



PwC PH's response to COVID-19 frontliners

Client Advisory Letter

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PAS 36 and PFRS 16: Assessing retail stores for impairment after the adoption of PFRS 16

How should leased retail stores be tested for impairment after the adoption of PFRS 16?

A lessee applies PAS 36 to determine whether the right-of-use (ROU) asset is impaired and to account for any impairment loss identified. At the end of each reporting period, the entity assesses whether there is any indication that the asset might be impaired. If any such indication exists, the entity estimates the asset's recoverable amount.

If the recoverable amount for the individual asset cannot be estimated, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined. This means that the recoverable amount is estimated for the smallest group of assets that generate cash inflows that are largely independent of those from other assets or groups of assets. This principle should be applied when assessing the ROU asset for each lease. Generally, we would expect for retailers that each store will be a separate CGU.

In most cases, each leased retail store will comprise a ROU asset, as well as property, plant and equipment which has been added to the leased retail store, such as a building shell or leasehold improvements. It is unlikely that any one of these assets could generate cash inflows independently from the others. Therefore, the combined store assets should be assessed for impairment as one CGU, along with an allocation of assets (such as corporate assets) that are indirectly attributable, on a reasonable and consistent basis (where such an allocation can be made), to the CGU).

The assets (and liabilities, where appropriate) attributed to each CGU should be consistent with the estimated future cash flows that are identified for calculating the recoverable amount. In determining the store's recoverable amount using a value in use (ViU) model, all future cash inflows and outflows associated with the store are included, as well as a reasonable and consistent allocation (where such an allocation can be made) of central overheads.

- Generally, ROU assets and related lease liabilities will be considered in a PAS 36 ViU model. The CGU assets tested against ViU include the ROU assets and exclude the lease liabilities. The expected cash flow model will:
 - include the right of use asset in the carrying amount of the CGU;
 - exclude the lease liability from the carrying amount of the CGU because it relates to financing;
 - exclude the lease payments included in the lease liability in the ViU calculation;
 - use a pre-tax discount rate (typically estimated with reference to a post-tax weighted average cost of capital (WACC) discount rate) that should reflect a market assessment of capital structure rather than the entity's own structure;
 - include cash outflows to replace leased assets at the end of the lease term which are essential to the ongoing operation of the CGU (that is, the RoU asset being tested for impairment only reflects the existing lease, so the most practical way to incorporate replacement is via a future capital expenditure cash outflow); and
 - include cash outflows for expected future variable rents and short-term and low value leases that are not included in the lease liability.

Projected future cash flows are discounted at a pre-tax rate that reflects both current market assessments of the time value of money and the risks specific to the asset/CGU for which the future cash flow estimates have not been adjusted. The WACC should reflect a market assessment of an adequate capital structure, represented by the respective peer group companies, not the entity's own capital structure. Lease liabilities would be expected to be considered as an additional debt-like element of the capital structure, in addition to existing debt and equity.

Because the WACC needs to reflect the peer group's capital structure, retailers should take care to identify an appropriate peer group. In particular, the peer group should reflect companies which have a similar mix of freehold and leasehold properties in the store portfolio.

If historical lease liabilities under PFRS 16 are not available, it might be necessary to derive an estimate of the historical capital structure (for example, based on PAS 17 operating lease commitment note disclosures) which can then be refined going forward, as capital structure data becomes increasingly available after adoption of PFRS 16.

As outlined above, the ViU model under PFRS 16 accounting is constructed with different data-points compared to a model under PAS 17 accounting. There are a variety of changes such as:

- the inclusion of the ROU asset in the CGU;
- ViU cash outflows decreasing as operating lease cash flows are being excluded unless they relate to variable lease payments;
- ViU cash outflows increasing as replacement lease cash payments would be included where the lease term is shorter than the model life; and
- the discount rate could reduce as more debt elements are introduced.

The overall result on headroom would be impacted by the magnitude of each one of the changing factors. It may therefore be the case that PFRS 16 causes a reduction in headroom if the reduction in ViU-discounted cash flows is lower than the increase in CGU assets being tested.



Accounting implications of coronavirus

At a glance

The emergence and spread of the coronavirus in early 2020 have affected business and economic activity in the Philippines and elsewhere. Entities should consider the accounting implications of these developments.

In our view, the development and spread of the virus subsequent to 31 December 2019 is a non-adjusting event

What is the issue?

Should coronavirus be accounted for as an adjusting or non-adjusting event?

PAS 10 defines an adjusting event as an event that provides evidence of conditions that existed at the reporting date. A non-adjusting event indicates conditions that arose after the reporting date.

The situation at 31 December 2019 was that a limited number of cases of an unknown virus had been reported to the World Health Organisation. There was no explicit evidence of human-to-human transmission at that date. These are the conditions that existed at 31 December. The subsequent spread of the virus and its identification as a new coronavirus does not provide additional evidence about the situation that existed at 31 December 2019, and it is therefore a non-adjusting event.

Management should ensure that the measurement of assets and liabilities reflects only the conditions that existed at the reporting date. Subsequent developments should not be reflected in the measurement of, for example:

- expected credit losses under PFRS 9, 'Financial instruments';
- the impairment of tangible and intangible assets under PAS 36, 'Impairment of non-financial assets';

- the net realizable value of inventory under PAS 2, 'Inventories';
- deferred tax assets in accordance with PAS 12, 'Income taxes'; or
- any asset or liability measured at fair value.

The spread of the coronavirus is a non-adjusting event. However, events after the reporting date sometimes provide additional information about the uncertainties that existed at the reporting date. Judgement might be required in some situations – for example, the bankruptcy of a customer subsequent to the reporting date might reflect existing issues beyond the spread of the coronavirus.

Going concern

PAS 10 states that the financial statements should not be prepared on a going concern basis where events after the reporting date indicate that the going concern assumption is no longer appropriate. This guidance applies even if those events would otherwise be non-adjusting. Entities should therefore consider whether developments subsequent to the reporting date have any implications for the going concern assumption.

Disclosure

Non-adjusting events do not result in adjustment to the financial statements, but they do require disclosure if material. This disclosure should be transparent and specific to the entity, and it should include the nature of the event and an estimate of its financial effect. Entities should consider disclosing the impact of developments after the reporting date on the carrying amount of assets and liabilities (for example, the need to impair assets or remeasure fair values), or the impact on revenue or on borrowing covenants.

Taxes, compliance matters, assessments, and refunds

Alternative remedy

A local business tax assessment protested and paid may be sought for refund

A taxpayer facing a local business tax (LBT) assessment issued by the local treasurer may protest such assessment, and either appeal the assessment in court, or pay the tax and subsequently seek a refund. Therefore, a taxpayer who protested and paid an LBT assessment is not precluded from subsequently filing an action for refund or credit of LBT.

(G.R. No. 233556, promulgated 11 September 2019)

Unnecessary compromise

Validity of BIR denial of an application for compromise settlement

Several months after the taxpayer protested the FLD, the BIR proceeded to collect the deficiency tax assessment. The taxpayer responded by applying for a compromise settlement which the BIR denied.

The denial was appealed by the taxpayer to the CTA. However, before tackling the denial of the compromise settlement, the CTA first reviewed the validity of the tax assessment. After finding that there was no prior Letter of Authority, it declared that the tax assessment was void. Accordingly, the CTA not only annulled, reversed and set aside the denial of the application for compromise settlement, but also cancelled the FLD and Warrant of Distraint and Levy issued by the BIR.

(CTA Case No. 9704, promulgated 29 January 2020)

Glossary

BIR – Bureau of Internal Revenue
CTA – Court of Tax Appeals
EPIRA – Electric Power Industry Reform Act
FAN – Final Assessment Notice
FLD – Formal Letter of Demand
RR – Revenue Regulations
VAT – Value-Added Tax

Final decision

When a Preliminary Collection Letter is considered a final decision

Following its timely protest of the FAN/FLD, the taxpayer received from the Revenue District Office a Preliminary Collection Letter (PCL) expressly requesting the payment of deficiency taxes with a warning that failure to do so would constrain it to enforce collection through the administrative summary remedies provided by law.

According to the CTA, such wording in the PCL clearly reveals the BIR's rejection of the taxpayer's administrative protest. Apparently, the CTA treated the PCL as a final decision. Therefore, the taxpayer should have appealed the PCL to the Commissioner of Internal Revenue or the CTA within thirty (30) days from receipt thereof.

(CTA EB No. 1902, promulgated 15 January 2020)

Essential elements

When sales of renewable energy developers qualify for the VAT zero-rate

According to the CTA, the essential elements for the grant of VAT zero-rating under Section 15(g) of the Renewable Energy Act of 2008 vis-à-vis the EPIRA Law, its implementing rules and regulations, and RR No. 16-2005 are as follows:

1. The seller is a renewable energy developer of renewable energy facilities.
2. It sells fuel or power generated from renewable sources of energy such as wind.
3. The seller is a "generation company", i.e., a person or entity authorized by the Energy Regulatory Commission (ERC) to operate facilities used in the generation of electricity.
4. Such authority is embodied in a Certificate of Compliance issued by the ERC which must be secured before the actual commercial operations of the generation facility.

(CTA Case No. 9516, promulgated 3 January 2020)

Double date

Validity of assessment notice with two different due dates

A FAN must demand the payment of taxes within a specific period. In this relation, the Supreme Court has ruled that a FAN with no due date for payment negates the BIR's demand for payment, hence, is void.

On the other hand, a FAN which contains two different dates on the "Due Date" portion of the assessment notice leaves the taxpayer in a quandary as to when payment should be made. Similar to having no due date, the CTA held that having two different due dates negates the BIR's demand for payment. Therefore, the FAN is void.

(CTA Case No. 9296, promulgated 2 January 2020)

No appeal

CTA jurisdiction over redemption of delinquent properties

Regional Trial Court (RTC) decisions, resolutions or orders may be appealed to the CTA if they involve local tax cases such as the following:

1. Validity of real property tax (RPT) assessments
2. Protest of assessments
3. Disputed assessments, surcharges or penalties
4. Validity of tax ordinances
5. Claims for tax refund or tax credit
6. Claims for tax exemption
7. Actions to collect the tax due
8. Prescription of assessments

Actions to restrain RPT collection may also be treated as local tax cases since, in ruling as to whether or not to restrain collection, the RTC must first rule on the propriety of the assessment.

However, cases involving the redemption of delinquent properties sold due to non-payment of RPT are not classified as "local tax cases". Although a local tax issue may be involved in such cases, there is no indication that the taxpayer seeks nullification of the assessment issued against it. Hence, these cases cannot be appealed to the CTA.

(CTA AC No. 205, promulgated 14 January 2020)

Automatic review

CTA has jurisdiction to rule on issues not raised by the parties

In a tax assessment case, the Supreme Court upheld the jurisdiction of the CTA to rule on the authority of revenue officers to conduct the audit and to recommend the issuance of deficiency tax assessments, despite such issue not being raised by the taxpayer at any point during the CTA proceedings.

Said jurisdiction is based on Section 1, Rule 14 of the Revised Rules of the CTA (related issues necessary to achieve an orderly disposition of the case) and Section 7 of Republic Act No. 1125 (other matters arising under the Tax Code).

(GR Nos. 249883-84, Resolution dated 27 January 2020)

Process of deduction

Expenses deductible for purposes of computing the 5% gross income tax

For purposes of computing the 5% gross income tax, a PEZA-registered manufacturer may deduct the following from its gross income earned:

- Indirect labor expenses related to the welfare retirement fund.
- Labor expenses may be direct or indirect since Section 4, Rule XX of the Implementing Rules and Regulations of Republic Act No. 7916 does not distinguish.
- Photocopying charges of work orders and other forms used for production and planning purposes; and supplies used for quality control procedures of products being manufactured.

These are deductible as "Supplies" under Revenue Regulations No. 11-2005.

(CTA EB No. 1831, promulgated 12 February 2020)

Glossary

BIR – Bureau of Internal Revenue

CTA – Court of Tax Appeals

FAN- Final Assessment Notice

PEZA – Philippine Economic Zone Authority

Pay first

Contesting a real property tax assessment based on exemption therefrom

A Provincial Treasurer issued Notices of Delinquency to the National Food Authority (NFA) demanding payment of real property taxes (RPT). The NFA raised the matter to the regional trial court and questioned the authority of the province to impose RPT given NFA is a government instrumentality exempt from RPT.

According to the CTA, the NFA should have first complied with the requirement of payment under protest and the rule of exhaustion of administrative remedies. A claim of RPT exemption does not actually question the assessor's authority to assess and collect such taxes. It questions the reasonableness or correctness of the assessment, which is a question of fact that should be resolved at the very first instance by the Local Board of Assessment Appeals.

(CTA AC Case No. 192, promulgated 3 February 2020)

Tax clearance

Claim for input VAT refund due to closure

A taxpayer applied for the refund of excess and unutilized input VAT on account of the cancellation of VAT registration resulting from its closure of business operations. The CTA denied the claim because the taxpayer was not able to prove that it had no internal revenue tax liabilities. According to the CTA, the taxpayer should have presented a Certificate of Tax Clearance showing that it had settled all its tax obligations.

(CTA Case No. 9536, promulgated 22 January 2020)

Spontaneous review

Resolution of matters of record and public importance that were not raised

The Supreme Court has held that, generally, appeals can only raise questions of law or fact that were raised in the lower court and are within the issues framed by the

parties. However, the rule admits of exceptions such as when:

1. in the interest of justice, there are matters of record having some bearing on the issue submitted, which the parties failed to raise, or the lower court ignored; or
2. there are questions involving matters of public importance.

In this light, the CTA held that the validity of waivers is a matter of both record and public importance; hence, may be resolved by the CTA even if not questioned by the taxpayer.

