

DEPARTMENT OF THE TREASURY  
OF THE  
COMMONWEALTH OF PUERTO RICO



Commonwealth of Puerto Rico  
Plan for Distribution of Recovery Rebates  
Enacted by Pub. L. 110-185

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## **1 Introduction**

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This Plan for the Distribution of Recovery Rebates has been developed by the Puerto Rico Department of the Treasury ("PRDT") and approved by the U.S. Secretary of the Treasury, pursuant to the requirements in Section 101(c) of the Economic Stimulus Act of 2008, Pub. L. 110-185 ("Act"). The Act establishes that in order for the Commonwealth of Puerto Rico ("Commonwealth") to be able to receive funds from the U.S. Department of the Treasury for the distribution to its residents of the recovery rebates authorized in the Act, the Commonwealth must have a plan, approved by the Secretary of the Treasury, under which the Commonwealth will promptly distribute the recovery rebates to its residents.

Section 101(c)(1)(B) of the Act establishes that the payment to be made by the U.S. Secretary of the Treasury to the Commonwealth will be "in an amount estimated by [him/her] as being equal to the aggregate benefits that would have been provided to residents of [the Commonwealth] by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession." The Act does not prescribe any specific rules as to how the funds are to be distributed to residents of the Commonwealth. The Act simply states that funds have to be distributed "promptly," keeping in line with the overall economic stimulus purposes of the legislation. It is in the interest of both the Commonwealth and the U.S. Department of the Treasury that all funds made available to the Commonwealth be distributed promptly through rebate payments.

The U.S. Department of the Treasury and the Commonwealth recognize that there are various differences between the Puerto Rico Internal Revenue Code of 1994, as amended ("P.R. Code") and the U.S. Internal Revenue Code of 1986, as amended ("U.S. Code"), as well as administrative differences that affect the ability of the Commonwealth to distribute funds. In the Commonwealth, close to fifty percent of all taxpayers file their tax returns on April 15 and the overwhelming majority do so in paper format; consequently, the PRDT is unable to process the 2007 income tax returns as quickly as the Internal Revenue Service ("IRS"). Accordingly, this Plan establishes a procedure for the distribution of an advance payment of rebates using information from 2006 income tax returns that were filed in 2007. PRDT will use 2007 income tax returns filed in 2008 to make final rebate payments to eligible individuals. It is the intention of the Commonwealth to make advance and final rebate payments for timely filed returns in calendar year 2008 and to resolve all claims and disputes with respect to these rebates by the end of calendar year 2010.

All tax references in the Plan are to the P.R. Code, unless otherwise specified.

## 2 Definitions

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For purposes of recovery rebates, the following definitions apply:

- a. Net income tax liability. The term "net income tax liability" means the excess of the taxpayer's individual income tax liability over nonrefundable credits allowed under the P.R. Code or other Puerto Rico statutes.
- b. Earned income. The term "earned income" means wages, salaries, tips and other employee compensation included in gross income, the amount of net income from self employment reported in Schedules K, L and M of the Puerto Rico income tax return, and combat zone pay excluded from Puerto Rico gross income, but reported in a W-2 form filed with the taxpayer's Special Rebate Qualification Form.
- c. Social Security benefit. The term "social security benefit" means any amount received by the individual as a monthly benefit under title II of the Social Security Act or a tier 1 railroad retirement benefit. The term "social security benefit" does not include any benefits as a result of the Supplemental Security Income ("SSI") or Aid to the Aged, Blind and Disabled ("AABD") programs.
- d. Veterans benefit. The term "veterans benefit" means any disability, pension, or survivor's benefit received under chapters 11, 13, or 15 of the title 38 of the United States Code.
- e. Joint return. The term "joint return" means a tax return or a Special Rebate Qualification Form (as described in Section 3.1.2 herein) filed with the PRDT by married taxpayers using the "Married living with spouse and filing jointly" filing status as defined in the P.R. Code.
- f. Combat zone pay. The term "combat zone pay" means remuneration for serving in the U.S. Armed Forces in a combat zone, which is any area that the President of the United States designates by Executive Order as an area in which the U.S. Armed Forces are engaging or have engaged in combat.

### **3 Determination of Eligibility and Amount of Recovery Rebate**

#### **3.1 Eligible Individuals**

In general. Any individual who is a resident of Puerto Rico, under the P.R. Code, other than:

- a. An estate or trust, or
- b. An individual who is eligible to be claimed as a dependent on another Puerto Rico income tax return or a U.S. income tax return.

