



Client Bulletin No. 9 (Updates on COVID-19 related PH Issuances):

Issuances to Implement the Bayanihan To Heal As One Act (Bayanihan Act)

This is a briefing on the following issuances as of April 2, 2020 in relation to the COVID-19 pandemic:

[A. Implementing Rules for Bayanihan to Heal As One Act's \(Bayanihan Act\) Provisions on Grace Periods for Loans](#)

[B. Bureau of Internal Revenue \(BIR\) Issuances Implementing the Bayanihan Act](#)

[C. Other issuances \(social amelioration measures, extension of deadline to pay tonnage fee\)](#)

A. Implementing Rules for Bayanihan to Heal as One Act's (Bayanihan Act) Provisions on Grace Periods for Loans

1. In response to the COVID-19 crisis, the Philippine Congress passed the *Bayanihan To Heal As One Act* (the Bayanihan Act) which took effect on March 26, 2020.¹ For more information on the Bayanihan Act, see our client bulletin released on March 27, 2020.²

2. On April 1, 2020, the Department of Finance (DOF) issued the Implementing Rules and Regulations (IRR) for Section 4 (aa) of the Bayanihan Act, which rules will take effect immediately upon publication.³ According to the finance department, the rules will be published on April 2, 2020.⁴

3. The Bayanihan Act's Section 4 (aa) grants the Philippine President the power to “[d]irect all banks, quasi-banks, financing companies, lending companies, and other financial institutions, public and private, including the Government Service Insurance System (GSIS), Social Security System (SSS), and Pag-IBIG Fund, to implement a minimum of a 30-day grace period for the

¹ Report to the Joint Congressional Oversight Committee Pursuant to Section 5 of Republic Act No. 11469, Otherwise Known as the Bayanihan to Heal as One Act dated March 30, 2020; http://www.senate.gov.ph/PRRD_Report.pdf; last visited at 3:00 PM on April 2, 2020.

² SyCipLaw Bulletin dated March 27, 2020; <https://mailchi.mp/6f26be152f54/bayanihan-to-heal-as-one-act-cebu-city-davao-city-under-community-quarantine?e=3699ef9c26>.

³ IRR for Section 4(aa) of the Bayanihan Act, dated April 1, 2020; <https://www.officialgazette.gov.ph/downloads/2020/03mar/20200401-IRR-RA-11469-RRD.pdf>; last visited at 4:09 PM on April 1, 2020.

⁴ <https://www.dof.gov.ph/dof-releases-bayanihan-act-irr-on-30-day-extension-for-loan-payments/>; last visited at 4:10 PM on April 1, 2020.

payment of all loans, ... as well as credit card payments, falling due within the Enhanced Community Quarantine (ECQ) (which is the period from March 17 to April 12, 2020, unless lifted earlier or extended),⁵ without incurring interests penalties, fees, or other charges. Persons with multiple loans shall likewise be given the minimum 30-day grace period for every loan.”

The IRR implements this mandate.

4. Covered institutions are “all lenders, including but not limited to banks, quasi-banks, non-stock savings and loan associations, credit card issuers, pawnshops and other credit granting financial institutions under the supervision of the Bangko Sentral ng Pilipinas (BSP, the Central Bank of the Philippines), Securities and Exchange Commission, and Cooperative Development Authority, public or private, including the GSIS, SSS, and Pag-IBIG Fund.”

5. Grace period -- These institutions must “implement a 30-day grace period for all loans with principal and/or interest falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges.” Future payments/amortizations of borrowers shall also not be charged with interest on interest, fees and charges during the 30-day period. In case the ECQ Period is extended, “the initial 30-day grace period shall automatically be extended.”

6. No documentary stamp tax (DST) because of grace period -- No additional DST shall be imposed on the loans covered by the grace period, and “on credit extensions, credit restructuring, micro-lending including those obtained from pawnshops and extensions thereof during the ECQ Period.”

7. Payment of interest can be staggered -- The payment of accrued interest for the grace period may be staggered over the remaining life of the loan. The borrower may also pay “in full on the new date following the application of the 30-day or extended grace period, as the case may be.”