(CTA Case No. 9000, promulgated 24 February 2020)

Premature decision

Issuance of the FDDA within the period to submit supporting documents

On 9 November 2015, the taxpayer filed its protest to the FAN/FLD requesting reinvestigation of the tax case. Accordingly, the taxpayer had sixty (60) days or until 8 January 2016 to submit relevant supporting documents. However, the Commissioner of Internal Revenue (CIR) issued a Final Decision on Disputed Assessment (FDDA) on 9 December 2015.

According to the CTA, the issuance of an FDDA within the 60-day period given to the taxpayer to submit supporting documents violates the right of the taxpayer to due process; hence, renders the deficiency tax assessments null and void. The CTA cited a case where the Supreme Court ruled that part of the administrative due process requirement is the recognition by the BIR that the taxpayer has the right to present evidence and, thus, should be allowed to submit comments or arguments at each stage of the assessment process.

(CTA Case No. 9246, promulgated 16 January 2020)

Compensatory interest

Legal interest on judgment award is not subject to withholding tax

The Supreme Court rendered a judgment award with legal interest in favor of an individual. The Land Bank of the Philippines paid the judgment award and legal interest but subjected said interest to the final withholding tax (FWT) applicable to interest/yield from bank deposits/deposit substitutes. Subsequently, the individual applied for a refund of the FWT.

Glossary

CTA – Court of Tax Appeals

FAN – Final Assessment Notice

FDDA – Final Decision on Disputed Assessment

FLD – Formal Letter of Demand

VAT – Value-Added Tax

There are two types of interest imposed on a judgment award:

1. Monetary interest which is compensation fixed by the parties for the use or forbearance of money; and
2. Compensatory interest which is imposed by law or by the courts as penalty or indemnity for damages.

The CTA held that legal interest imposed on the judgment award constitutes compensatory interest which is not subject to FWT. Since legal interest imposed by the courts on a judgment award in favor of a party litigant is a form of penalty or indemnity for damages, it is not considered as taxable income. Accordingly, the CTA granted the claim for FWT refund.

(CTA Case No. 9498, promulgated 19 February 2020)

BIR REIT implementation

Amending the implementing regulations of the Real Estate Investment Trust Act

The BIR amended RR No. 13-2011, implementing the Real Estate Investment Trust (REIT) Act of 2009. The amendments include the following:

- The minimum public ownership requirement was decreased from 40% to 1/3 of the outstanding capital stock.
- A Reinvestment Plan was included in the registration requirements and is defined in Section 3(w) of RR No. 13-2011, as amended.
- The DST on the sale or transfer of shares of stocks with par value was adjusted from PHP0.375 to PHP 0.75 for each PHP200.
- The DST on the sale or transfer of shares of stocks without par value was adjusted from 12.5% to 50% of the DST upon original issuance.
- The DST on the assignment of mortgage or pledge were adjusted from:

- PHP10 to PHP20 when the amount secured does not exceed PHP5,000
- PHP5 to PHP10 on each PHP5,000 in excess of PHP5,000.
- The requirement to place in escrow 50% of the DST on the sale or transfer of real property was removed.
- The transfer of property to a REIT in exchange for its shares is now exempt from VAT pursuant to Section 109(X) of the Tax Code.
- In order to avail of the DST incentive, the following, among others, should also be submitted:
 - For unlisted REITs, an Affidavit of Undertaking that the REIT shall be listed within two years from the date of its initial availment of the incentive
 - Two copies of the Reinvestment Plan duly received by the BIR.
- The requirement to place in escrow the income tax pertaining to dividends declared and deducted prior to attaining minimum ownership of 67% was removed.
- From the year of its listing, at the latest and thereafter, the REIT shall maintain its status as a public company and shall comply with its submitted Reinvestment Plan. Otherwise, the dividend payments shall not be allowed as deductions from taxable income.
- In order to qualify for the tax incentives, the REIT must comply with its Reinvestment Plan, as certified by the SEC. The Certification from the SEC that the REIT is compliant with its Reinvestment Plan must be submitted by the REIT as an attachment to its annual ITR and AFS on or before April 15 (or on the 15th day of the fourth month following the close of the fiscal year).

(Revenue Regulations No. 3-2020, published 30 January 2020)

Employee registration

Amending Revenue Regulations No. 11-2018 regarding employee registration

The BIR amended Section 8 of Revenue Regulations (RR) No. 11-2018. RR 11-2018 amended RR No. 2-1998 to implement the provisions of Republic Act No. 10963, otherwise known as the TRAIN law.

Glossary

AFS – Audited Financial Statements
BIR – Bureau of Internal Revenue
CTA – Court of Tax Appeals
DST – Documentary Stamp Tax
ITR – Income Tax Return
SEC – Securities and Exchange Commission
TRAIN – Tax Reform for Acceleration and Inclusion

The amendments to RR No. 11-2018 include the following:

- All employers shall require their employees to accomplish in triplicate the Application for Registration (BIR Form No. 1902) distributed to the RDO, employer and employee.
- In case of changes in the information in the Application for Registration (BIR Form No. 1902) previously submitted by the employee to its current employer, the employee should furnish his/her employer a copy of BIR Form No. 1905 duly stamped by the RDO where the employee is registered.

(Revenue Regulations No. 1-2020, published 10 January 2020)

State of Calamity

Suspending the deadlines for the filing and payment of tax returns in Batangas

In light of the declaration placing the Province of Batangas under a State of Calamity, the Commissioner of Internal Revenue (CIR) suspended the deadlines, for the month of January, for the filing and payment of tax returns by taxpayers within the jurisdictions of Revenue District Office No. 58 (Batangas City, West Batangas) and No. 59 (Lipa City, East Batangas). Accordingly, penalties for late filing and payments of tax returns will not be imposed until the further advice from the CIR to resume regular operations.

(Revenue Memorandum Circular No. 7-2020, issued 23 January 2020)

Highlander wages

Increase of minimum wages of workers in the Cordillera Administrative Region

The Regional Tripartite Wages and Productivity Board – Cordillera Administrative Region (CAR) issued Wage Order No. RB-CAR-20 increasing the daily minimum wage rates to the following amounts:

Glossary

BIR – Bureau of Internal Revenue

RDO – Revenue District Office

RR – Revenue Regulations

Area	New Daily Minimum Wage Rates For All Sectors and Industries in the CAR
Baguio City and La Trinidad, Benguet Tabuk City, Kalinga	PHP340 (Basic) + PHP10 (COLA) = PHP350
Other Areas in the Region	PHP330 (Basic) + PHP10 (COLA) = PHP340

The above minimum daily wage rates take effect fifteen (15) days after publication of the subject Wage Order in a local newspaper of general circulation in the CAR.

(Revenue Memorandum Circular No. 5-2020, issued 22 January 2020)

Change in form

Revision of BIR Form Nos. 1702Q

BIR Form No. 1702Q (Quarterly Income Tax Return for Corporations, Partnerships and Other Non-Individual Taxpayers) has been revised in light of the TRAIN law.

The revised manual return is already available in the BIR website. However, it is not yet available in the Electronic Filing and Payment System (eFPS) and Electronic Bureau of Internal Revenue Forms (eBIRForms). Accordingly, eFPS and eBIRForm taxpayers shall continue using the existing versions in the eFPS and eBIRForms Package v7.5, respectively, in filing and remitting taxes due thereon.

(Revenue Memorandum Circular No. 3-2020, issued 3 January 2020)

Petroleum inventory

Requiring all gasoline stations to submit a sworn declaration of inventory

In preparation for the field-testing aspect of the Fuel Marking Program, all gasoline stations in the Philippines are required to submit a sworn declaration of inventory identified per branch as of 31 December 2019 specifying the volume and type of petroleum products, namely, diesel, gasoline and kerosene.

The sworn declaration should be submitted on or before 15 January 2020 to the RDO/Large Taxpayers Division where the principal place of business is registered.

(Revenue Memorandum Circular Nos. 6-2020 and 2-2020, issued 22 & 3 January 2020)

Change of name

Renaming Revenue District No. 4

The Commissioner of Internal Revenue renamed Revenue District Office No. 4 from “Calasiao, West Pangasinan” to “Calasiao, Central Pangasinan”.

(Revenue Administrative Order No. 1-2020, dated 9 January 2020)

Pending applications

Suspending the issuance of Permits to Use CAS/CBA and/or Components thereof

The Commissioner of Internal Revenue suspended the issuance of Permits to Use (PTUs) CAS/CBA and/or Components thereof under RMO No. 21-2000.

Accordingly, all taxpayers with pending applications for said PTUs that were filed with the NAB and assigned to the TWG for evaluation shall be allowed to use such CAS/CBA and/or components thereof in the absence of the required PTU. However, the following must be submitted:

1. A duly accomplished and notarized Sworn Statement (see Annex “A” of RMC No. 10-2020) with attachments executed and signed by the taxpayer’s authorized representative;
2. Sample print copy of system-generated Principal and Supplementary Receipts/Invoices; and
3. Sample print copy of system-generated Books of Accounts.

The following should be noted:

- In the absence of the required PTU, an “Acknowledgement Certificate” shall be prepared and issued by the TWG Secretariat of the concerned RDO/LT Office. This Certificate must be issued within three (3) working days from the receipt of the abovementioned requirements with a Control Number, which shall be indicated or reflected on the

face of the principal and/or supplementary receipts/invoices to be generated from the systems in order to authorize the use of such receipts/invoices.

- In case the taxpayer opted to maintain Loose-leaf Books of Accounts, the application therefor shall be continuously processed by the RDO having jurisdiction.
- All CAS, CBA, and/or Components thereof used without the required PTU shall be subject to post-evaluation to check compliance with existing revenue issuances. Such evaluation may be done simultaneous with the audit of the books of accounts and other accounting records of the taxpayer pursuant to a Letter of Authority.
- All pending applications for PTU CAS/CBA, and/or Components thereof that have undergone system demonstration are covered under RMC No. 10-2020.
- In case of any system enhancement/modification and/or upgrade of CAS/CBA and/or Components thereof and if such will result in the change of version number and/or systems release, the taxpayer shall inform in writing the TWG Secretariat of the concerned RDO/LT Office.

(Revenue Memorandum Circular No. 10-2020, issued 6 February 2020)

Amended Q&As

Clarifying certain issues regarding the tax amnesty on delinquencies

The Commissioner of Internal Revenue (CIR) amended the following provisions of RR No. 14-2019, which implements the amnesty on tax delinquencies under Republic Act No. 11213:

1. Q22 / A22

Q22: Will the tax liabilities covered by the FAN/FLD or FDDA, which was timely protested or disputed, but such protest to the FAN/FLD or appeal to the FDDA, as the case may be, was withdrawn on or before 23 April 2020 be considered delinquent account qualified for tax amnesty?

A22: Yes, if the protest or appeal was withdrawn at any time on or before 23 April 2020, and thus, the tax liabilities reverted back to being delinquent on or before 24 April 2019 (refer to next Q&A), provided that the delinquent account pertains to taxable year 2017 and prior years.

Glossary

CAS – Computerized Accounting System
CBA – Collective Bargaining Agreement
LT – Large Taxpayer
NAB – National Accreditation Board
PTU – Permit to Use
RDO – Revenue District Office
RMC – Revenue Memorandum Circular
RMO – Revenue Memorandum Order
RR – Revenue Regulations

2. Q23 / A23

Q23: In relation to Q22, what is the effect of the withdrawal of protest/appeal to the FAN/FLD/FDDA?

A23: Upon the withdrawal of the protest or appeal to the FAN/FLD or FDDA, respectively, the effect is that as if no protest or appeal was filed, and therefore, the assessment contained therein became final and executory, thereby delinquent, upon the lapse of the thirty (30)-day period, reckoned from receipt of such FAN/FLD or FDDA, within which to file a protest or appeal, as the case may be. In such case, the FAN/FLD or FDDA, whose protest or appeals was subsequently withdrawn, should have been received at the latest, on 25 March 2019, to be considered delinquent on or before 24 April 2019.

3. Q29 / A29

Q29: Can a taxpayer be considered to have fully complied with the requirements of RR No. 1-2019 if the tax amnesty amount was paid on the last day of the one-year availment period but failed to file the TAR on the same date?

A29: No. Section 5(C) of RR No. 1-2019 provides that availment of tax amnesty on delinquencies shall be considered fully complied with upon the completion of the enumerated steps, which includes the filing/submission of the TAR with complete documentary requirements to the concerned office within the one-year availment period. However, to give every opportunity to delinquent taxpayers who have secured the Certificate of Tax Delinquencies/Tax Liabilities and endorsement of the Acceptance Payment Form but have paid the amnesty tax due on 23 April 2020, the last day of the availment period, an extended period of 30 days shall be given for the submission of the complete documentary requirements.

4. Q40 / A40 (new provision)

Q40: What are the instances wherein the protest to the FAN/FLD or appeal to the FDDA will be considered invalid, making the assessment final and executory and therefore delinquent?

A40: The following instances are considered invalid making the assessment final and executory:

- a. The protest to FAN/FLD was filed beyond 30 days from receipt of the FAN/FLD;
- b. The appeal to FDDA was filed beyond 30 days from receipt of the FDDA;
- c. The protest to FAN/FLD was not filed with the duly authorized representative of the CIR who signed the FAN/FLD;
- d. The appeal of the FDDA was not filed with the Office of the CIR;
- e. The protest/appeal failed to state the applicable law, rules and regulations or jurisprudence on which it is based; and
- f. The request for reinvestigation did not specify the newly discovered or additional evidence which the taxpayer intends to present as required in a valid protest.

An invalid protest or appeal does not toll the running of the 30-day prescriptive period to file such protest or appeal. Accordingly, the assessment becomes executory upon the lapse of such 30-day prescriptive period, reckoned from receipt of the FAN/FLD or FDDA.