##### **3.1.1 Identification requirement.**

To be eligible for the basic recovery rebate, an individual must file a tax return with a valid social security number issued by the Social Security Administration ("SSA") for said individual, the spouse if a joint return is filed, and any children for whom a Child Recovery Rebate will be paid. The absence of valid social security numbers for qualifying children, as defined in Section 3.3.3., will not disqualify the individual from receiving the basic rebate to which he or she is entitled.

##### **3.1.2 Exemption from tax filing requirement for recipients of social security and veterans benefits and combat zone pay.**

Eligible individuals who received social security and/or veterans benefits in 2007, but are not otherwise required to file a Puerto Rico income tax return and do not file a return, will receive a basic rebate with the Advance Payments, as described in Section 4, without the need to file any additional documents. Eligible individuals who received combat zone pay in 2007, but are not otherwise required to file a Puerto Rico income tax return and do not file a return, are eligible to receive a recovery rebate with the Final Payments, as described in Section 5, without filing a tax return, but must instead file a special form created by the PRDT for this purpose ("Special Rebate Qualification Form") that will allow the individual to demonstrate that he or she received combat zone pay and evidence the name and social security of his or her spouse and qualifying children. Eligible individuals who received social security and/or veterans benefits and received an Advance Payment from the PRDT for their basic rebate may also file a Special Rebate Qualification Form to receive any child recovery rebate to which they are entitled based on their 2007 eligibility. Individuals who are required to file a Puerto Rico income tax return for 2007 and

on that basis would be eligible for a basic rebate of less than \$300 (\$600 if filing a joint return) may also file a Special Rebate Qualification Form if their social security and/or veterans benefits and/or combat zone pay would entitle them to a larger basic rebate.

## **3.2 Basic Recovery Rebate**

### **3.2.1 Amount**

The basic recovery rebate for an eligible individual is equal to the greater of:

- a. Net income tax liability up to \$600 (\$1,200 for a joint return); or
- b. \$300 (\$600 for a joint return) if the individual satisfies one of the following criteria:
  - i. The sum of earned income, social security benefits and veterans benefits is at least \$3,000, or
  - ii. Net income tax liability is greater than zero and gross income determined under the P.R. Code is greater than the sum of the applicable Puerto Rico standard deduction and personal exemption.

## **3.3 Child Recovery Rebate**

### **3.3.1 Eligibility**

The Child Recovery Rebate may be claimed only by an individual eligible to receive a Basic Recovery Rebate greater than zero.

### **3.3.2 Amount**

The amount of the child recovery rebate is equal to \$300 for each qualifying child of the taxpayer.

### **3.3.3 Qualifying child**

For purposes of the Child Recovery Rebate, the term "qualifying child" means a dependent who was born after December 31, 1989, but before January 1, 2008.

### **3.4 Limitation on Recovery Rebates**

The combined amount of the Basic and Child Recovery Rebates shall be reduced, but not below zero, by five percent of the taxpayer's adjusted gross income as determined under the P.R. Code that exceeds \$75,000 (\$150,000 in the case of a joint return).

### **3.5 Special Rules.**

#### **3.5.1 Exclusion from income**

Any payment attributable to recovery rebates shall not be taken into account as taxable income.

#### **3.5.2 Joint returns**

In the case of an Advance Payment made with respect to a joint return, half of the amount shall be treated as having been made or allowed to each individual filing such return.

#### **3.5.3 Federally funded programs**

Any payment attributable to recovery rebates shall not be taken into account as resources for the month of receipt and the following 2 months, for purposes of determining the eligibility of any individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or any program financed in whole or in part with Federal funds.

#### **3.5.4 No offsets by PRDT for debts to PRDT**

Regardless of the status of tax liability of a taxpayer to the PRDT, the PRDT shall not deduct or offset from the rebate payments any amounts owed to the PRDT. Pursuant to the requirements of the Act, rebate payments will be subject to offsets as a result of any past due child support obligations.

#### **3.5.5 No offsets by taxpayers**

Taxpayers filing 2006 or 2007 tax returns shall not deduct any anticipated rebate amounts from their tax liability to the PRDT.

#### **3.5.6 Fraud or mistake**

If any taxpayer receives a rebate from the PRDT based on incorrect information provided by the taxpayer or information omitted by the taxpayer as a result of either fraud or mistake, or if the taxpayer is otherwise not eligible for a rebate paid to him or her by the PRDT, the PRDT may claim such incorrectly paid rebate from the taxpayer through any method available to the PRDT to collect debts

from taxpayers, and any amount recovered from the taxpayer, except interests and penalties, shall be deposited in the Recovery Rebate Fund described below. The IRS may also claim any incorrectly paid rebate from the taxpayer through any method available to the IRS to collect debts from taxpayers.

