

# *Cancellation of Social Security Surcharges*

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*Based on recent changes to the Social Security Law (as of Dec. 20, 2001) companies willing to take advantage of the Debt Regularization Program must file a written request with the Social Security office by February 19, 2002, indicating their willingness to participate and benefit from such Program.*

*The Program's main feature allows the cancellation of surcharges (recargos) and penalties (multas) for all Social Security taxes owed through Sept. 30, 2001, in exchange for payment of all principal and updating (inflation adjustments) (actualizaciones).*

*The cancellation of surcharges ranges anywhere from 100% to 0% depending on when the payment is made. If payment is made by June 2002, the cancellation is 100%, reducing 4 percentage points for every month thereafter. Starting in January 2003 and for every month thereafter the reduction is 7 points per month. Starting in July 2003, and for every month thereafter the reduction is 5.6 points per month, until December 2003, when the cancellation of surcharges reduces to 0%.*

*For now, companies will only have to file a written request stating their interest to benefit from the Program (payment can be made as late as June 2002 for 100% cancellation). Failure to file the request will preclude companies from benefiting from the Program.*

*If your company is in situation that requires filing the request, or if you're not sure if you can qualify for the Program, feel free to contact us for assistance.*

*This article is designed to provide information regarding the subject matter covered and is not to be considered as legal advice by the authors. Each case should be reviewed on an individual basis. Should you have any questions please do not hesitate to contact Jorge A. Garcia from our San Antonio Office at (210) 220-1335.*