(Revenue Memorandum Circular No. 11-2020, issued 6 February 2020)

Cooperative effort

Audit policies and guidelines for the audit of cooperatives

The Tax Code authorizes the Commissioner of Internal Revenue (CIR) to conduct a tax audit and assess taxes notwithstanding any law requiring the prior authorization of any government agency or instrumentality. Hence, according to the CIR, prior authorization from the Cooperative Development Authority is no longer required before the BIR may conduct a tax audit of a cooperative.

In this light, the CIR issued audit policies and guidelines that shall cover the issuance of electronic Letters of Authority for the audit of cooperatives for taxable year 2018 and onwards. Among others, the guidelines provide that cooperatives which transacts business with members and non-members whose accumulated reserves and undivided net savings are more the ₱10m shall be prioritized for tax audit.

(Revenue Memorandum Order No. 7-2020, issued 18 February 2020)

Glossary

CIR – Commissioner of Internal Revenue

FAN – Final Assessment Notice

FDDA – Final Decision on Disputed Assessment

FLD – Formal Letter of Demand

RR – Revenue Regulations

Code change

Omitting pawnshops from Alphanumeric Tax Code (ATC) VB102

The BIR has modified ATC VB102 as follows:

Existing (per ATC Handbook)		Modified / New	BIR Form No.
ATC	Description	Description	
VB102	Lending Investors / Dealer in Securities / Pawnshops / Pre-Need Co	Lending Investors / Dealer in Securities / Pre-Need Co	2550M/ 2550Q

(Revenue Memorandum Order No. 6-2020, issued 6 February 2020)

Change in forms

Availability of revised BIR Form Nos. 1600-VT 1600-PT and 2552

The following forms have been revised:

1. BIR Form No. 1600-VT (Monthly Remittance Return of VAT Withheld);
2. BIR Form No. 1600-PT (Monthly Remittance Return of Other Percentage Taxes Withheld)
3. BIR Form No. 2552 (Percentage Tax Return For Transactions Involving Shares of Stock Listed and Traded Through the Local Stock Exchange or Through Initial and/or Secondary Public Offering)

The revised manual returns are already available in the BIR website. However, they are not yet available in the Electronic Filing and Payment System (eFPS) and Electronic Bureau of Internal Revenue Forms (eBIRForms). Accordingly, eFPS and eBIRForm taxpayers shall continue using the existing versions in the eFPS and eBIRForms Package v7.5, respectively, in filing and remitting taxes due thereon.

(Revenue Memorandum Circular Nos. 13 and 12-2020, issued 7 February 2020)

Glossary

AAB – Authorized Agent Banks
BIR – Bureau of Internal Revenue
BSP – Bangko Sentral ng Pilipinas
RDO – Revenue District Office

Volcanic effect

Suspension of tax filing and payment deadlines in Batangas

In light of the declared State of Calamity in Batangas Province, the Commissioner of Internal Revenue (CIR) suspended the deadlines for the filing and payment of tax returns covering the month of January. Accordingly, AABs are advised to accept tax payments from taxpayers under the jurisdiction of RDO Nos. 58 and 59 without imposing penalties until an advisory is issued by the CIR to resume regular operations.

(Bank Bulletin No. 1-2020, dated 14 January 2020)

Golden rules

Implementing rules and regulations for Republic Act No. 11256

The Secretary of Finance promulgated the implementing rules and regulations (IRR) for Republic Act No. 11256, otherwise known as “An Act to Strengthen the Country’s Gross International Reserves.” The IRR provides for the following:

- Definition of “Accredited Traders”, “Registered Small-Scale Miners” (SSMs) and “Small-Scale Mining Contract”
- Income tax and excise tax exemption of sale of gold by registered SSMs and accredited traders to the BSP, and by registered SSMs to accredited traders for eventual sale to the BSP
- Requirement for SSMs and accredited traders to obtain Tax Identification Numbers
- BSP Certification as basis for tax exemptions and non-withholding/collection of taxes
- Issuance of Acknowledgment of Gold Delivery and Sale by registered SSMs to accredited traders with respect to the eventual sale of gold to the BSP
- Monthly report containing the details of sales transactions to be submitted by the BSP to the BIR
- SSMs and traders have one year (which may be extended for up to a maximum of three years) from the effectivity of the IRR to comply with the registration and accreditation requirements
- Issuance of temporary certifications to SSMs and traders

(Revenue Regulations No. 4-2020, published 20 February 2020)

BSP exemptions

Clarifying the taxability of the Bangko Sentral ng Pilipinas (BSP)

The Commissioner of Internal Revenue clarified the taxation of BSP income in light of its tax exemption under RA No. 11211.

Income derived by the BSP from the exercise of its governmental functions as provided under RR No. 2-2020 are exempt from all national taxes. All other income shall be considered proprietary income subject to all national taxes.

The BSP is exempt from income tax with respect to the following income that are considered as derived from the exercise of governmental functions:

1. Interest income;
2. Income derived from sale of BSP-owned and -acquired properties;
3. Fees and commissions;
4. Penalties;
5. Miscellaneous income;
6. Gain on fluctuation, trading gains, and premium received/(paid) on call/put options; and
7. All other income derived by BSP relative to its governmental functions.

However, the BSP is subject to income tax on the following which are considered as derived from the exercise of proprietary functions:

1. Income from sale of Printed Securities, and BSP forms;
2. Sale of scrap items;
3. Parking fees collected for use of parking areas by BSP tenants;
4. Income from sale of commemorative medals, demonetized commemorative notes and coins, and demonetized notes and coins;

Glossary

BIR – Bureau of Internal Revenue

BSP – Bangko Sentral ng Pilipinas

DST – Documentary Stamp Tax

RA – Republic Act

RMC – Revenue Memorandum Circular

5. Sale of corporate gifts and other souvenir items, excluding printed publications;
6. Rental income arising from the rental of vault space by Presidential Commission on Good Governance;
7. Rental collected/earned for the use of BSP-owned and -acquired properties and facilities therein;
8. Realized profits from assets sold other than income derived from sale of BSP-owned and -acquired properties;
9. Income from sale of shredded records, and car stickers, security pass and other identification paraphernalia issued;
10. Income from sale thru bidding/auction of scrap and waste materials;
11. Net gain from sale thru bidding/auction of unserviceable furniture and equipment; and
12. Other similar income derived by the BSP not categorically defined under RMC No. 14-2020.

With respect to value-added tax, as provided under RMC No. 65-2008, the BSP is exempt from business taxes on revenues and receipts derived from the exercise of essential governmental functions.

Pursuant to Section 199(L) of the Tax Code, all contracts, deeds, documents and transactions related to the conduct of business entered into by the BSP which require payment of DST shall be exempt therefrom.

The tax exemptions granted under RA No. 11211 took effect on 6 March 2019.

(Revenue Memorandum Circular No. 14-2020, issued 24 February 2020)

New eBIRForms

Release of Offline eBIRForms Package Version 7.6

The new Offline eBIRForms Package Version 7.6 is already available for download from www.bir.gov.ph and www.knowyourtaxes.ph. It includes the January 2018 (ENCS) version of BIR Form Nos. 1700v2018; and 1702MXv2018.

Field validation and automated computation on BIR Form No. 1701 is already implemented in this new Offline eBIRForms Package.

(Revenue Memorandum Circular No. 16-2020, issued 27 February 2020)

RDO changes

Redefining the jurisdictions of and renaming Revenue District Offices (RDOs)

Effective 1 January 2020, the jurisdiction over the Municipalities of Balingasag and Claveria are transferred from RDO No. 98 – Cagayan de Oro City to RDO No. 97 – Gingoog City.

Further, RDO No. 4 – Calasiao, West Pangasinan has been renamed as RDO No. 4 – Calasiao, Central Pangasinan.

(Revenue Administrative Order Nos. 2 and 1-2020, dated 2 March 2020 and 9 January 2020)



Latest on regulatory landscape

Abandoned goods

Kinds, effects and treatment of abandonment

The CoC issued an order implementing Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act, particularly, on abandonment of imported goods. The order provides for the following:

- Circumstances when imported goods are deemed expressly or impliedly abandoned
- Failure to pay assessed duties and taxes
- Failure to submit required permit
- Failure to claim the goods
- Failure to mark the goods
- Abandonment of imported goods in Customs Bonded Warehouses
- When due notice requirement is complied with
- Effects of abandonment

(Customs Administrative Order No. 17-2019, filed 29 November 2019)

Unacceptable filing

Failure to disclose beneficial ownership in the General Information Sheet

A General Information Sheet (GIS) that fails to disclose any beneficial owner will be treated as insufficient in form and substance, and will not be received by the SEC.

Relative to such, SEC Memorandum Circular No. 15-2019 requires a reporting corporation to disclose beneficial ownership information in its GIS. Beneficial ownership is determined as follows:

- a. The identity of the natural person who ultimately has controlling ownership interest in the corporation.
- b. The identity of the natural persons (if any) exercising control over the corporation through other means.

- c. The identity of the natural persons composing the Board of Directors/Trustees/ or any similar body and/or the senior managing official of the reporting corporation. This is only in exceptional circumstances where no natural person can be identified as ultimately owning or controlling or exercising ultimate effective control over the corporation through controlling ownership interest, controlling voting rights, or through other means.

(SEC Notice, posted 9 January 2020)

Online accomplishment

Filling up the Mandatory Disclosure Form

The SEC has informed the public that the Mandatory Disclosure Form may already be filled up online. Said Mandatory Disclosure Form is required to be submitted pursuant to SEC Memorandum Circular No. 25-2009.

These steps should be followed:

1. Fill out the form online by accessing the same through <https://forms.gle/KF4iBSimLkVChCwRA>
2. After filling out and submitting the form online, a printable copy of the accomplished form will be automatically sent to the email address indicated in the form. Print the accomplished form.
3. Click http://www.sec.gov.ph/2019mandatorydisclosure_declaration_verification_page/. This will automatically send the Declaration/Verification Page to your registered email address. Print, fill out the corresponding details, sign and secure notarization.
4. Attach the signed and notarized Declaration/Verification Page to the duly filled out Mandatory Disclosure Form.
5. Submit one original copy of the signed and notarized printed form together with supporting attachments, if any, as indicated in the Self-Assessment Questionnaire Page to the Enforcement and Investor Protection Department – Anti-Money Laundering Division (EIPD-AMLD) or to the nearest Extension Office on or before 31 March 2020.

(SEC Notice, posted 8 January 2020)

Glossary

CoC – Commissioner of Customs

SEC – Securities and Exchange Commission

Annual SEC Filings

Filing of 2020 Audited Financial Statements and General Information Sheet

The SEC issued the following guidelines in relation to the filing of audited financial statements (AFS) by corporations with fiscal year ended 31 December 2019:

- The AFS shall be filed depending on the last digit of their SEC registration or license number, based on the following schedule:

Dates	Last Digits
20, 21, 22, 23 and 24 April	1 and 2
27, 28, 29 and 30 April	3 and 4
4, 5, 6, 7 and 8 May	5 and 6
11, 12, 13, 14 and 15 May	7 and 8
18, 19, 20, 21 and 22 May	9 and 0

- All SEC Satellite Offices, and Extension Offices in Cebu, Iloilo and Davao shall be governed by the above coding schedule in 2020.
- Regardless of their last digits, corporations may file their AFS on or before their corresponding first days in the above schedule.
- Late filings shall be accepted starting 25 May 2020 and shall be subject to penalties.
- The AFS shall have the stamped received by the BIR or its authorized agent banks (AABs) unless the BIR allows an alternative proof of submission for its AABs.
- The General Information Sheet (GIS) is required to be filed within thirty (30) calendar days from:
 - Stock corporations – date of actual annual stockholders' meeting
 - Non-stock corporations – date of actual annual members' meeting
 - Foreign corporations – anniversary date of the issuance of the SEC license

Glossary

BIR – Bureau of Internal Revenue

REIT - Real Estate Investment Trust

SEC – Securities and Exchange Commission

- The AFS and GIS may be filed in the following locations:
 - SEC Head Office, PICC Bldg.
 - Satellite Offices (Ali Mall Cubao, SM Manila, SM North EDSA, Robinson's Galleria, Muntinlupa City Hall and SM Mall of Asia)
 - Extension Offices (Cebu, Davao and Iloilo)

(SEC Memorandum Circular No. 2-2020, dated 21 January 2020)

SEC REIT implementation

Revised SEC implementing rules and regulations for the REIT Act of 2009

Here are some of the features of the revised implementing rules and regulations for the REIT Act of 2009 recently issued by the SEC:

- The minimum public ownership requirement was decreased to 1/3 of the outstanding capital stock.
- Reinvestment in the Philippines within one year from the receipt of the proceeds is now required (supported by a Reinvestment Plan) for any sponsor or promoter who contributes income-generating real estate to a REIT.
- Amendments to the requirements for REIT Fund Managers:
 - The directors of the REIT (including the independent directors) must not occupy more than forty-nine percent (49%) of the Board of the REIT Fund Manager.
 - The REIT Fund Manager's chief executive officer and at least two of its full-time professional employees must have experience in financial management and in the real estate industry for at least three (previously five) years prior to their employment.
 - A majority of the board of directors of a REIT Fund Manager must be independent directors, where at least one has a working knowledge of finance-related functions.
- Amendments to the requirements for REIT Property Managers:
 - REIT directors (including the independent directors) must not occupy more than 49% of the Board of the REIT Property Manager.

- At least two responsible officers of the REIT Property Manager must have a track record of at least three (previously five) years in property portfolio management.
- A REIT Property Manager must employ any one of a real estate consultant, a real estate appraiser or a real estate assessor.
- A majority of the Board of a REIT Property Manager must be independent directors, where at least one must have a working knowledge of the real estate industry.