## **4 Advance Payment of Recovery Rebates**

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### **4.1 Determination of Advance Payment**

PRDT shall determine, based on valid 2006 Puerto Rico individual income tax return information available as of December 31, 2007, the amount of recovery rebate that each individual would have been allowed if the recovery rebate were effective for tax year 2006 ("Advance Payment"). The PRDT shall make an Advance Payment to eligible individuals who filed a 2006 Puerto Rico income tax returns on or before December 31, 2007 and an Advance Payment for the basic rebate of individuals who received social security and/or veterans benefits in 2007. For purposes of the Advance Payment, a qualifying child means a child who is less than 17 as of December 31, 2006, and the PR Code for tax year 2006 shall be used to determine the amount of the basic recovery rebate.

### **4.2 Treatment of combat zone pay.**

Qualifying income from combat zone pay will not be included in the calculation of the Advance Payment, but will instead be included in the Final Payment.

### **4.3 Timing of Payment**

Advance Payments based on 2006 tax returns filed on or before December 31, 2007 and on 2007 social security and/or veterans benefits will be paid by the PRDT between May 1, 2008 (but not before the Commonwealth receives the payment for the estimated aggregate recovery rebate benefits from the U.S. Department of the Treasury) and July 31, 2008.

## **5 Final Payment of Recovery Rebates**

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### **5.1 Determination of Final Payment Amount**

The PRDT shall make a Final Rebate Payment ("Final Payment") to eligible individuals who file 2007 Puerto Rico income tax returns on or before October 15, 2008 (or later in the case of eligible military personnel, as described in Section 5.4.2). The Final Payment will be the difference between the amount for which the individual is eligible based on his 2007 information (including social security and veterans benefits) minus the amount the taxpayer was paid as an Advance Payment. Individuals who were eligible for a higher rebate based on their 2006 information (compared to what they would be eligible for based on their 2007 information) will not be required to return any funds.

### **5.2 Social security and veterans benefits and combat zone pay**

Qualifying income from social security and veterans benefits and combat zone pay will be included in the calculation of the Final Payment of individuals that file the Special Rebate Qualification Form.

### **5.3 Filing obligation**

In order to be eligible to receive a Final Payment, eligible individuals are required to file a 2007 individual income tax return. This filing obligation does not apply to individuals who are using only their social security and veterans benefits and/or their combat zone pay to determine their qualifying income and who file the Special Rebate Qualification Form.

### **5.4 Timing of Payment**

#### **5.4.1 Timely returns**

Final Payments based on 2007 individual income tax returns filed on or before May 15, 2008 (or June 15, 2008 in the case of individuals filing a Special Rebate Qualification Form) will be processed for payment by the PRDT between August 1, 2008 (but not before the Commonwealth receives the payment for the estimated aggregate recovery rebate benefits from the U.S. Department of the Treasury) and October 31, 2008.

#### **5.4.2 Late returns**

Final Payments based on 2007 individual income tax returns filed after May 15, 2008 (June 15, 2008 in the case of individuals filing a Special Rebate Qualification Form) will be handled on a first come, first serve basis until funds made available by the U.S. Department of the Treasury for the recovery rebates are exhausted. However, the PRDT will first pay any Final Payments associated with individual income tax returns filed after May 15, 2008 by individuals serving in the military outside of the United States and a reserve will be created to pay any rebates that can be claimed by individuals that are permitted to file their 2007 tax returns after October 15, 2008 because they are serving in the military in active duty outside of the United States as provided by the P.R. Code. Individuals with combat zone pay otherwise not required to file a 2007 income tax return may file a Special Rebate Qualification Form on or before the date by which they would have been required to file a 2007 income tax return as a result of their military service. Final Payments based on 2007 individual income tax returns filed after May 15, 2008 (or Special Rebate Qualification Forms filed after June 15, 2008) will be paid by the PRDT after February 1, 2009. The PRDT will not make any Final Payments based on individual income tax returns or Special Rebate Qualification Forms filed after October 15, 2008, except in the case of individuals eligible to file a 2007 income tax return after such date because of their military service.

