraisals.”</li> </ul>

## Conclusions

Due to the exponential growth that COVID-19 has had in the Dominican Republic compared to other countries, it is expected that the official measures taken up to this point will be modified to become more stringent.

Please note that not all official directives are written and those that are, are sometimes vague and contradictory. We will do everything possible to keep you informed of any news that may affect the content of this Newsletter. If you require specific guidelines, or need us to discuss any additional work risks, considerations or strategies, we will be happy to assist you.

As always, we are at your service.

Kind regards,

**Squire Patton Boggs,  
Peña Prieto Gamundi**