(SEC Memorandum Circular No. 1-2020, dated 20 January 2020)

Motorcycle sales

Activities of motorbike maintenance and repair company

The SEC opined that the following activities planned to be undertaken by a company providing regular maintenance and repair services on motorbikes are not retail trade activities under the Retail Trade Law:

- Sale of spare parts and other materials necessary for the performance of repair services is not a retail trade activity
- Sale of motorbikes to the general public by setting up a single sales outlet at the existing service center located in its principal office
- In support, the SEC cited Section 3(d) of the Retail Trade Law and Section 2(d) of its IRR which provides that sales to the general public, through a single outlet owned by a manufacturer of products manufactured, processed or assembled in the Philippines, are not considered retail trade.
- Sale of motorbikes to the Government and its agencies
- According to the SEC, this is not a retail trade activity based on Section 2(f) of the IRR of the Retail Trade Law.
- Wholesale to industrial/entity users (fleet sales) that further use motorbikes for their own services

- Citing Section 2(f) of the IRR of the Retail Trade Law, the SEC explained that this is not a retail trade activity because it involves producer goods and not consumer goods for household purposes.
- Sale to employees.

According to the SEC, this is not a retail trade activity because the motorbikes are not sold to the general public but only to qualified employees.

(SEC-OGC Opinion No. 19-61, dated 5 December 2019)

Accrual of rights

Holders of escrow shares do not have rights of regular shareholders

Holders of escrow shares are not entitled to the rights pertaining to a stockholder until the conditions set forth for the release of the escrow shares are fully met. Since the shares that the holder is supposedly entitled to are not yet actually issued, said holder is not yet the owner of the shares and consequently, cannot be accorded the rights belonging to a regular shareholder.

(SEC-OGC Opinion No. 19-60, dated 20 December 2019)

Health security

Guidelines on security deposit requirements of HMOs

The Insurance Commissioner issued the following guidelines regarding the security deposit requirements of health maintenance organizations (HMOs):

1. Security deposits shall not be less than 25% of the actual paid-up capital or PHP5m, whichever is higher.
2. Security deposits shall be invested only in bonds or other debt instruments of the Philippine government or government-owned or -controlled corporations.
3. The investments shall be maintained free from any lien or encumbrance.
4. The investment shall be lodged under the non-tradeable account of the National Registry of Scrippless Securities System.
5. The replacement or withdrawal of deposits shall be made only with the prior written approval of the Insurance Commission subject to the undertaking that it will be returned/reinstated within five working days from release thereof.

Glossary

IRR – Implementing Rules and Regulations

REIT - Real Estate Investment Trust

SEC – Securities and Exchange Commission

6. Security deposits shall be considered assets of the HMO in the determination of its unimpaired paid-up capital and/or net worth requirement.
7. HMOs are required to submit the following:
 - a. Certified True Copy of Confirmation of Sale of securities from the bank
 - b. Notarized Affidavit of Undertaking indicating the number of days within which to reinvest the proceeds of maturing securities
 - c. Notarized Deed of Assignment with Special Power of Attorney in favor of the Insurance Commissioner in case of non-compliance

(Insurance Commission Circular Letter No. 2019-74, dated 27 December 2019)

Annual report

Guidelines for submission of annual report on fire and motor car policies and bonds

All non-life insurance companies are required to submit to the IC on or before 28 February the annual report on fire and motor car policies and bonds issued as of the last preceding year signed and sworn to by the Head/Chief Underwriter or equivalent. Submission of the annual report shall start for the year 2019 and onwards.

In this relation, the IC issued guidelines for submission that provide pro-forma templates with specific details, submission of soft copies using USB, and venue of submissions.

(Insurance Commission Circular Letter No. 2019-73, dated 23 December 2019)

Disaster management

Guidelines for work suspension in the private sector during calamities

The DOLE issued the following advisory regarding the suspension of work in the private sector due to natural or man-made calamity:

- In general, employers in the private sector shall, in the exercise of management prerogative and in

coordination with the safety and health committee, or safety officer, or any other responsible company officer, suspend work to ensure the safety and health of their employees during natural or man-made calamity.

- Payment of wages
 - If unworked - No pay, unless there is a favorable company policy, practice, or collective bargaining agreement granting payment of wages on said day. If the employee has accrued leave credits, he/she may be allowed to utilize such leave so that he/she will have compensation on said days.
 - If worked - No additional pay shall be given to the employees but only their salary on said day.
 - To alleviate the plight of employees in times of natural or man-made calamity, the employers may provide such extra incentives or benefits to employees who reported to work on the said days.
- Employees who fail or refuse to work by reason of imminent danger resulting from natural or man-made calamity shall not be exposed to or subject to any administrative sanction.

(DOLE Labor Advisory No. 1-2020, dated 13 January 2020)

Tobacco warning

Further amendments to excise tax provisions of the Tax Code

On 22 January 2020, the President enacted Republic Act (RA) No. 11467 that amended or introduced the following Tax Code provisions:

- VAT-exempt sale or importation of certain prescription drugs and medicines (Section 109(AA))
- Excise tax imposition and administration with respect to distilled spirits (Section 141), wines (Section 142), fermented liquors (Section 143), and tobacco products, heated tobacco products and vapor products (Section 144)
- Definition of “vapor products” (Section 147(f))
- Fines on the unlawful possession or removal of articles subject to excise tax without payment thereof (Section 263), selling of heated tobacco products and vapor products at a lower price than the combined excise tax and VAT (Section 263-A), and offenses relating to stamps (Section 265).

Glossary

DOLE – Department of Labor and Employment

IC – Insurance Commission

VAT – Value-Added Tax

- Disposition of revenues from excise taxes on sugar-sweetened beverages; alcohol; and heated tobacco products and vapor products. (Section 288-A)
- Creation of a Joint Congressional Oversight Committee on Illicit Trade on Excisable Products (Section 290-A)

RA No. 11467 took effect on 1 January 2020 after its publication in the Official Gazette on 23 January 2020.

(Republic Act No. 11467, published 23 January 2020)

Taking notice

Sending of notices of regular meetings of stockholders or members

The SEC issued the following rules regarding notices of regular meetings of stockholders or members:

1. Written notice of regular meetings shall be sent to all stockholders or members of record at least 21 calendar days prior to the date of the meeting;
2. In case of postponement, written notice and the reason therefor shall be sent at least two weeks prior to the original date of the meeting. The stockholders/members of record shall be notified of the new schedule in accordance with item "1" above; and
3. The written notice must contain all information and deadlines relevant to the shareholders' or members' participation in the meeting and exercise of the right to vote remotely (*in absentia* or through a proxy).

The SEC may impose sanctions if, after due notice and hearing, it finds that any provision of SEC Memorandum Circular No. 3-2020 is violated.

(SEC Memorandum Circular No. 3, dated 21 February 2020)

PAS 23

Deferral of IFRIC implementation for the real estate industry

The SEC deferred the implementation of International Financial Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS) 23 – Borrowing Cost) for the real estate industry to 31 December 2020.

Real estate companies may opt not to defer implementation and instead fully comply with the requirements of the IFRIC interpretations.

On the other hand, those which opt for the deferral must disclose in the Financial Statements the accounting policies applied, a discussion of the deferral of the subject implementation issues and a qualitative discussion of the impact in the financial statements if the IFRIC interpretations were adopted.

If the deferral causes an accounting policy change, such should be accounted for under PAS 8, together with the corresponding required quantitative disclosures.

(SEC Memorandum Circular No. 4, dated 21 February 2020)

MB amendments

Disqualification and Watch listing of Directors/Officers

The Monetary Board (MB) approved the amendments to the following provisions of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI):

1. Section 138 of the MORB;
2. Section 4150Q and its Subsections of the MORNBFI; and
3. Appendix 80 which shall also be adopted as Appendix Q-45a of the MORNBFI.

The foregoing amendments take effect 15 calendar days following publication either in the Official Gazette or in a newspaper of general circulation.

(BSP Circular No. 1076-2020, dated 18 February 2020)

BSP exemption

Discontinuance of withholding of taxes on payments to the BSP

All BSP-supervised financial institutions (BSFIs) and operators of payment systems (OPSS) are advised of the tax exemption of the following income derived by the BSP from its governmental functions pursuant to RA No. 11211:

1. income from its activities or transactions in the exercise of its supervision over the operations of banks and its regulatory and examination powers over non-bank financial institutions performing quasi-banking functions, money service businesses,

Glossary

BSP – Bangko Sentral ng Pilipinas

RA – Republic Act

SEC – Securities and Exchange Commission

VAT – Value-Added Tax

credit granting businesses and payment system operators; and

2. income in pursuit of its primary objective to maintain price stability, and to the promotion and maintenance of monetary and financial stability and the convertibility of the peso.

In this light, all BSFIs and OPSs can discontinue the withholding of taxes on their payments to the BSP in relation to the above-mentioned transactions or activities.

All authorized agent banks (AABs) should also discontinue withholding the 2% tax on service fees arising from bank deposit transactions with the Cash Department (CD). Accordingly, CD shall collect 100% of the service fees through the Demand Deposit Accounts of AABs.

(BSP Circular Letter No. CL-2020- 009, dated 11 February 2020 & Memorandum No. M-2020-002, dated 28 January 2020)

Suki system

Implementation of the modified goods declaration verification system

The CoC issued guidelines and procedures for the use of the modified goods declaration verification system, the institutionalization of the Zero Contact Policy and the suppression of the “suki system” during the cargo clearance process.

Said guidelines and procedures include administrative provisions, operational procedures, reports and liability of BOC personnel.

(Customs Memorandum Order No. 1-2020, dated 6 January 2020)

On track

Establishment of the Electronic Tracking of Containerized Cargo System

The CoC established the Electronic Tracking of Containerized Cargo System (E-TRACC System) which covers the inland movement of containerized goods. Its objective is to generate real time and accurate

information, and to monitor the movement and location of containers using tracking devices.

For this purpose, the BOC also provided guidelines for the accreditation and regulation of the service provider for the E-TRACC System and the use of Electronic Customs Seal.

(Customs Memorandum Order No. 4-2020, dated 4 February 2020)

REIT listing

Effectivity of amended listing rules for real estate investment trusts (REITs)

In a letter dated 7 February 2020, the SEC informed the PSE regarding the approval of the Amended Listing Rules for Real Estate Investment Trusts (REIT), which took effect immediately. An official copy thereof was disseminated and attached to PSE Memorandum CN No. 2020-05.

(PSE Memorandum CN No. 2020-05, dated 7 February 2020)

Affordable cure

Regulating the prices of drugs and medicines

Price regulation through the fixing of a Maximum Retail Price (MRP) and/or Maximum Wholesale Price (MWP) has been imposed on drugs and medicines selected based on certain criteria. In this relation MRPs and/or MWPs are now imposed on selected drugs and medicines enumerated in the **Annex** of Executive Order (EO) No. 104-2020.

The MRP shall be imposed on all public and private retail outlets, including drugstores, hospitals and hospital pharmacies, health maintenance organizations, convenience stores, supermarkets and the like. On the other hand, the MWP shall be imposed on all manufacturers, wholesalers, traders, distributors and the like.

The list of drugs shall be subject to review by the Department of Health in consultation with the Department of Trade and Industry within six (6) months from the effectivity of EO No. 104-2020, and every six (6) months thereafter.

(Executive Order No. 104-2020, dated 17 February 2020)

Glossary

BOC – Bureau of Customs
BSP – Bangko Sentral ng Pilipinas
CoC – Commissioner of Customs
PSE – Philippine Stock Exchange
RA – Republic Act

Reporting rules

Philippine Interpretations Committee Questions and Answers (PIC Q&As)

The SEC approved the adoption of the following as part of its rules and regulations on financial reporting:

Pronouncement	Effective for annual periods beginning on or after
PFRS 17, Insurance Contracts	1 January 2021
Amendments to PAS 19, Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to PFRSs 2015-2017 Cycle	1 January 2019
Amendments to PFRS 3, Definition of a Business	1 January 2020
Amendments to PAS 1 and PAS 8, Definition of Material	1 January 2020
Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments	1 January 2019

Based on consensus, the following PIC Q&As are effective from the date of Financial Reporting Standards Council (FRSC) approval:

- PIC Q&A No. 2018-01, PAS 8
- PIC Q&A No. 2018-02, PAS 36
- PIC Q&A No. 2018-PFRS 13, PAS 16 and PAS 36
- PIC Q&A No. 2018-04, PAS 41
- PIC Q&A No. 2018-05, PAS 37
- PIC Q&A No. 2018-06, PAS 27
- PIC Q&A No. 2018-07, PAS 27 and PAS 28
- PIC Q&A No. 2018-08, PFRS 10 and PFRS 3
- PIC Q&A No. 2018-09, PAS 21
- PIC Q&A No. 2018-10, PAS 2
- PIC Q&A No. 2018-11

Here are the respective effectivity dates of the following PIC Q&As:

Glossary

DOLE – Department of Labor and Employment

EO – Executive Order

IFRIC – International Financial Reporting Interpretations Committee

PAS – Philippine Accounting Standards

PFRS – Philippine Financial Reporting Standards

SEC – Securities and Exchange Commission

Pronouncement	Effectivity date
PIC Q&A No. 2018-13	Refer to the affected Q&As
PIC Q&A No. 2018-14, PFRS 15	The effective date and transition provision follow those of PFRS 15 Appendix C, upon FRSC approval
PIC Q&A No. 2018-15, PAS 1	The consensus in this Q&A is effective from date of FRSC approval and should follow PAS 8
PIC Guidance of Financial Reporting June 2018	Refer to the affected Q&As

(SEC Memorandum Circular No. 8-2020, dated 12 March 2020)

Fair share

Distribution of service charges in hotels and restaurants

Republic Act (RA) No. 11360 amends Article 96 of the Labor Code by providing, among others, that all service charges collected by hotels, restaurants and similar establishments shall be distributed completely and equally among the covered workers except managerial employees.

According to the DOLE, the effectivity date of RA No. 11360 is 4 September 2019. The DOLE implementing rules and regulations were published on 26 November 2019.