## **6 Coordination with U.S. Government**

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### **6.1 Dual Filers**

Individuals eligible to receive a recovery rebate from the PRDT are not eligible to receive a recovery rebate from the U.S. Department of the Treasury.

### **6.2 Information Sharing**

This exchange of taxpayer information between PRDT and the IRS will be conducted under the Tax Coordination Agreement Between the United States and the Commonwealth of Puerto Rico dated May 26, 1989 or as otherwise authorized by law.

The PRDT shall provide to the U.S. Secretary of the Treasury, on a monthly basis once it begins to issue recovery rebates, information regarding the taxpayer identification numbers of individuals receiving recovery rebates from the PRDT during the previous month.

## **7 Recovery Rebate Fund**

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### **7.1 Establishment of Trust Fund**

The Secretary of the PRDT shall establish a trust fund at the Government Development Bank for Puerto Rico herein referred to as the "Recovery Rebate Fund."

- a. Amounts received from the U.S. Secretary of the Department of the Treasury to cover the estimated aggregate cost of the recovery rebates paid by the PRDT shall be deposited in the Recovery Rebate Fund.
- b. The balance of the Recovery Rebate Fund shall be reduced by withdrawals equivalent to payments made by the PRDT of recovery rebates.
- c. Overpayments of recovery rebates reclaimed by the PRDT shall be deposited in the Recovery Rebate Fund.
- d. The Recovery Rebate Fund shall have no authority to borrow.
- e. The funds received by the PRDT from the U.S. Department of the Treasury shall be used exclusively for the payment of recovery rebates, and not for administrative expenses.
- f. Any interest generated by funds in the Recovery Rebate Fund shall not be credited to the Recovery Rebate Fund and may be deposited in a separate account of the PRDT at the Government Development Bank for Puerto Rico. If the funds in the Recovery Rebate Fund are extinguished, however, and there are individuals eligible to receive recovery rebates that have not received the amount to which they are entitled under this Plan, the PRDT shall deposit into the Recovery Rebate Fund any interest earned on the amount received from the U.S. Department of the Treasury that would be necessary to pay rebates that cannot otherwise be paid with the funds remaining in the Recovery Rebate Fund.
- g. The PRDT shall submit to the U.S. Department of the Treasury quarterly reports indicating the amount of funds in the Recovery Rebate Fund, the amount of funds paid in rebates during such quarter and any interest earned on the amount received from the U.S. Department of the Treasury for recovery rebates. Quarterly reports shall be submitted within 45 days

of the end of a quarter. Quarters will be January to March, April to June, July to September and October to December.

### ***7.2 Return of Unused Amounts***

The balance of the Recover Rebate Fund as of December 31, 2010, if any, shall be returned the U.S. Secretary of the Department of the Treasury without interest.

### ***7.3 Liability of the Commonwealth of Puerto Rico***

Liability of the Commonwealth for making or allowing recovery rebates is limited to funds available in the Recovery Rebate Fund.

### ***7.4 Liability of the United States***

Consistent with Section 101(c) of the Act, the U.S. Department of the Treasury will make one estimated payment to the Commonwealth; the U.S. Department of the Treasury will not be liable for any payments or adjustments beyond the single estimated amount. The PRDT recognizes that the United States has not waived its sovereign immunity for a suit by either the Commonwealth or the residents of the Commonwealth in connection with recovery rebates paid or payable to either the Commonwealth or its residents.

## **8 Claims and Disputes**

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### **8.1 Claims**

Any individual who believes that he or she has not received a rebate in accordance to this Plan may file a written claim with the PRDT addressed to the Assistant Secretary for Internal Revenue, PO Box 9024140, San Juan, PR 00902-4140 or in person at Office 620, Intendente Ramirez Building, 10 Paseo Covadonga, San Juan, PR 00901. Claims for Advance Payments must be filed on or before October 15, 2008, but not before the later of either the date in which the taxpayer received an Advance Payment that is lower than what he or she claims or September 15, 2008. Claims for Final Payment based on 2007 social security and veterans benefits or on Puerto Rico income tax returns filed on or before May 15, 2008 must be filed on or before December 15, 2008, but not before the later of either the date in which the taxpayer received a Final Payment that is lower than what he or she claims or November 15, 2008. Claims on Final Payments based on Puerto Rico income tax returns filed after May 15, 2008 must be filed on or before September 30, 2009, but not before the later of either the date in which the taxpayer received a Final Payment that is lower than what he or she claims or June 30, 2009. In the case of individuals eligible to file their 2007 tax returns after October 15, 2008 as a result of their military service, claims for a Final Payment based on their 2007 income tax return or on a Special Rebate Qualification Form must be filed on or before the later of either three months after they file their 2007 income tax return or Special Rebate Qualification Form or two months after the taxpayer received a Final Payment that is lower than what he or she claims. The PRDT will issue a written final decision on each properly filed claim.

