

## IMSS Eases for employers due to COVID-19

On April 13 of the current year, the Mexican Institute for Social Security (*Instituto Mexicano del Seguro Social or IMSS*) divulgated the legal and administrative instruments to ease the payment of the employee-employer fees due to the pandemic for COVID-19.

### Installments

Pursuant to articles 40-A and 40-C of the Social Security Law (LSS), employers who fail to cover the fees within the terms provided will pay, as from the date in which the liabilities are payable, the update and surcharges plus the applicable penalties.

Nevertheless, upon request by employers, IMSS may grant an extension por the payment, up to 48 months, provided that the initial amount to be cover shall be equal to the 20 percent of the employer fee and 100 percent of the employee fee. The benefit of executing this agreement is that the interest rate per month is between 1.26 percent and 1.82 percent, based on the selected period (12, 24 and over 24 months) as from the moment of the formalization, pursuant to article 8 of the Federal Income Law.

Also, pursuant to article 40-D of the LSS, deferred payments of the retirement insurance and pension may be authorized for complete payable periods, without condonation of incidental amount.

An additional benefit is that, for the execution of this agreement, no guarantees shall be required. This due to the authorization granted through the Technical Council Decree number ACDO. AS2. HCT.300419/150.P.DIR, on April 30, 2019; likewise, once the payment of extended or deferred fees has been made, pursuant to the Decree 187/2003 of the Technical Council, 90% of the originally assessed penalties may be cancelled.

### Absenteeism discount

It is worth considering that article 31 of the LSS provides a discount for absenteeism. In accordance with it, in case of absenteeism of the employee with whom the labor relationship subsists, the employer may discount up to 7 days, and during such term it shall be only compelled to pay the fee for illness and maternity insurances.

### Non-business days

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In accordance with the declaration of health emergency due to force majeure by the health authority, the term comprised between March 31, 2020 and the date in which the Technical Council determines that the causes have ceased, was determined as non-business days in regard to procedures, diligences, hearings, notices or requirements.

### **Shortly**

Although these facilities may favor the employers, these are already provided in the Law, meaning there is no additional support that helps forestall the negative effect economically speaking that COVID-19 has generated.

Consequently, it is very important to analyze the option of omitting the payment of the employee-employer fees to look for these supports, since there could exist other alternatives that generate other types of saving to the companies, which we will try to generate hand in hand with you.

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