(DOLE Labor Advisory No. 10, posted 5 March 2020)

Freeing space

Implementation of summary abandonment proceedings

Further to the adoption of processes for the expedited release of refrigerated containers and dry vans during the ECQ period, the BOC issued Customs Memorandum Order No. 10-2020 (Order) which covers the Summary Abandonment Proceedings in all Collection Districts.

The Order provides for the following:

- Circumstances when imported goods are deemed abandoned
- Operations provisions starting from the posting of list of cargoes on the BOC official website upon arrival of the vessel up to the disposition of abandoned goods

(Customs Memorandum Order No. 10-2020, dated 8 April 2020)

Economic operator

Authorized Economic Operator Program for importers and exporters

The CoC issued rules covering the pilot implementation of the Authorized Economic Operator (AEO) Program for importers and exporters as provided under Customs Administrative Order No. 5-2017.

The rules provide for the following:

- Collection of fees
- Application of Information and Communications Technology
- Risk management
- Audit of AEOs
- Organizational structure
- Accreditation, and suspension and revocation thereof
- Monitoring of compliance
- Revalidation process
- AEO membership responsibilities
- Withdrawal as member of the AEO Program
- Reconsideration and appeal
- Confidentiality of information
- Benefits

(Customs Memorandum Order No. 9-2020, dated 16 March 2020)

Power shift

Valuation standards for HMO agreement liabilities

In light of the transfer of jurisdiction over HMOs from the DOH to the IC, the latter shall be authorized to:

- Issue rules and guidelines with respect to HMOs

Glossary

BOC – Bureau of Customs
CoC – Commissioner of Customs
DOH – Department of Health
ECQ – Enhanced Community Quarantine
IC – Insurance Commission

- Regulate, supervise and monitor HMO operations and management
- Prepare, approve or amend rules, regulations, orders and circulars, and, in this relation, issue opinions, provide guidance and supervise compliance
- Exercise such other powers provided by law
- Impose sanctions and/or penalties

(IC Circular Letter No. 2020-22, dated 24 March 2020)

Prescribed template

Revised Annual Statement form and requirements

1. Mutual benefit associations (MBAs)

Every MBA is required to file with the IC its Annual Statement (AS) using the revised template uploaded in the IC website. The exact format, column headings and footnote instructions found in every page of the template must be strictly observed.

This takes effect immediately starting with the 2019 AS due for submission on 30 April 2020. In this relation, the 2019 AS and attachments should adhere to the following:

- Two hard copies and one soft copy should be submitted to the Life/MBAs/Trust Division.
- The AS must be signed and sworn to by the President, Chief Operating Officer/General Manager, Secretary, Treasurer, Actuary and Chief Accountant.
- The cover should be hard bound with permanent adhesive and in yellow color.
- It shall be on legal size bond paper using either Times New Roman font size #12 or Arial font size #10 to be printed in readable size.
- The AS shall be accompanied by an updated list of the documents and schedules in Annex A of IC Circular Letter No. 2020-17.
- The exact format, column headings and footnote instructions found in every page of the blank forms attached to IC Circular Letter No. 2020-17 must be strictly observed.
- Any AS not in accordance with the prescribed format, with missing information or incomplete attachments will not be accepted.

2. Life insurance companies and life units

Life insurance companies and life units of composite insurance companies are required to file with the IC its AS using the revised template uploaded in the IC website. The exact format, column headings and footnote instructions found in every page of the template must be strictly observed.

This takes effect immediately starting with the 2019 AS due for submission on 30 April 2020. In this relation, the 2019 AS and attachments should adhere to the following:

- Two hard copies and one soft copy should be submitted to the Life/MBAs/Trust Division.
- The AS must be signed and sworn to by the President, Chief Operating Officer/General Manager, Secretary, Treasurer, Actuary and Chief Accountant.
- The cover should be hard bound with permanent adhesive and in blue color.
- It shall be on legal size bond paper using either Times New Roman font size #12 or Arial font size #10 to be printed in readable size.
- The AS shall be accompanied by an updated list of the documents and schedules in Annex A of IC Circular Letter No. 2020-15.
- The exact format, column headings and footnote instructions found in every page of the blank forms attached to IC Circular Letter No. 2020-15 must be strictly observed.
- Any AS not in accordance with the prescribed format, with missing information or incomplete attachments will not be accepted.

3. Non-life and reinsurance companies

The 2019 AS and attachments of non-life and reinsurance companies should adhere to the following:

- Two hard copies and one soft copy should be submitted to the Non-Life Division.

- The cover should be hard bound with permanent adhesive and in pink color.
- It shall be on legal size bond paper using either Trebuchet MS font size #10 or Arial font size #10 to be printed in readable size.
- The exact format, column headings and footnote instructions found in every page of the blank forms attached to IC Circular Letter No. 2020-10 must be strictly observed.
- The AS shall include supporting documents necessary to authenticate the contents thereof.

(IC Circular Letter Nos. 2020-17, 2020-16, 2020-15, 2020-10 and 2020-07, dated 17 and 10 March 2020 and 24 February 2020)

Small claims

Amended rules of procedure for small claims cases

The IC amended the Sections 2, 4(b)(iv) and 5 of Memorandum Circular No. 2016-01 on the rules of procedure for small claims cases in the IC by changing the threshold amount to PHP 400,000. Section 7 on filing fees was also amended.

(Insurance Memorandum Circular No. 2020-1, dated 21 February 2020)

Static threshold

PSE amendment of the rule on static threshold rate

The Philippine Stock Exchange (PSE) amended the lower static threshold from 50% to 30% below the previous close or the Last Adjusted Closing Price, whichever is applicable. Accordingly, Article IV(7) of the PSE Revised Trading Rules and Item VI(2)(b) of the Implementing Guidelines of the Revised Trading Rules were amended.

The amendment took effect and was implemented in the PSETrade beginning 24 March 2020.

(PSE Memorandum CN No. 2020-28, dated 21 March 2020)

Glossary

IC – Insurance Commission

PhilHealth premium

Online payment of PhilHealth premium contributions

The Electronic Premium Remittance System (EPRS) is an online platform that allows the updating of employee list, premium remittance, and reporting of employee contributions to PhilHealth.

Effective June 2020 and onwards, all premium contributions of employers and their employees in the government and private sectors shall be made through the online payment facility of the EPRS.

Here are the guidelines:

- Employers are required to enroll their EPRS account at any Accredited Collecting Agent (ACA) of choice with payment gateway/ facility interlinked with EPRS.
- Employers who cannot comply due to unstable internet connection, no available internet providers or for any other justifiable reasons are required to request for exemption.
- *Kasambahays*, family drivers, and those located in areas classified as Geographically Isolated and Disadvantaged Area may pay their premium contribution over-the-counter at the Local Health Insurance Offices (LHIOs) on cash basis.
- Employers with no capacity to maintain the Average Daily Balance (ADB) required by some ACAs may enroll their account with ACAs with lower or no ADB requirement.
- Over-the-counter payments at any PhilHealth Office shall also be allowed under certain situations.
- All over-the-counter payments made at the ACAs and LHIOs by exempted employers shall be on a cash basis or thru Manager's Check.
- Employers have a transitory period of not more than six (6) months upon effectivity of PhilHealth Circular No. 2020-08 to remit their premium contributions over-the-counter to their preferred ACAs.

(PhilHealth Circular No. 2020-0008, dated 18 March 2020)



COVID-19 related articles

Taxes, compliance matters, assessments, and refunds

Tax calendar

Extended due dates for tax returns, their attachments and other filings with the BIR

In light of the Enhanced Community Quarantine (ECQ) until 15 May 2020, the Commissioner extended the due dates for filing/payment or submission of the following:

BIR Form / Return	Original deadline	Extended deadline
VAT refund (for quarter ending 31 March 2018)	31 March	30 May or 30 days from date of lifting of the quarantine, whichever comes later
VAT refund (for quarter ending 30 April 2018)	30 April	14 June or 30 days from date of lifting of the quarantine, whichever comes later
VAT refund (for quarter ending May 2018)	31 May	30 June or 30 days from date of lifting of the quarantine, whichever comes later
ONETT (1606, 1706, 1707, 1800 and 1801)	Deadline falls within emergency period starting 16 March	30 days from date of lifting of the quarantine
eFiling/Filing & ePayment/Payment of 1600WP (for Feb)	20 March	19 May
eFiling/Filing & ePayment/Payment of 1600WP (for March)	20 April	4 June
eFiling/Filing & ePayment/Payment of 1600WP (for April)	20 May	19 June

Glossary

BIR – Bureau of Internal Revenue
eFPS – Electronic Filing and Payment System
ONETT – One-Time Transactions
VAT – Value-Added Tax

BIR Form / Return	Original deadline	Extended deadline
2550M for non-eFPS filers (for Feb)	20 March	19 May
2550M for non-eFPS filers (for March)	20 April	4 June
2550M for non-eFPS filers (for April)	20 May	19 June
eFiling of 2550M for eFPS filers under Group E (for Feb)	21 March	20 May
eFiling of 2550M for eFPS filers under Group D (for Feb)	22 March	21 May
eFiling of 2550M for eFPS filers under Group C (for Feb)	23 March	22 May
eFiling of 2550M for eFPS filers under Group B (for Feb)	24 March	23 May
eFiling and ePayment of 2550M for eFPS filers under Group A (for Feb)	25 March	24 May
ePayment of 2550M for Groups B, C, D and E (for Feb)	25 March	24 May
eFiling of 2550M for eFPS filers under Group E (for March)	21 April	5 June
eFiling of 2550M for eFPS filers under Group D (for March)	22 April	6 June
eFiling of 2550M for eFPS filers under Group C (for March)	23 April	7 June
eFiling of 2550M for eFPS filers under Group B (for March)	24 April	8 June
eFiling and ePayment of 2550M for eFPS filers under Group A (for March)	25 April	9 June
ePayment of 2550M for Groups B, C, D and E (for March)	25 April	9 June
eFiling of 2550M for eFPS filers under Group E (for April)	21 May	20 June

BIR Form / Return	Original deadline	Extended deadline
eFiling of 2550M for eFPS filers under Group D (for April)	22 May	21 June
eFiling of 2550M for eFPS filers under Group C (for April)	23 May	22 June
eFiling of 2550M for eFPS filers under Group B (for April)	24 May	23 June
eFiling and ePayment of 2550M for eFPS filers under Group A (for April)	25 May	24 June
ePayment of 2550M for Groups B, C, D and E (for April)	25 May	25 June
eFiling/Filing & ePayment/Payment of 2550Q (for Fiscal Quarter [FQ] ending 29 Feb)	25 March	24 May
eFiling/Filing & ePayment/Payment of 2550Q (for FQ ending 31 March)	25 April	9 June
eFiling/Filing & ePayment/Payment of 2550Q (for FQ ending 30 April)	25 May	24 June
Submission of Quarterly Summary List of Sales and Purchases (SLSPs) by non-eFPS filers (for FQ ending 29 Feb)	25 March	24 May
Submission of Quarterly SLSPs by non-eFPS filers (for FQ ending 31 Mar)	25 April	9 June
Submission of Quarterly SLSPs by non-eFPS filers (for FQ ending 31 Mar)	25 May	24 June
Submission of Sworn Statement of Manufacturer's or Importer's Volume of Sales of Each Particular Brand of Alcohol, Tobacco Products and Sweetened Beverages (for FQ ending 29 Feb)	25 March	24 May

BIR Form / Return	Original deadline	Extended deadline
Submission of Sworn Statement of Manufacturer's or Importer's Volume of Sales of Each Particular Brand of Alcohol, Tobacco Products and Sweetened Beverages (for FQ ending 31 March)	25 April	9 June
Submission of Sworn Statement of Manufacturer's or Importer's Volume of Sales of Each Particular Brand of Alcohol, Tobacco Products and Sweetened Beverages (for FQ ending 30 April)	25 May	24 June
Registration of computerized books of accounts (CBA) and Other Accounting Records in electronic format (for FQ ending 29 Feb)	30 March	29 May
Registration of CBA and Other Accounting Records in electronic format (for FQ ending 31 March)	30 April	14 June
Registration of CBA and Other Accounting Records in electronic format (for FQ ending 30 April)	30 May	29 June
Submission of hard copies of Financial Statements and Scanned Copies of 2307 to eFiled 1702-RT/MX/EX (for Fiscal Year [FY] ending 30 Nov 2019)	30 March	29 May
Submission of hard copies of Financial Statements and Scanned Copies of 2307 to eFiled 1702-RT/MX/EX (for calendar year [CY] 2019)	30 April	30 June
Submission of hard copies of Financial Statements and Scanned Copies of 2307 to eFiled 1702-RT/MX/EX (for FY ending 31 Jan 2020)	30 May	15 July

BIR Form / Return	Original deadline	Extended deadline
Submission of hard copies of Financial Statements and Scanned Copies of 2307 to eFiled 1702-RT/MX/EX (for FY ending 29 Feb 2020)	30 June	30 July
2019 Inventory List (FY ending 29 Feb)	30 March	29 May
2019 Inventory List (FY ending 31 March)	30 April	14 June
2019 Inventory List (FY ending 30 April)	30 May	29 June
eSubmission of Quarterly SLSPs by eFPS filers (for FQ ending 29 Feb)	30 March	29 May
eSubmission of Quarterly SLSPs by eFPS filers (for FQ ending 31 March)	30 April	14 June
eSubmission of Quarterly SLSPs by eFPS filers (for FQ ending 30 April)	30 May	29 June
eFiling/Filing & ePayment/Payment of 1702Q & Summary Alphalist of Withholding Tax at Source (SAWT) (for FQ ending 31 Jan)	31 March	30 May
Submission of soft copies of 2307 in a DVD-R and sworn declarations as attachments to the eFiled 1702Q (for FQ ending 31 Jan)	15 April	14 June
eFiling/Filing & ePayment/Payment of 1702Q & SAWT (for FQ ending 29 Feb)	29 April	13 June
Submission of soft copies of 2307 in a DVD-R and sworn declarations as attachments to the eFiled 1702Q (for FQ ending 29 Feb)	15 May	14 June
eFiling/Filing & ePayment/Payment of 1702Q & SAWT (for Q1 ending 29 March)	30 May	29 June