### **8.2 Administrative Review of PRDT's Determination Regarding Claims**

An individual who disagrees with PRDT's final decision on a claim pursuant to Section 8.1 of this Plan may file a request for hearing and administrative review before the Secretary of Adjudicative Procedures of the PRDT, pursuant to Puerto Rico Act No. 170 of August 12, 1988, as amended. This request must be made in writing, within thirty days from the date PRDT's final decision is notified to the individual, pursuant to Puerto Rico Regulation No. 7389 of July 13, 2007. Requests may be filed in person at PRDT's offices located at Intendente Ramirez Building, 10 Paseo Covadonga; 6th floor, Office 611, San Juan, PR 00901 or by mail at Department of Treasury, Attn. Office 611, P.O. Box 9024140, San Juan, PR 00902-4140.

### **8.3 *Best Effort.***

The dates included in this Plan for distribution of Advance Payments and Final Payments are target dates, but given the accelerated schedule for the same, it is understood that there are various circumstances, unforeseen at the time of approval of this Plan, that could affect the timing of payments. Accordingly, these dates represent the estimated dates for distribution of rebates based on best efforts as can be calculated in advance of this first time ever program. There shall be no liability or claim for interest against the PRDT for failure to meet the target dates established herein.

### **8.4 *No interest***

No individual shall be entitled to receive any kind of interest by reason of receiving a rebate as a result of a claim or otherwise.

## **9 Functional Plan**

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The PRDT will establish a functional group that will be accountable and responsible for the following activities of the Plan:

### **9.1 Confirmation of the Eligibility Rules and Basic Recovery Rebate**

Once the Plan is approved, the Functional Group will evaluate final determinations and will prepare adequate documentation to the PRDT's Information Technology Area. This documentation will be essential for the proper identification, data extract and selection of eligible taxpayers. This will also include the rules for the recipients of social security and veterans benefits.

### **9.2 Selection Testing and Validation**

Based on the defined rules provided to the Information Technology Area, the Functional Group will test and validate data extract and basic recovery rebate. The possible scenarios of amounts of wages combined with social security and veteran benefits will be tested between the possibilities of married with children, married with no children, head of household with children and single with no children.

After an initial data extract is provided from the Information Technology Area, a testing of the basic recovery rebate will be computed for those taxpayers identified in the cross reference report as beneficiaries of one of the benefits and reported wages.

Additional validation will be made between PRDT and the U.S. Department of the Treasury for the data received for the social security and veteran benefits. This validation will help to address further claims related to those benefit recipients.

### **9.3 Process and Procedures Documentation**

The Functional Group will be in charge of preparing the supporting processes and procedures documentation of the Plan. Procedures will include:

- Data Test and Validation
- Production Control
- Printing Process
- ACH Transmissions

- Claims Procedures
- Return Mail Management
- Sharing Information with the U.S. Treasury

#### ***9.4 Issues and Risk Management Plan***

The purpose of an Issue Management Plan is to outline the appropriate follow-up and escalation procedures that will ensure Distribution Plan issues are addressed by the appropriate decision makers and resolved in a timely matter.

The Risk Management Plan will help in the identification of mitigation activities that will minimize the potential occurrence of a risk and mitigate the effects if the risk occurs.

#### ***9.5 Disbursement Control and Financial Reporting***

The proper establishment of disbursement controls will be an important part of the Functional Group responsibilities. Additionally, the Functional Group will be responsible for control and reporting of the administrative costs incurred that will be assigned to the PRDT.

## **10 Information Technology Plan**

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### **10.1 Summary**

This section of the plan covers the areas of Identification Strategy, Production Strategy, Data Management Strategy, Control Strategy, Reporting Strategy and Support to the Functional and Support Areas. It is the PRDT's intention to re-utilize as many readily available resources as possible. Another objective of this plan is to create a processing operation that would result non invasive to our regular seasonal objectives, especially the individual tax filing process.

### **10.2 Identification Strategy**

The initial phase of the proposed Processing Strategy consists of the extraction of the 2006 individual tax filings into an image copy database to be used as the baseline to all of the processes that are going to be implemented during this initiative. It is the PRDT's intention to use this database as the main resource for most of its processing.

