

Law would swap government, contractor debts

PRMA supports change; CofC questions validity of swapping contractors' outstanding government debts

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Puerto Rico's Chamber of Commerce (CofC) and Manufacturers Association (PRMA) appear to be at odds over a proposed amendment to the 1989 Law to Establish a Prompt Payment System, which would allow contractors to swap any money owed to them by government agencies with any debts the contractors may have with the government.

New Progressive Party Rep. Ángel Rodríguez Miranda (Bayamón) introduced House Bill 3959 early this month as part of an effort to increase alternatives for government contractors to obtain payment for their services. According to the bill, any debt contractors have with the government should be lower than the amount the agency owes the contractor.

"For instance, if the government owes me \$5 million for a service I provided, but I owed the government \$3 million, then we can swap and the government can pay me \$2 million," he said.

The Prompt Payment Law calls for the government to pay contractors in a period not to exceed 20 days from the time the invoice is received, if there is no dispute about the amount. The swap mechanism won't be available for water or electricity debts.

PRMA Executive Director William Riefkohl said that while he hadn't read the legislation, he would have no problem supporting it. Asked how the 1989 law has been working, he said the only time the association intervened, in favor of government contractors who weren't paid, was during the change in government administrations.

"There were suppliers who hadn't been paid. We met with the Treasury secretary and resolved the problem," he said. In fact, PRMA President Pedro Watlington said he was a contractor who sought assistance from the PRMA because the government was delaying millions in payments.

The CofC, however, expressed hesitation about supporting the law. CofC President Salvador Calaf noted that government contractors aren't supposed to have debts with agencies when they provide services to the agencies. Contractors are also supposed to be included in the Unique Bidders Registry.

"[The government] requires you to have no debts with Asume [the Child Support Services Administration] or the Treasury Department," he said. "What good is the proposed law if I am not supposed to have any debts?" he asked.

Calaf also said the Legislature should first analyze the reasons behind any delayed payments to government contractors to determine ways to

resolve the situation. In his experience, he said the reason often is a result of bureaucracy. "Some

agencies pay promptly and others may not," he said. ■

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