8. No waiver of grace period allowed – Waivers on the application of the provisions of the Bayanihan Act are prohibited. Borrowers, however, may pay their obligations as they fall due during the ECQ Period should they so desire.

9. Penalties – Violation of the provisions of the IRR is punishable by the penalties provided in the Bayanihan Act, existing laws, and rules and regulations. Under the Bayanihan Act, a fine of not less than P10,000 but not more than P1,000,000, or imprisonment of 2 months, or both may be imposed to the covered institutions which refuse to provide 30-day grace periods.⁶

10. *BSP Memorandum No. M-2020-017 dated April 1, 2020*⁷ has been issued to order BSP-supervised financial institutions to comply with the DOF’s IRR.

For more information about the foregoing issuances, please contact your account partner or the author of this client bulletin:

⁵ Proclamation No. 929, dated March 16, 2020; <https://www.officialgazette.gov.ph/downloads/2020/03mar/20200316-PROC-929-RRD.pdf>; last visited 3:19 PM on April 2, 2020.

⁶ Bayanihan Act, Section 6(e).

⁷ BSP Memorandum No. M-2020-017 dated April 1, 2020; <https://drive.google.com/file/d/1qzfC0mwDhOnuolvLE7IU7sStrMI8zA1I/view>; last visited at 12:01 PM on April 2, 2020.

Rose Marie M. King-Dominguez
Partner
rmmking@syCIPLaw.com

B. Bureau of Internal Revenue (BIR) Issuances Implementing the Bayanihan Act

1. Extension of deadlines to pay taxes (Revenue Regulations (RR) No. 7-2020 (Implementing Section 4(z) of Republic Act No. 11469, otherwise known as “Bayanihan to Heal As One Act”, particularly on the extension of statutory deadlines and timelines for the filing and submission of any document and the payment of taxes) dated March 27, 2020)⁸

RR No. 7-2020 implements Section 4(z) of the Bayanihan Act⁹ by extending the statutory deadlines for the submission and/or filing of various documents and the payment of various taxes. This RR is a consolidation of extensions granted under the various Revenue Memorandum Circulars (RMC) previously issued by the Commissioner, and which are covered by our client bulletin released on April 1, 2020.¹⁰

The Commissioner has also issued a *Tax Advisory dated March 30, 2020*¹¹ to address an issue regarding the use of the BIR’s eFPS system. Because the eFPS “automatically computes penalties for the late filing/payment of taxes due,” taxpayers who will use the eFPS for the filing and payment of taxes are advised to “disregard the penalties computed by the [eFPS] and pay only the basic tax due,” as long as payment is made “on or before the extended deadline” stated in RMC No. 30-2020.¹² Filing and/or payments made beyond the deadlines in RMC No. 30-2020 “shall be subjected to the applicable penalties computed by the eFPS from the extended deadline until actually paid.”

2. Tax exemptions to import essential health equipment and supplies

a. Revenue Regulations (RR) No. 6-2020 (Implementing the Tax Exemption Provision of

⁸ BIR RR No. 7-2020 dated March 27, 2020; https://www.bir.gov.ph/images/bir_files/internal_communications_1/Full%20Text%202020/RR%20No.%207-2020.pdf; last visited at 9:30 PM on April 1, 2020.

⁹ Bayanihan Act Section 4(z). Move statutory deadlines and timelines for the filing and submission of any document, the payment of taxes, fees, and other charges required by law, and the grant of any benefit, in order to ease the burden on individuals under Community Quarantine.

¹⁰ Please refer to our previous bulletins below.

SyCipLaw Bulletin dated March 18, 2020; <https://mailchi.mp/2c124a390ac3/developments-in-the-philippines-relating-to-the-covid-19-pandemic-as-of-march-18-2020?e=3699ef9c26>.

SyCipLaw Bulletin dated March 19, 2020; <https://mailchi.mp/a3ed63b13c6c/philippine-government-issuances-bir-sec-relating-to-the-covid-19-pandemic-as-of-march-19-2020?e=3d15019341>.