A set of eligibility business rules to be prepared by the functional group will be translated into application code and applied against the database. The result will be validated by the functional group and streamlined as necessary until all of the selection criteria have been met. After successful validation, a live production run will produce a record set of tax filings containing the prospects that qualify for the Advance or Final Payments described in sections 4 and 5.

A parallel effort to the initial identification of prospects should be on its way in order to load data acquired from SSA and DVA into the same database. When the data from SSA and DVA is available, the PRDT should start the process of identification of prospects that have records in at least two of the data sources (PR Tax Filers 2006, SSA and DVA). Cross reference reports should be generated to identify new prospects, e.g. "A filer with an income too low to qualify for the rebates in excess of net income tax liability as per the tax records but has sufficient income from SSA and/or VA to qualify for rebates in excess of net income tax liability".

The result of the Cross Reference Report should be the identification of new prospects for the initial advance. Following this second round of prospect identification, a validation process should be in place to insure that all prospects have been included. After this final validation is completed, it could be said that most recipients of the Advance Payment have been identified. The PRDT at this point should be ready to share this information with the U.S. Department

of the Treasury. At this point all estimates for the Advance Payment can be revised.

After conclusion of the extraction and prospect identification phase, begins the Production Phase. See Appendix 1 Identification of Prospects Process. A similar process will be performed with 2007 data for the Final Payments.

### ***10.3 Production Strategy***

During this phase, payments will be issued for all those prospects that have been validated as prospects. The first part of this phase will be to create the production groups. These groups or batches will be processed during daily processes that will create the payments, for each group or batch the system should assign a production date and a printing date entry. It is the PRDT's intention to process all of the Advance Payments in a period no longer than six weeks, but the Plan provides for twelve weeks to account for unanticipated delays.

Before check payments are issued, a process will be invoked to validate the prospect's address. All addresses must adhere to the U.S. Post Office standards that include the Zip+4, address structure and pre-sort standards. Exceptions of the standardization process will be sent to an address correction process, payments for the exceptions will be held until a compliant address is produced. Electronic payments will be issued without address verification.

All successful payment transactions will be logged into a payment table or subsidiary, a check emission file will be generated and transmitted to the bank, so that whenever those checks or payments are presented for clearing the bank already knows its origin. Electronic payments will be processed into an Automatic Clearing House (ACH) file and transmitted to the ACH network on a daily basis.

A spool file will be generated for printing; the printing process will run six days of the week on a sixteen hour window. An off-day would be provided within the production schedule with the intention of providing an equipment maintenance window and would also provide for printing or processing of any extraordinary items. At the end of the printing process, all payment transactions will be marked as paid and the check number will be added to that record.

At the end of the daily processing cycle, all checks will be registered by the Treasury Area of the PRDT and will be delivered to the Central Post Office for public distribution. Finalized check registers will be issued and stored as supporting documents. For a more detailed production schedule, please see

#### **10.4 Data Management Strategy**

All information related to this process will be managed and stored utilizing relational databases created and designed exclusively for this purpose. The relational database will provide the process with referential integrity, security and audit ability to support the process.

This database will also provide means for supporting the tax payers, reporting and data exchange capabilities. The database will be initially loaded with 2006 Individual Tax Filings, SSA beneficiaries and VA beneficiaries.

Database will also contain security, audit and transaction logs.

#### **10.5 Control Strategy**

General controls relate to the environment within which automated application systems are developed, maintained and operated and which are, therefore, applicable to all the applications. They ensure the proper development, implementation and maintenance of all automated applications, and the integrity of program and data files and of computer operations.

The Control Strategy consists in the establishment of control procedures. These procedures should follow best practices from the industry as adopted by organizations like ISACA (Information Systems Audit and Control Association).

After the implementation of the controls, the PRDT will solicit the service of internal and external auditors to test the controls. Auditor's reports will be used to add strength to the controls already in place.

Some of the controls to be established include, but are not limited to, access controls, run controls, output controls, reporting controls, hashing controls and reconciliation processes.

#### **10.6 Reporting Strategy**

PRDT's intention is to provide the U.S. Department of the Treasury with all required information and data relative to the disbursement process. The U.S. Department of the Treasury and PRDT should agree on the information and data required as well as the reporting schedule and formats.

### **10.7 Support to the Functional Areas Strategy**

Besides the previously mentioned operation's strategy, PRDT believes that support to the taxpayers and the functional officers (Internal Revenue Area Personnel), is critical to the success of the initiative.

