

## The State Insurance Fund Corporation Issues Administrative Order No. 12-02 to Commence a Six Months Amnesty Period

In our March 2012 issue, we discussed Act No. 13-2012 and the opportunity it provides to employers to file a formal request to obtain a fifty percent (50%) discount on certain debts that have been outstanding for a long period of time. We also mentioned that, among other requirements, the amnesty's 6-month period would start with the issuance of an Administrative Order ("AO") from the CFSE. That Administrative Order was issued on June 6, 2012 (AO 12-02) and this article covers the most important rules and requirements provided by this AO 12-02.

### Author



**Sandra Marie Torres**  
Partner

787-620-7728  
storres@zatax.com

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### BASIC RULES

AO 12-02 establishes the procedures that employers must follow to avail themselves of the benefits of Act No. 13-2012, starting with the completion of Form CFSE-0500 "Incentives Plan for Debt Adjustment Application". In addition, AO 12-02 provides the following rules:

1. An employer who wants to file for the amnesty benefits for the fiscal year 2012-2013 must have filed its payroll declarations, and paid the related Workmen's Insurance Compensation Policy premiums for fiscal years 2012-2013 and 2011-2012, as well as any other debts with the CFSE related to those fiscal years. In terms of insurance premiums payments in connection with such fiscal years, it clarifies that the employer must have paid all premiums billed by the CFSE in their Billing Notices and by the installments notified therein.
2. For the applications submitted for fiscal year 2012-2013, the debts corresponding to years 1999 through 2011 will be adjusted by 50% and the debts corresponding to 1998 and prior years will be 100% eliminated.
3. The following debts qualify for the amnesty benefits: insurance premiums for permanent and temporary policies, invoices for uninsured employers, and miscellaneous debts related to the worker's compensation insurance (for the applicable years stated above).

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4. The employer must pay the full amount of the applicable debts as reflected on the statement that the CFSE will prepare on the date the application is filed. Please note that the payment must be done on that same day. The CFSE is suggesting that the application be filed in the morning so that the payment may be done during the evening of that day; otherwise, the whole process must be done the next day.
5. The CFSE will not accept payment plans to employers applying for the amnesty benefits.

**ADDITIONAL RULES**

The AO 12-02 imposes additional requirements not established by Act No. 13-2012 such as the following:

1. Payments shall be made in person at the CFSE designated locations and can only be made in cash, certified check, credit card, or money order. This may cause a logistic issue since the payment must be satisfied in full on the same date the application is filed at the

CFSE and the employer must wait for the CFSE to process, accept and issue a statement regarding the covered debts and the amount due.

2. Employers, who have requested the revision of a debt assessed by the CFSE as an "uninsured employer," may avail of the amnesty benefits by accepting that in fact the "uninsured employer" status applied and that no further action will be taken to contest such status or debt in any state or federal forum.
3. Bills for the concept of "uninsured employer" will qualify for the amnesty benefits only if the accident occurred on or before June 30, 2010.
4. The amnesty benefit will not apply to debts for concepts that have been the object of final and firm decisions from a judicial court or an administrative forum, in which case the employer will have to pay the principal amount, and the interest, penalties and legal expenses, as applicable.
5. Employers with a valid payment plan may avail to the amnesty benefits.

In these cases, the CFSE will adjust the pending payments and will include the resulting adjusted portion to the total payment amount due under the amnesty.

6. The fact that the CFSE does not include an applicable debt by mistake on the statement issued for the employer to pay under the amnesty benefits, does not mean that the employer has been waived its obligation to pay such debt.
7. Employers operating under the benefits of the Bankruptcy Act must present an authorization or order from the Federal Bankruptcy Court stating that such employer is authorized to avail itself of the benefits of Act No.13-2012.

**Z&A COMMENTS**

This amnesty presents a potential savings opportunity that employers should evaluate with sufficient time in advance to make an informed decision before the 6-month period ends. We may assist you in obtaining a debt certificate and verifying the correctness of the assessments made by the CFSE, as well as verifying other compliance issues or

concerns you may have with the CFSE filings. Please contact us to determine if you qualify to apply for the benefits provided by Act 13-2012.

**Key Contacts at  
Zaragoza & Alvarado LLP:**

**Juan Zaragoza, CPA**  
Managing Partner  
787-620-7740  
jzaragoza@zatax.com

**Juan Alvarado, Esq., CPA**  
Partner  
787-620-7730  
jalvarado@zatax.com

**Felipe Mariani, CPA**  
Partner  
787-620-7736  
fmariani@zatax.com

**Sandra Marie Torres, CPA**  
Partner  
787-620-7728  
storres@zatax.com

**Edgardo Sanabria, CPA**  
Partner  
787-999-3015  
esanabria@zatax.com

**Carlos González, CPA**  
Partner  
787-620-7729  
cgonzalez@zatax.com


104 Acuarela Marginal St.  
Martínez Nadal Expressway  
Guaynabo PR 00969

PO Box 195598  
San Juan PR 00919-5598

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