SyCipLaw Bulletin dated April 1, 2020; <https://mailchi.mp/14c8a43c824a/extension-of-deadlines-to-pay-national-taxes-local-business-taxes-to-avail-of-tax-amnesty-and-to-submit-documents-to-the-bir?e=3699ef9c26>.

¹¹ BIR Tax Advisory dated March 30, 2020; https://www.bir.gov.ph/images/bir_files/internal_communications_1/Advisory/posted%20during%20quarantine%20march%202020/Tax%20Advisory_FFPS.pdf; last visited at 11:30 PM on April 1, 2020.

¹² SyCipLaw Bulletin dated April 1, 2020; <https://mailchi.mp/14c8a43c824a/extension-of-deadlines-to-pay-national-taxes-local-business-taxes-to-avail-of-tax-amnesty-and-to-submit-documents-to-the-bir?e=3699ef9c26>.

Republic Act No. 11469, Otherwise Known as the “Bayanihan to Heal As One Act”) dated March 27, 2020¹³

RR No. 6-2020 implements the tax exemption provision under Section 4(o) of the Bayanihan Act.¹⁴ It specifically provides the following:

(i) “The importation of critical or needed healthcare equipment or supplies intended to combat the COVID-19 public health emergency” shall be “exempt from value-added tax, excise tax and other fees.”

(ii) “Importation of materials needed to make health equipment and supplies deemed as critical or needed to address the public health emergency” shall also be “exempt from value-added tax, excise tax and other fees” provided that “the importing manufacturer is included in the Master List of the Department of Trade or Industry (DTI) and other incentive bodies.”

(iii) The importation of goods under items a and b “shall not be subject to the issuance of an Authority to Release Imported Goods (ATRIG)¹⁵.” Therefore, ATRIG shall not be necessary for the release of goods from the Bureau of Customs (BOC). The BIR will conduct post investigation/audit “based on the BOC list of importers who made importations without ATRIG.”

(iv) Donations of imported articles “to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the Government” are exempt from donor’s tax, and “subject to the ordinary rules of deductibility under existing rules and issuances.”

RR No. 6-2020 shall be effective “only during the three month effectivity of [the Bayanihan Act], unless extended or withdrawn by Congress or ended by Presidential Proclamation.”

b. Exemption from Authority to Release Imported Goods (ATRIG) (*Revenue Memorandum Order (RMO) No. 10-2020 (Exemption from Authority to Release Imported Goods (ATRIG) Requirements of all Items Imported under Section 4, paragraph (o) of Republic Act No. 11469, otherwise known as the “Bayanihan to Heal as One Act”*) dated March 30, 2020)¹⁶

RMO No. 10-2020 prescribes “policies and guidelines relative to the ATRIG requirements” of Section 4, paragraph (o) of the Bayanihan Act. It specifically provides the following:

(i) “All importations of health equipment and supplies deemed as critical or needed to address the current public health emergency, declared as exempt from VAT and excise taxes under

¹³ BIR RR No. 6-2020 dated March 27, 2020; https://www.bir.gov.ph/images/bir_files/internal_communications_1/Advisory/posted%20while%20under%20quarantine%20march%202020/RR%20No.%206-20201.pdf; last visited at 9:25 PM on April 1, 2020.

¹⁴ Bayanihan Act. Section 4(o). Liberalize the grant of incentives for the manufacture or importation of critical or needed equipment or supplies for the carrying-out of the policy declared herein, including healthcare equipment and supplies: Provided, That importation of these equipment and supplies shall be exempt from import duties, taxes and other fees.

¹⁵ This is the Authority to Release Imported Goods under RMO No. 35-2002 (Prescribing the Guidelines and Procedures in the Processing and Issuance of Authority To Release Imported Goods (ATRIG) for Excise and Value-Added Tax Purposes).

¹⁶ BIR RMO No. 10-2020 dated March 30, 2020; https://www.bir.gov.ph/images/bir_files/internal_communications_1/Advisory/posted%20during%20quarantine%20march%202020/RMO%20No.%2010-2020.pdf; last visited at 11:00 PM on April 1, 2020.

Section 4, paragraph (o) of [the Bayanihan Act], shall be released from customs custody without need of an ATRIG.”