The Information Technology Area proposes a support approach based on the use of dynamic information. To accomplish this goal, it has been identified the need to provide an internet portal that will provide the information needed to assist taxpayers during the process. This portal will be used to provide information to the taxpayers via online access or through the planned Call Center. The list of resources that should be available at the portal includes:

- General information about the process
- Links to content produced by the IRS, PRDT, SSA and the DVA
- Verification of eligibility
- Qualifying payment amount
- Estimated date of pay
- Request payment type (check or electronic payment)
- Update address information
- Obtain status of checks returned by the post office

The portal shall have an English and Spanish version suited to accommodate most of the island's taxpayers, social security and veterans beneficiaries.

## **11 Support Plan**

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The support personnel executing this plan will be accountable and responsible for the management of interactions between the recovery rebate beneficiaries and the operational areas of the PRDT.

### **11.1 Communications Plan**

An effective communication plan in the written media, radio and internet will contribute to a better understanding of the primary intention of the recovery rebate. Simple language, clear and easily explainable concepts are important factors for the success of the communications plan.

Definitions of the determination of eligibility, amount of recovery rebate, special rule for the recipients of social security and veterans benefits, child recovery rebate, limitation on recovery rebates and other special rules are part of the concepts that will be included in the different media strategies. Additional topics will be the explanation of the Advance Payment and Final payment computations and range of dates to file claims.

The Communications Plan will start on April 2008 and will cover the periods of Advance Payments, Final Payments and Claims.

### **11.2 Orientations and Trainings**

Adequately trained and oriented employees will support the efforts of the Communications Plan. PRDT will provide a complete training to the PRDT Taxpayer Service Bureau in order for its personnel to manage frequently asked questions.

Orientation materials with different scenarios and frequently asked questions will be available at the Taxpayer Services Regional Offices to all employees and recovery rebate beneficiaries. Trainers will also be in charge of training and support of Call Center personnel.

### **11.3 Call Center**

A dedicated Call Center will be established for recovery rebate recipients. This will be the main tool to manage the interactions between the recipients and the operational areas of the PRDT. The following information will be available through the Call Center:

1. General information about the process
2. Verification of eligibility
3. Qualifying payment amount
4. Payment Status
5. Request payment type (check or electronic payment)
6. Update address information
7. Obtain status of checks returned by the post office
8. Claims management