BIR Form / Return	Original deadline	Extended deadline
Filing of 1604-CF	31 March	30 May
Filing of 1604-E with alphalist	31 March	30 May
Submission of 2316	31 March	30 May
eFiling/Filing & ePayment/Payment of 2000 and 2000-OT (for March)	5 April	4 June
eFiling/Filing & ePayment/Payment of 2000 and 2000-OT (for April)	5 May	4 June
eSubmission of Monthly eSales Report of all Taxpayers using Cash Register Machine (CRM)/Point-of-Sale Machine (POS) with Tax Identification Number (TIN) ending in even numbers (for March)	8 April	7 June
eSubmission of Monthly eSales Report of all Taxpayers using CRM/POS with TIN ending in even numbers (for April)	8 May	7 June
eSubmission of Monthly eSales Report of all Taxpayers using CRM/POS with TIN ending in odd numbers (for March)	10 April	9 June
eSubmission of Monthly eSales Report of all Taxpayers using CRM/POS with TIN ending in odd numbers (for April)	10 May	9 June
Filing & Payment of 2200M (for March)	10 April	9 June
Filing & Payment of 2200M (for April)	10 May	9 June
eFiling/Filing & ePayment/Payment of 1600 with monthly alphalist and 1606 (for March)	10 April	9 June

BIR Form / Return	Original deadline	Extended deadline
eFiling/Filing & ePayment/Payment of 1600 with monthly alphalist and 1606 (for April)	10 May	9 June
eFiling/Filing & ePayment/Payment of 1600 (for March)	10 April	9 June
eFiling/Filing & ePayment/Payment of 1600 (for April)	10 May	9 June
Filing & Payment of 1601-C by non-eFPS filers (for March)	10 April	9 June
Filing & Payment of 1601-C by non-eFPS filers (for April)	10 May	9 June
eFiling of 1601-C for eFPS filers under Group E (for March)	11 April	10 June
eFiling of 1601-C for eFPS filers under Group D (for March)	12 April	11 June
eFiling of 1601-C for eFPS filers under Group C (for March)	13 April	12 June
eFiling of 1601-C for eFPS filers under Group B (for March)	14 April	13 June
eFiling of 1601-C for eFPS filers under Group A (for March)	15 April	14 June
ePayment of 1601-C for Groups B, C, D and E (for March)	15 April	14 June
eFiling of 1601-C for eFPS filers under Group E (for April)	11 May	10 June
eFiling of 1601-C for eFPS filers under Group D (for April)	12 May	11 June
eFiling of 1601-C for eFPS filers under Group C (for April)	13 May	12 June
eFiling of 1601-C for eFPS filers under Group B (for April)	14 May	13 June
eFiling of 1601-C for eFPS filers under Group A (for April)	15 May	14 June
ePayment of 1601-C for Groups B, C, D and E (for April)	15 May	14 June

BIR Form / Return	Original deadline	Extended deadline
eFiling/Filing & ePayment/Payment of 1700, 1701 and 1701A (for CY ending 31 Dec 2019)	15 April	14 June
Submission of attachments to eFiled 1700, 1701 and 1701A (for CY ending 31 Dec 2019)	Manually filed with the ITR or 15 days from eFiling	30 June
eFiling/Filing & ePayment/Payment of 1702-RT/MX/EX (for CY ending 31 Dec 2019)	15 April	14 June
eFiling/Filing & ePayment/Payment of 1702-RT/MX/EX (for FY ending 31 Jan 2020)	15 May	14 June
eFiling/Filing & ePayment/Payment of 1702-RT/MX/EX (for FY ending 29 Feb 2020)	15 June	15 July
eSubmission of Quarterly Summary List of Machines (CRM-POS) sold by all Machine Distributors/ Dealers/ Vendors/ Suppliers (for FQ ending 31 March)	15 April	14 June
eSubmission of Quarterly Summary List of Machines (CRM-POS) sold by all Machine Distributors/ Dealers/Vendors/ Suppliers (for FQ ending 30 April)	15 May	14 June
Registration of Bound Loose-Leaf Books of Accounts / Invoices / Receipts & Other Accounting Records (for FY ending 31 March)	15 April	14 June
Registration of Bound Loose-Leaf Books of Accounts / Invoices / Receipts & Other Accounting Records (for FY ending 30 April)	15 May	14 June

BIR Form / Return	Original deadline	Extended deadline
Submission of List of Medical Practitioners (for calendar quarter [CQ] ending 31 March)	15 April	14 June
Letter-Answer to Notice of Informal Conference	Within the period	30 days from the date of
Response to the Preliminary Assessment Notice	starting 16 March and within the	lifting of the quarantine
Protest Letter to Final Assessment Notice (FAN) / Formal Letter of Demand (FLD)	30-day period from date of	lifting of the ECQ
Submission of supporting documents for request for reinvestigation of audit cases with FAN/FLD		
Appeal / Request for Reconsideration to the Commissioner of Internal Revenue on the Final Decision on Disputed Assessment		
Other similar letters and correspondences with due dates		
Suspension of running of the Statute of Limitations under Sections 203, 222 and 223 of the Tax Code	Before expiration of the Statute of Limitations	60 days after the date of lifting of the quarantine
Certificate of Residence for Tax Treaty Relief Forms (CORTT) Forms in relation to final withholding taxes (FWT) on dividend, interest and royalty income of nonresidents for February paid in March	within 30 days after the payment of FWT due	30 days from the date of lifting of the quarantine
CORTT Forms in relation to FWT on dividend, interest and royalty income of nonresidents for March paid in April		
CORTT Forms in relation to FWT on dividend, interest and royalty income of nonresidents for April paid in May		

BIR Form / Return	Original deadline	Extended deadline
eFiling/Filing & ePayment/Payment of 2551Q - In General (for quarter ending 31 March 2020)	25 April	9 June
eFiling/Filing & ePayment/Payment of 2551Q - In General (for quarter ending 30 April 2020)	25 May	24 June
eFiling/Filing & ePayment/Payment of 2551Q – Overseas Communications Tax (for quarter ending 31 March 2020)	20 April	4 June
eFiling/Filing & ePayment/Payment of 2551Q - Overseas Communications Tax (for quarter ending 30 April 2020)	20 May	19 June
eFiling/Filing & ePayment/Payment of 2551Q – Amusement Taxes (for quarter ending 31 March 2020)	20 April	4 June
eFiling/Filing & ePayment/Payment of 2551Q - Amusement Taxes (for quarter ending 30 April 2020)	20 May	19 June
0619-E & 1619-F for non-EFPS filers (for March)	10 April	9 June
0619-E & 1619-F for non-EFPS filers (for April)	10 May	9 June
eFiling of 0619-E & 1619-F for eFPS filers under Group E (for March)	11 April	10 June
eFiling of 0619-E & 1619-F for eFPS filers under Group D (for March)	12 April	11 June
eFiling of 0619-E & 1619-F for eFPS filers under Group C (for March)	13 April	12 June
eFiling of 0619-E & 1619-F for eFPS filers under Group B (for March)	14 April	13 June
eFiling and ePayment of 0619-E & 1619-F for eFPS filers under Group A (for March)	15 April	14 June

BIR Form / Return	Original deadline	Extended deadline
ePayment of 0619-E & 1619- for Groups B, C, D and E (for March)	15 April	14 June
eFiling of 0619-E & 1619-F for eFPS filers under Group E (for April)	11 May	10 June
eFiling of 0619-E & 1619-F for eFPS filers under Group D (for April)	12 May	11 June
eFiling of 0619-E & 1619-F for eFPS filers under Group C (for April)	13 May	12 June
eFiling of 0619-E & 1619-F for eFPS filers under Group B (for April)	14 May	13 June
eFiling and ePayment of 0619-E & 1619-F for eFPS filers under Group A (for April)	15 May	14 June
ePayment of 0619-E & 1619-F for Groups B, C, D and E (for April)	15 May	14 June
eFiling/Filing & ePayment/Payment of 0620 (for March)	10 April	9 June
eFiling/Filing & ePayment/Payment of 0620 (for April)	10 May	9 June
eFiling/Filing & ePayment/Payment of 1601EQ, 1601FQ, 1603Q and 1602Q (for quarter ending 31 March 2020)	30 April	14 June
Submission of alphabetical list of payees as attachment to 1601EQ and 1601FQ (for quarter ending 31 March 2020)	30 April	14 June
Application for refund or credit of taxes erroneously or illegally received or penalties imposed without authority under Section 204(C) of the Tax Code from 17 March 2018 to 30 April 2018	2 years after the payment of tax or penalty	14 June
Application for refund or credit of taxes erroneously or illegally		30 June

BIR Form / Return	Original deadline	Extended deadline
received or penalties imposed without authority under Section 204(C) of the Tax Code from 1 May 2018 to 31 May 2018		
Availment of tax amnesty on delinquencies (2118 DA)	23 April	22 June
Filing & Payment of 1701-A (For CY ending 31 Dec 2019)	15 April	14 June
Filing & Payment of 1701-A (For FY ending 31 Jan 2020)	15 May	14 June
eFiling/Filing & ePayment/Payment of 1704 (For FY ending 31 March)	15 April	14 June
eFiling/Filing & ePayment/Payment of 1704 (For FY ending 30 April)	15 May	14 June
Quarterly eFiling/Filing & ePayment/Payment of 1621 (for quarter ending 31 March)	30 April	14 June
Filing of 1701-Q (for Q1 ending 31 March)	15 May	14 June
eFiling/Filing & ePayment/Payment of 2552	Within 5 banking days from collection	30 days from date of lifting of the quarantine
eFiling/Filing & ePayment/Payment of 2553	Designated due date under special law	30 days from date of lifting of the quarantine
eFiling/Filing & ePayment/Payment of 2200-A, 2200-AN, 2200-P, 2200-T & 2200-S (every removal)	Before removal of excisable products from place of production	Before removal of excisable products from place of production
Filings and submissions of other reportorial requirements omitted from the foregoing	within the period of emergency starting 16 March	30 days from date of lifting of the quarantine

The following should be noted:

- The extended due dates shall apply throughout the Philippines.
- If the new due date falls on a holiday or non-working day, the submission or filing shall be made on the next working day.
- The term “quarantine” as used above shall mean any announcement by the National Government resulting in limited operations and mobility, including, but not limited to, community quarantine, enhanced community quarantine, modified community quarantine and general community quarantine.
- For VAT refund claims, the 90-day period of BIR processing for those that are currently being evaluated and for those that may be received between 16 March to 14 April is suspended. The counting of the number of processing days shall resume after the lifting of the community quarantine.
- If case of another quarantine extension, the above extended due dates shall be further extended by 15 calendar days.
- Taxpayers who file tax returns within the original deadlines or prior to the extended deadlines can amend on or before the extended due without penalties for late filing in case additional taxes are paid in the amended tax returns.

If the amended return instead results in a tax overpayment, the taxpayer may carry over the overpayment as a credit against future taxes due for the same tax type.

(Revenue Regulations Nos. 11, 10, 7 and 5-2020 and Revenue Memorandum Circular Nos. 39, 38, 33, 32, 31, 30, 29, 28, 27, 26, 25 and 17-2020)

Wage subsidy

Implementing the Small Business Wage Subsidy Program

The BIR disseminated Joint Memorandum Circular No. 1-2020 which contains the Guidelines for the Small Business Wage Subsidy (SBWS) Program. The guidelines provide for the following:

- Under the SBWS Program, eligible employees of small businesses shall be granted a wage subsidy between PHP5,000 to PHP8,000 based on the regional minimum wage.
- An eligible employer pertains to a small business which:
 - is not in the BIR list of Large Taxpayers;
 - belongs to the non-essential industry and forced to stop operations, or to the quasi-essential industry and allowed to operate a skeleton force;
 - is registered with the BIR and tax-compliant for the past three years up to January 2020; and
 - is registered with the SSS and has paid its contributions for the past three years up to January 2020.
- The BIR is responsible for pre-qualifying small businesses based on the above eligibility requirements.
- An employee who satisfies all the following is eligible for the SBWS:
 - Must be an employee of an eligible small business;
 - Must be employed and active as of 1 March 2020 but unable to work due to the ECQ;
 - Did not get paid by the employer for at least two weeks during the temporary closure or suspension of work;
 - Under any employment status (e.g., regular, probationary, regular seasonal, project-based, fixed-term); and
- The following employees are disqualified:
 - Those working from home or part of the skeleton force
 - Those on leave for the entire duration of the ECQ or other forms thereof
 - Recipients of SSS unemployment benefits and/or have unsettled or in-process SSS final claims
- Employees who received subsidies under the COVID-19 Adjustment Measures Program (CAMP) and other similar programs may be eligible for the SBWS. However, the second tranche of the SBWS

Glossary

BIR – Bureau of Internal Revenue

ECQ – Enhanced Community Quarantine

SSS – Social Security System

VAT – Value-Added Tax

shall be net of the amount received under the said programs.

- The following additional conditions should also be met:
 - Eligible employers must maintain the employment status of all eligible employee beneficiaries before the ECQ and other forms thereof and throughout the SBWS period; and
 - Employees cannot resign during the ECQ and other forms thereof.
- Applications will be completed by the employer on behalf of their employees and filed with the SSS. The employer shall certify that the employee met all eligibility requirements and none of the disqualifications.

The SSS will only be accepting applications from 16 April 2020 to 8 May 2020.