(ii) “Importation of materials needed to produce the health equipment and supplies deemed as critical or needed to address the current public health emergency” shall be released from customs custody without need of an ATRIG” provided that “the importing manufacturer is included in the Master List of the Department of Trade or Industry and other governing bodies.”

(iii) The BOC shall furnish the Commissioner of Internal Revenue “a summary report of all importations availing of the privilege under Section 4, paragraph (o) of the Bayanihan Act,” which contains the following details:

- Name of consignee/importer;
- Tax Identification Number (if applicable);
- Description of goods;
- Invoice Value of Goods; and
- Date of Arrival of Goods

The exemption from ATRIG covers “importations of health equipment and supplies under Section 4, paragraph (o) of [the Bayanihan Act]” which “arrived and were cleared by the [BOC] during the three months effectivity of [the Bayanihan Act], unless extended or withdrawn by Congress or ended by Presidential Proclamation.”

RMO No. 10-2020 shall be automatically repealed “upon the lifting of the emergency powers through the expiration of the three-month period, unless extended or withdrawn by Congress or ended by Presidential Proclamation.”

For more information about tax issuances, please contact your account partner or the author of this client bulletin:

Carina C. Laforteza
Partner; Head of the Tax Department
cclaforteza@syCIPLAW.com

C. Other Issuances

a. Special Guidelines on the Provision of Social Amelioration Measures to the Most Affected

Residents (*Joint Memorandum Circular No. 1 Series of 2020 dated March 28, 2020*)¹⁷

The implementing agencies of the Bayanihan Act (Department of Social Welfare and Development, Department of Labor and Employment, Department of Trade and Industry, Department of Agriculture, DOF, Department of Budget and Management, and Department of the Interior and Local Government) have issued a circular providing for the guidelines in streamlining and harmonizing the social protection programs, projects, and services of each agency to mitigate the socio-economic impact of the COVID-19 health crisis. The circular aims to guarantee the provision of basic needs of the affected individuals and communities during and after the implementation of the enhanced community quarantine.

b. Extension of Payment of Discounted Annual Tonnage Fee for C.Y. 2019 (*MARINA Advisory 2020-21 dated March 26, 2020*)¹⁸

On March 26, 2020, the Maritime Industry Authority issued an advisory implementing Section 4(z) of the Bayanihan Act¹⁹ by extending the expiration of the tonnage fee discounted rate of P25.00 per gross tonnage to June 25, 2020.

Other COVID-19 related bulletins

The links to our earlier bulletins can be found at the SyCipLaw information hub, <https://syciplawresources.com/>.

Please note that there are other COVID-19 related government issuances which are not covered by our bulletins. For more information about other regulations, please contact your account partner or sshg@syciplaw.com or info@syciplaw.com.

¹⁷ Joint Memorandum Circular No. 1 Series of 2020 dated March 28, 2020 <https://www.officialgazette.gov.ph/downloads/2020/03mar/20200328-JOINT-MEMORANDUM-CIRCULAR-NO-1-S-2020.pdf>; last visited at 12:04 PM on April 2, 2020.

¹⁸ MARINA Advisory 2020-21 dated March 26, 2020; <https://marina.gov.ph/wp-content/uploads/2020/03/MA-2020-21.pdf>; last visited at 12:01 PM on April 2, 2020.

¹⁹ Bayanihan Act Section 4(z). Move statutory deadlines and timelines for the filing and submission of any document, the payment of taxes, fees, and other charges required by law, and the grant of any benefit, in order to ease the burden on individuals under Community Quarantine.

This bulletin contains a summary of the legal issuances discussed above. It was prepared by SyCip Salazar Hernandez & Gatmaitan (SyCipLaw) to update its clients about recent legal developments.

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SyCip Salazar Hernandez & Gatmaitan

SyCipLaw Center, 105 Paseo de Roxas

Makati City 1226, The Philippines

t: +632 8982 3500; +632 8982 3600; +632 8982 3700

f: +632 8817 3145; +632 8817 3896

e: sshg@syciplaw.com

www.syciplaw.com