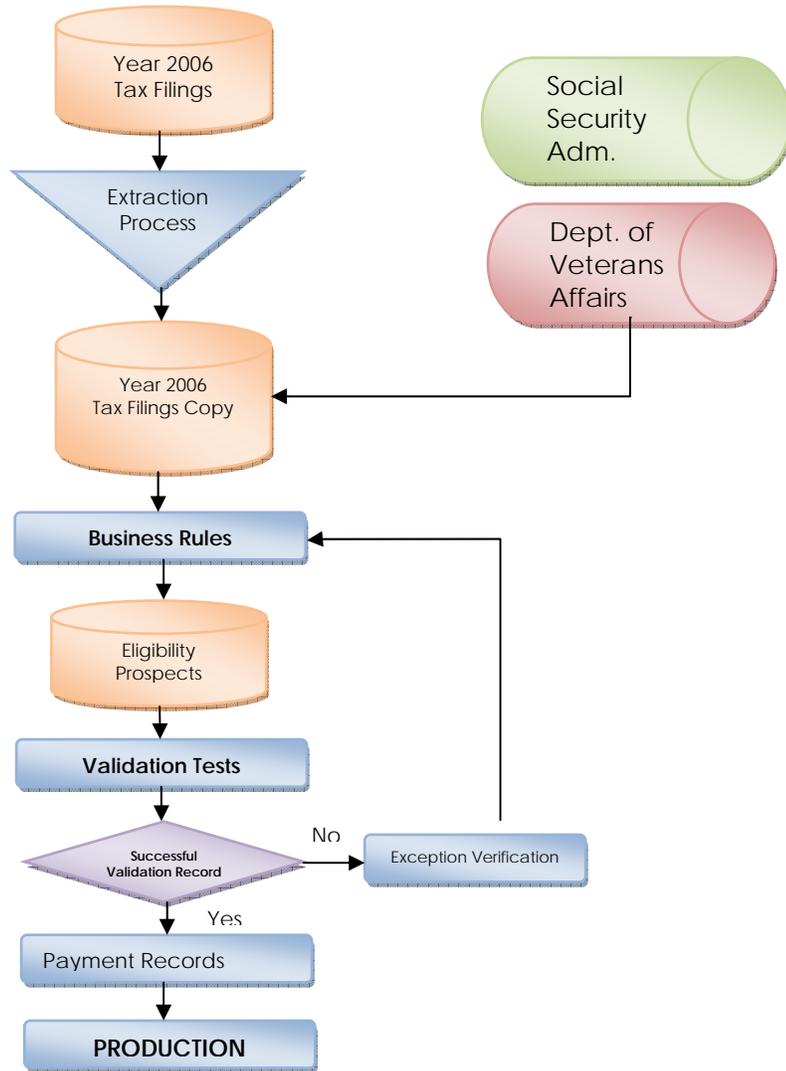
#### ***11.4 Exception Handling***

It is expected that after address standardization, ten percent of all checks (approximately 100,000) will be returned by the post office. When the telephone information is available, an effort will be made to contact beneficiaries. We will direct the effort to the Call Center and they will update the address information. Once the address is updated, the Call Center will notify the procedure to receive the rebate.

A procedure will be established for the claims of checks not received within the expected date that were not returned by mail. Identification protocols and verification of checks already exchanged at the bank will be made before any type of re-impression. This will manage the double payment and misappropriation of funds.

## Appendix 1 Identification of Prospects Process

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## Appendix 2. Production Process Tentative Schedule

<b>Distribution of Recovery Rebates - Advanced Payment Check Production Plan</b>								<b>Success</b>	<b>Success</b>	<b>Success</b>
<b>Production System</b>								<b>Rate @</b>	<b>Rate @</b>	<b>Rate @</b>
<b>Shift</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>	<b>Sunday</b>	<b>100%</b>	<b>75%</b>	<b>50%</b>
<b>May 4 - June 10, 2008</b>										
1						25,000	25,000			
2	25,000	25,000	25,000	25,000	** Maint	25,000	25,000			
3	25,000	25,000	25,000	25,000	** Maint	25,000	25,000			
Daily Total	50,000	50,000	50,000	50,000	0	75,000	75,000			
Weekly Cumulative	50,000	100,000	150,000	200,000	200,000	275,000	350,000	<b>350,000</b>	<b>262,500</b>	<b>175,000</b>
<b>May 11 - May 17, 2008</b>										
1						25,000	25,000			
2	25,000	25,000	25,000	25,000	** Maint	25,000	25,000			
3	25,000	25,000	25,000	25,000	** Maint	25,000	25,000			
Daily Total	50,000	50,000	50,000	50,000	0	75,000	75,000	<b>700,000</b>	<b>525,000</b>	<b>350,000</b>
Weekly Cumulative	50,000	100,000	150,000	200,000	200,000	275,000	350,000			
<b>May 18 - May 24, 2008</b>										
1						25,000	25,000			
2	25,000	25,000	25,000	25,000	** Maint	25,000	25,000			
3	25,000	25,000	25,000	25,000	** Maint	25,000	25,000	<b>1,050,000</b>	<b>787,500</b>	<b>525,000</b>
Daily Total	50,000	50,000	50,000	50,000	0	75,000	75,000			
Weekly Cumulative	50,000	100,000	150,000	200,000	200,000	275,000	350,000			
<b>May 25 - May 31, 2008</b>										
1						25,000	25,000			
2	25,000	25,000	25,000	25,000	** Maint	25,000	25,000	<b>1,125,000</b>	<b>843,750</b>	<b>562,500</b>
3	25,000	25,000	25,000	25,000	** Maint	25,000	25,000			
Daily Total	50,000	50,000	50,000	50,000	0	75,000	75,000			
Weekly Cumulative	50,000	100,000	150,000	200,000	200,000	275,000	350,000			
<b>June 1 - June 7, 2008</b>										
1						25,000	25,000			
2	25,000	25,000	25,000	25,000	** Maint	25,000	25,000	<b>1,200,000</b>	<b>900,000</b>	<b>600,000</b>
3	25,000	25,000	25,000	25,000	** Maint	25,000	25,000			
Daily Total	50,000	50,000	50,000	50,000	0	75,000	75,000			
Weekly Cumulative	50,000	100,000	150,000	200,000	200,000	275,000	350,000			

\*Success rate will vary depending on the total number of payments based on the eligibility process; production plan is based on actual capacity not on the estimates of eligible beneficiaries.

\*\* Production schedules are considering a weekly 24 hour equipment maintenance window. Additional unplanned maintenance might be necessary depending on actual circumstances.