(Revenue Memorandum Circular No. 45-2020, issued 30 April 2020)

Foreign missions

Temporary copies of VAT Certificates (VCs) and VAT Identification Cards (VICs)

In light of the ECQ and pursuant to the recommendation of the Department of Foreign Affairs (DFA), the BIR granted the temporary issuance of electronic copies of VCs and VICs to newly accredited personnel of Resident Foreign Missions (RFMs) qualified for point-of-sale VAT exemption, and to RFMs, RFM personnel and their dependents who will apply for renewal of expired VCs and VICs.

The following should be noted:

- The electronic VCs and VICs shall be valid until 30 August 2020 and should be renewed within 30 calendar days from the date of lifting of the ECQ.
- Concerned RFM personnel and dependents should present to business establishments the electronic

VCs and VICs and DFA-issued electronic copy of Certification of Accreditation or valid DFA Protocol ID.

- On the other hand, RFMs (through their duly authorized representatives) should present the VC, an identification card, and Special Power of Attorney or authorization letter.

(Revenue Memorandum Circular No. 44-2020, issued 17 April 2020)

Paying up

Acceptance of tax payments during the ECQ

In light of the ECQ extension, taxpayers may pay their taxes as follows:

1. Pay taxes at the nearest authorized agent banks (AABs) notwithstanding RDO jurisdiction; or
2. File and pay taxes to the concerned Revenue Collection Officers (RCOs) of the nearest Revenue District Office, even in areas where there are AABs.

For payments to RCOs, cash payments should not exceed PHP20,000. Check payments have no limit as to amount and should be made payable to the BIR. The name of the receiving AAB branch may no longer be indicated.

(Revenue Memorandum Circular No. 43-2020, issued 17 April 2020)

2019 ITRs

Guidelines in the filing and payment of 2019 annual income tax returns (ITRs)

Taxpayers who will file manually or using the Offline eBIRForms Package or are enrolled in the Electronic Filing and Payment System (eFPS) shall file and pay in accordance with the guidelines set forth in **Annex "A"** of RMC No. 42-2020.

(Revenue Memorandum Circular No. 42-2020, issued 17 April 2020)

eDST payments

Allowing the use of the Constructive Stamping/Receipt System (CS/RS)

All electronic DST (eDST) System users-taxpayers are allowed to use the CS/RS on taxable documents

Glossary

AAB – Authorized Agent Bank
DFA – Department of Foreign Affairs
DST – Documentary Stamp Tax
ECQ – Enhanced Community Quarantine
RDO – Revenue District Office
RMC – Revenue Memorandum Circular
SSS – Social Security System
VAT – Value-Added Tax

provided that the payments as deposits in the eDST System shall not be applied to the taxable documents.

Within 30 days from the DST return filing and payment deadline, a list of taxable documents and corresponding DST subjected to the constructive affixture shall be submitted to the concerned revenue district office or Large Taxpayers Service division.

(BIR Tax Advisory, dated 23 March 2020)

Vaping effects

Tax compliance requirements in relation to heated tobacco and vapor products

All taxpayers affected by the administrative requirements under RA No. 11346 which imposes excise taxes on heated tobacco products and vapor products should comply with the following:

1. Amend BIR registration to include the tax type "EXCISE TAX";
2. Secure a Permit to Engage in Business as Manufacturer, Importer, or Dealer/Trader of Heated Tobacco Products and Vapor Products from the Excise Large Taxpayers Regulatory Division (ELTRD);
3. Assign an Assessment Number to be provided by the ELTRD;
4. In case of importation, secure a Permit to Import and an Authority to Release Imported Goods from ELTRD and pay the excise tax using BIR Form No. 2200-T;
5. Request for Internal Revenue Strip Stamps to include Heated Tobacco Products and Vapor Products;
6. Register New and Existing Brands of Tobacco Products;
7. For manufacturers, fill up the prescribed Excise Taxpayer's Removal Declaration for all removals; and
8. Maintain Official Registry Books and other forms or records that may be prescribed.

(Revenue Memorandum Circular No. 24-2020, issued 6 March 2020)

Glossary

BIR – Bureau of Internal Revenue
DST – Documentary Stamp Tax
RA – Republic Act

Splitting form

Amending BIR guidelines in the implementation of the PERA Act of 2008

The BIR amended Revenue Memorandum Order No. 28-2017, which prescribes the guidelines and procedures in the implementation of the Personal Equity and Retirement Account (PERA) Act of 2008 (RA No. 9505).

Specifically, BIR Form No. 2339 was amended into two separate forms, namely:

1. Annex E-1(a) for Employee without Qualified Employer's Contribution; and
2. Annex E-1(b) for Employee with Qualified Employer's Contribution

(Revenue Memorandum Order No. 11-2020, issued 20 April 2020)

Wage hikes

Increase of minimum wages of workers in Regions III, VII and XII

The Regional Tripartite Wages and Productivity Boards of SOCCSKSARGEN (Region XII) have respectively issued Wage Orders increasing the daily minimum wage rates as follows:

1. Region XII - Wage Order No. RB XII-21

Sector / Industry	Current	New (upon effectivity of Wage Order No. RB XII-21)	New (effective 1 May 2020)
Non-Agriculture	PHP311	PHP326	PHP336
Agriculture/ Retail/Service Establishment	PHP290	PHP305	PHP315

2. Region III - Wage Order No. RB III-22

Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac & Zambales		
Sector / Industry	Current	New Minimum
Non-Agriculture		
Employing 10 or more workers	PHP400	PHP420
Employing less than 10 workers	PHP393	PHP413
Agriculture		
Plantation	PHP370	PHP390

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Non-plantation Retail Service	PHP354	PHP374
Employing 10 or more workers	PHP389	PHP409
Employing less than 10 workers	PHP375	PHP395

Aurora		
Sector / Industry	Current	New Minimum
Non-Agriculture	PHP349	PHP369
Agriculture		
Plantation	PHP334	PHP354
Non-plantation	PHP322	PHP342
Retail Service	PHP284	PHP304

3. Region VII - Wage Order No. RO VII-22

Area	New Rates		
	Non-Agriculture	Agriculture	Employing less than 10 workers
Class A	PHP404	PHP394	PHP394
Class B			
Bogo & Toledo	PHP366	PHP361	PHP361
Bohol & Negros Oriental Cities			
Class C			
Cebu Municipalities except Compostela, Consolacion, Cordova, Lilloan, Minglanilla & San Fernando	PHP356	PHP351	PHP351
Bohol & Negros Oriental Municipalities			
Siquijor, Bantayan & Camotes Islands Municipalities			

Glossary

BIR – Bureau of Internal Revenue

ECQ – Enhanced Community Quarantine

4. Region VII - Wage Order No. BARMM-01

Maguindanao, Lanao del Sur, Basilan, Sulu, Tawi-Tawi, Marawi and Lamitan		
Sector / Industry	Current	New
Non-Agriculture	PHP280	PHP300
Agriculture		
Plantation	PHP270	PHP290
Non-plantation		

Cotabato City and 63 Barangays in North Cotabato		
Sector / Industry	Current	New
Non-Agriculture	PHP311	PHP325
Agriculture		
Plantation	PHP290	PHP300
Non-plantation		

The above minimum daily wages rate take effect 15 days after publication of the subject Wage Orders in a newspaper of general circulation in the respective regions.

(Revenue Memorandum Circular Nos. 22, 21, 20 and 19-2020, issued 4 March 2020)

Field audits

Conduct of tax audits and field work during the ECQ

Revenue Officers shall observe the following guidelines during the ECQ:

- They shall continue to work on their assigned cases based on documents previously submitted by the taxpayer and other information available within the BIR.
- For non-prescribing cases, which lack documentary requirements and require audit continuation, the period to submit the report of investigation shall be extended by 30 days.
- Field audit and other field operations shall not be conducted. Personal service of electronic Letters of Authority, Notice of Informal Conference, Discrepancy Notices or Mission Orders are temporarily prohibited.
- Documents shall be received by the BIR without delay and without verbal discussion.

(Operations Memorandum No. 20-2020, dated 17 March 2020)

Bank instructions

Acceptance of payments by eFPS filers and check payments by any taxpayer

During the ECQ, all authorized agent banks (AABs) are advised to:

1. Accept over-the-counter filings and payments of returns by eFPS filers, with or without the printed copy of the pop-up message screenshot as proof of unsuccessful eFiling; and
2. Accept check payments from any taxpayer even without the name of the receiving AAB Branch indicated in the check, provided that all check payments are made payable to the BIR.

(Bank Bulletin No. 4-2020, dated 15 April 2020)

Glossary

BIR – Bureau of Internal Revenue

ECQ – Enhanced Community Quarantine

eFPS – Electronic Filing and Payment System



Latest on regulatory landscape

Necessary relief

Adoption of debt relief measures by financing and lending companies

In light of the COVID-19 impact and ECQ, all financing and lending companies are strongly encouraged to adopt measures or develop and implement their own programs that will help ease the financial burden of borrowers.

These measures may include the following:

- lowering of interest rates;
- waiver or reduction of penalties, charges and other fees;
- loan term extension;
- suspension of collection;
- payment holiday; and
- debt consolidation.

(SEC Notice dated 23 March 2020)

Grace period

Extending a 30-day grace period to borrowers during the ECQ

Pursuant to the Bayanihan to Heal As One Act (RA No. 11469), all finance companies (FCs), lending companies (LCs) and microfinance NGOs (MF-NGOs) have been directed to extend a 30-day grace period to borrowers with payments due within the extended ECQ period without incurring interest on interest, penalties, fees and other charges. This initial grace period shall automatically be extended if the ECQ period is extended by the President.

FCs, LCs and MF-NGOs are mandated to strictly comply with the foregoing and are warned that any violation or non-compliance shall be dealt with to the full extent of the law.

(SEC Notice to Financing Companies, Lending Companies and Micro-Finance NGOs, dated 16 April 2020)

Glossary

ECQ – Enhanced Community Quarantine

NGO – Non-Government Organization

RA – Republic Act

SEC – Securities and Exchange Commission

IATF ID

Guidelines for the issuance of Inter-Agency Task Force (IATF) IDs

The operations of capital markets were allowed to resume on 18 March 2020. Accordingly, capital market participants and their skeleton workforce are exempt from strict home quarantine requirements.

In this light, the SEC issued guidelines prescribing the following list of requirements and procedures for the issuance of an IATF Accreditation ID or its equivalent:

A. Requirements

1. Letter requesting for the issuance of IATF ID or the equivalent certification;
2. Certified list of employees who shall comprise the skeleton workforce and representation that the company has provided every employee a copy of the certificate of employment or engagement;
3. Certification as to the following:
 - a. That the company has adopted the pertinent policy, procedures and measures that will achieve social distancing in the workplace and in the vehicles that will be used to transport the skeleton workforce;
 - b. That the company has made the necessary arrangement for the transport of their employees from their residences to the office and back; and
 - c. That the employees have been informed of said policy, procedures and measures and the transport arrangement; and
4. The certification/s issued by the requesting company shall be signed by the President and/or any authorized responsible officer.

B. Procedures

1. Any request shall be addressed to the SEC Chairperson Emilio B. Aquino and sent to msrd_covid19@sec.gov.ph.
2. The Markets and Securities Regulation Division shall verify the completeness of the request and endorse the same to the Office of the Chair thru

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the Office of the General Counsel for the issuance of the certification.

The requesting company shall advise its employees to always bring along for presentation to law enforcement agencies the following:

1. SEC-issued Certification;
2. Company ID;
3. Company-issued certificate of employment; and
4. Copy of Resolution No. 13-2020 of the IATF on Emerging Infectious Diseases, issued 17 March 2020.

The certification issued by the SEC shall be used only for capital market-related work. Any abuse in the use of this certification shall be dealt with accordingly, including the revocation of the certification.

(SEC Notice to Capital Market Institutions dated 22 March 2020)

MDF submission

Submission of the Mandatory Disclosure Form (MDF)

All non-stock corporations are advised that the deadline for submitting the MDF is extended until 30 April or 15 days after the lifting of travel restrictions and other COVID-19-related measures.

Nevertheless, the MDF may be filled out and submitted online during weekdays from 8 a.m. to 5 p.m. However, the online filling out and submission of the MDF is only partial compliance with the requirement. Full compliance requires the submission of the original signed and notarized printed copy after the ECQ is lifted.

For guidance in complying with the requirement to submit the new MDF, please visit

http://www.sec.gov.ph/wp-content/uploads/2020/02/2020AMLD_FAQs.pdf.

(SEC Notices to All Non-Stock Corporations dated 2 April and 19 March 2020)

Glossary

CGFD - Corporate Governance and Finance Department

ECQ – Enhanced Community Quarantine

NGO – Non-Government Organization

SEC – Securities and Exchange Commission

SEC filings

Summarized guidelines on SEC filings and deadlines during the ECQ

The SEC adjusted the requirements and procedures for the filing of reports and other documents following the ECQ. Among others, the SEC is allowing filings through email and other electronic means, as well as through registered or ordinary mail and private courier.

The specifications and procedures for such submissions have been provided through various SEC Memorandum Circulars, Notices and Advisories. Accordingly, the SEC issued a summary of the documents and their respective alternative modes of filing, deadlines and guidelines. The summary may be accessed at <http://www.sec.gov.ph/wp-content/uploads/2020/04/2020Notice-Summary-of-Guidelines-on-the-Filing-of-Reports-during-the-ECQ-Updated-04172020.pdf>.

The summary includes the following documents:

1. Publicly Listed Companies; Other Issuers of Registered Securities under the Supervision of the Markets and Securities Regulation Division; and Investment Companies, Issuers of Proprietary and Non-proprietary Shares/ Timeshares, Public Companies, Financing Companies, Lending Companies, Accredited Microfinance NGOs and Foundations
 - a. Annual Report (AR) / Audited Financial Statements (AFS)
 - b. General Information Sheet (GIS) / Report of Non-holding of Election
 - c. Notice of Postponement of the Annual Stockholders' Meeting
 - d. Current and Other Structured Reports
 - e. Corporate Governance Reports and Other Documents for Submission to the CGFD
2. All Other Corporations
 - a. AR / AFS
 - b. GIS / Report of Non-holding of Election
3. Nonstock Corporations Required to Submit the Mandatory Disclosure Form (MDF)
 - a. MDF

4. Corporations Required to Submit General and Special Forms for Financial Statements in Electronic Format
 - a. General and Special Forms for Financial Statements
5. Accredited Asset Valuers and Credit Rating Agencies
 - a. Annual Report
6. Persons Involved in Cases Pending before the Office of the General Counsel (OGC) or the Commission *En Banc*
 - a. Appeals, Motions and Pleadings
7. Corporations with Principal Offices Near the SEC Extension Offices
 - a. All Reportorial Requirements and Other Documents for Submission to the SEC

(SEC Notice dated 8 April 2020)

Online submissions

Guidelines for online submissions to the SEC during the ECQ

In view of the ECQ, effective 18 March 2020, investment companies, registered issuers of proprietary and non-proprietary shares/time shares and public companies shall submit online the following reports under the supervision of the Corporate Governance and Finance Department (CGFD) through cgfd@sec.gov.ph:

Document type	Due date
SEC Form 17-C	Within 5 calendar days after the occurrence of the event reported
SEC Form 18-A or 18-AS	For ordinary buyers - within 5 business days from the acquisition For qualified buyers - within 45 calendar days after the end of fiscal year
SEC Form 23-A/23-B	Within 10 calendar days after the effective date of registration or after becoming an officer, director or holder of 10%

Glossary

ECQ – Enhanced Community Quarantine
 NGO – Non-Government Organization
 SEC – Securities and Exchange Commission

SEC Form 23-A/23-B	Within 10 calendar days after the close of each calendar month thereafter
SEC Form 20-IS	At least 10 business days prior to the date the definitive copies shall be sent/given
SEC Form 20-ISA	At least 15 business days prior to the meeting date.
Monthly Sales and Redemption Report	Within 10 days after the end of each month

The above entities, together with financing companies, lending companies, foundations, accredited microfinance NGOs and publicly-listed companies under the supervision of the CGFD, should observe the guidelines in SEC Notice dated 30 March 2020 for the submission of reports, applications compliance, requests and other documents via cgfd@sec.gov.ph. These guidelines provide for the following:

1. Working periods
2. One Email for every Report or Document per Company
3. Format of the Email (Subject Head and File Name)
4. Signature
5. Online Certification
6. Notarization
7. Online Certification and Undertaking to pay Filing Fees, Penalties and other Impositions
8. Payment of Fees, Penalties and Impositions
9. Submission of Annual and Quarterly Reports, Audited Financial Statements (AFS) via email
10. Submission of other Documents to the CGFD
11. Documents to be submitted after the ECQ Period

If the foregoing requirements are not complied with, the submission to cgfd@sec.gov.ph shall be deemed not to have been filed.

Non-submission of hard/physical copies and non-payment of filing fees within 10 calendar days from the date of lifting of quarantine and resumption of SEC's normal office hours shall invalidate the submission to cgfd@sec.gov.ph.

All covered companies are advised to use the template attached to SEC Notice dated 30 March 2020 for the required Online Certification and Undertaking. Entities

that submitted an Online Certification prior to the issuance of SEC Notice dated 30 March 2020, which contains the essential information, need not submit a new certification.

(SEC Advisory dated 18 March 2020 & Notice dated 30 March 2020)

PSE EDGE

Filing of structured reports, current reports and communications with the SEC

In light of the ECQ, starting 17 March 2020 and until further notice, all publicly listed companies (PLCs) are directed to file their Structured and Current Reports by uploading the same through the PSE Electronic Disclosure Generation Technology (PSE EDGE). All reports filed with the PSE EDGE shall be considered as having been filed with the SEC.

For other communications, PLCs shall direct them to msrd_covid19@sec.gov.ph. The PLCs are also advised to visit www.sec.gov.ph for further notices and other relevant pronouncements.

(Markets and Securities Regulation Department Notice dated 17 March 2020 and PSE Memorandum CN No. 2020-0024 dated 17 March 2020)

Aligning deadlines

Extending the deadline for submitting Sustainability Reports

For purposes of alignment with the extended deadline for the Annual Report, the deadline for publicly listed companies (PLCs) with fiscal year ending 31 December 2019 or 30 November 2019 to submit Sustainability Reports (SRs) has been extended to 30 June 2020 or the extended period under SEC MC No. 5-2020.

The following guidelines should be observed:

1. PLCs that have filed or will file their Annual Report without the SR attached thereto shall not be considered to have filed an Incomplete Annual Report, provided that the SR shall be filed **until 30 June 2020** by filing an Amended Annual Report (SEC Form 17-A).

Glossary

ECQ – Enhanced Community Quarantine
PSE – Philippine Stock Exchange
SEC – Securities and Exchange Commission

2. For PLCs opting to submit their SR by filing an Amended Annual Report pursuant to the immediately preceding paragraph, the submission must be accompanied by a copy of the previously submitted Annual Report and a Certification stating:
 - a. That the information contained therein are true and correct;
 - b. That an Annual Report had been previously filed with the SEC, and indicating therein the date of filing of the said report;
 - c. That the Amended Annual Report is filed solely for the purpose of submitting the SR attached thereto or referenced therein and that no other changes were made to the Annual Report as previously filed; and
 - d. That the person signing the certification is duly authorized by the company to prepare and file the SR in accordance with SEC Memorandum Circular No. 13-2020.
3. The Certification must be signed by the PLC's authorized representative and attested by its President.
4. The extension shall automatically be applied without the need for a request from covered PLCs. This extension notwithstanding, PLCs are not precluded from submitting their SR together with the Annual Report on the original deadline.
5. PLCs that submit their SRs in accordance with SEC Memorandum Circular No. 13-2020 shall not incur penalties for an Incomplete Annual Report.

(SEC Memorandum Circular No. 13-2020, dated 21 April 2020)

AFS & GIS

Electronic filing of audited financial statements and general information sheet

During the state of public emergency, the SEC will be allowing the submission of electronic copies of the following documents through electronic mail (email):

1. Audited financial statements (AFS);
2. General information sheet (GIS); and
3. All other general and special forms and letters

The GIS shall be emailed to mlmliwanag@sec.gov.ph, mtdmabuyo@sec.gov.ph, or cmdnotice@sec.gov.ph.

The SEC shall be specifying the email addresses to which the other documents shall be sent.

Here are the guidelines for email submission:

1. The documents should be in Portable Document Format (PDF) preferably with Text Layer;
2. The documents should contain an Electronic Signature as defined in Section 5(e) of the Electronic Commerce Act of 2000 (RA No. 8792);
3. The documents should be sent as Multipurpose Internet Mail Extensions (MIME) attachments to an email from a valid company email account or address of an authorized representative;
4. Subject to item no. 5 below, documents which are required to be notarized may be submitted unnotarized.
5. The body of the email should contain a statement declaring the authenticity of the submitted documents and a commitment to submit physical versions of the exact same submitted documents to the SEC once the state of public health emergency is lifted. This statement should include the full name, corporate address, and mobile number of the authorized representative making the submission.
6. The sender should request for a Return Receipt and a Delivery Status Notification to ensure that the email has been sent and has also been received by the SEC.

Once the state of public health emergency is lifted, the SEC shall require the submission of physical copies and announce a specific date for submission of the above documents including the duly notarized hard copies of the documents submitted through email.

(SEC Memorandum Circular No. 10, dated 20 March 2020)

Annual meetings

Filing the GIS during the ECQ

The General Information Sheet (GIS) is required to be filed with the SEC within 30 days from the date of the annual stockholders' meeting.

In light of the COVID-19 outbreak and ECQ, the SEC issued the following guidelines for GIS filing:

1. If the annual stockholders' meeting ("Meeting") electing new directors and officers was held, the GIS should be submitted within the same 30-day deadline counted from the date of Meeting through:
 - a. mail (ordinary or registered);
 - b. private courier; or
 - c. electronic mail (mlmliwanag@sec.gov.ph, mdtmabuyo@sec.gov.ph, or cmdnotice@sec.gov.ph).

If submission will be accomplished through electronic mail (email), it is advisable to send to all three email addresses above.

2. The SEC will deem the filing dates as follows:
 - a. mail - date of mailing as stamped "received" by the post office
 - b. private courier - date of actual receipt by the SEC
 - c. email - date of receipt of the SEC system as reflected in the email date and hour. Importantly, please note that the hard copy must be filed with the SEC within 30 days after the lifting of the emergency/outbreak and attaching the email notification for ease of reference
3. If the Meeting originally scheduled between 1 March to 31 May to elect new directors and officers was not held due to health and safety reasons and the corporation has no facilities for remote communication, the corporation is required to report such non-holding to SEC within 30 days from the original Meeting date, and a new date for the Meeting which should be within 60 days from the original Meeting date.
4. If the Meeting originally scheduled between 1 March to 31 May, or scheduled outside this period to elect new directors and officers was not held due to other reasons, the corporation is required to report such non-holding to SEC within 30 days from the original Meeting date, and a new date for the Meeting which should be within 60 days from the original Meeting date.
5. If the non-holding of election is unjustified, the SEC shall order a notice stating the time and place of election in accordance with Section 25 of the Revised Corporation Code.

Glossary

SEC – Securities and Exchange Commission

6. The report on non-holding of the Meeting shall be submitted via email to cmdnotice@sec.gov.ph and shall contain the following:
 - a. Corporate name
 - b. SEC registration number
 - c. Date of annual meeting per By-Laws
 - d. Date of actual meeting
 - e. Reason for non-holding of meeting
 - f. Venue of intended meeting
 - g. Signed and dated by the Corporate Secretary
7. The results of the election subsequent to the report to the SEC of non-holding as provided in item nos. 2 and 3 above, which is held outside the covered period, shall be reported to the SEC through the submission of a GIS within 30 days from the date of actual meeting when the election was held. However, this will already be considered a late submission subject to penalty.

(SEC Memorandum Circular No. 9, dated 18 March 2020)

Record keeping

Handling of SEC records in light of the COVID-19 threat

For purposes of protecting the frontline service personnel of the Electronic Records Management Division, ICTD (ERMD-ICTD) of the SEC from undue exposure to the risk of COVID-19, the SEC adopted the following procedures:

1. In requesting the plain or authenticated SEC documents, clients may use either the:
 - a. Online application by logging into www.secexpress.com; or
 - b. Call center facility by calling (02) 8-737-8888.

The Appointment System and Public Kiosk is suspended until further notice.

Glossary

ECQ – Enhanced Community Quarantine

ICTD – Information and Communications Technology Department

SEC – Securities and Exchange Commission

2. Filing reports and other documents with the SEC
 - a. The SEC Express System has been suspended during the ECQ.
 - b. For filings through the Philippine Postal Corporation or through ordinary mail, please refer to the requirements in SEC Memorandum Circular No. 7.
 - c. Filings submitted through registered mail are considered filed on the date of mailing as shown in the post office stamp or the registry receipt. Filings submitted through ordinary mail or private courier are considered filed on the date of actual receipt by the SEC.
 - d. Validation of the forms and contents of the filings shall be undertaken by the SEC operating department requiring the report.
 - e. All filings at the Head Office and Satellite Offices are temporarily suspended until further notice.

(SEC Memorandum Circular No. 7, dated 16 March 2020 and SEC Notice dated 2 April 2020)

Virtual meetings

Conduct of meetings via teleconferencing, video conferencing and other similar means

The SEC issued guidelines for corporations in the formulation of internal procedures and by-laws to allow directors, trustees, stockholders, members and other persons to participate and vote in meetings *in absentia* or through remote communication.

The guidelines provide the following, among others:

- Definitions of the terms ‘remote communication’, ‘teleconferencing’, ‘videoconferencing’, ‘computer conferencing’ and ‘audio conferencing’
- Although directors and trustees can participate and vote in board meetings through remote communication, they cannot do so by proxy. The directors or trustees must notify in advance the Presiding Officer and Corporate Secretary of their intention to participate through remote communication.
- A director who participates through remote communication shall be deemed present for the purpose of attaining quorum.
- Notice of the meeting and roll call

- Manner of voting
- Other duties of the Corporate Secretary
- The right to vote of stockholders or members may be exercised through remote communication or *in absentia* when authorized by a resolution of the majority of the board of directors.
- In the election of directors, trustees and officers of corporations vested with public interest, stockholders and members may vote through remote communication or *in absentia*, notwithstanding the absence of a provision in the by-laws.
- Issuance of internal procedures embodying the mechanisms for participation in meetings and voting through remote communication or *in absentia*
- Sending out of notices to stockholders or members and required content of notices
- Place of meetings of stockholders or members

(SEC Memorandum Circular No. 6, dated 12 March 2020)

BSP guidance

FAQs on IRR of Bayanihan to Heal As One Act

The BSP issued two sets of frequently asked questions and answers (FAQs) to provide guidance and clarifications with respect to the implementing rules and regulations (IRR) of RA No. 11469, otherwise known as the Bayanihan to Heal As One Act.

(BSP Memorandum Nos. M-2020-28 and M-2020-18, dated 22 and 6 April 2020)

Waiver of fees

Temporary relief measure on transactions with PhilPaSS

In view of the COVID-19 impact, the BSP provided temporary relief in favor of participants of the PhilPaSS by waiving transaction fees charged for fund transfer instructions made with PhilPaSS from 1 April 2020 until the end of the ECQ over Metro Manila on 30 April 2020.

(BSP Memorandum No. M-2020-27, dated 21 April 2020)

Glossary

BSP – Bangko Sentral ng Pilipinas

ECQ – Enhanced Community Quarantine

RA – Republic Act

ECQ exemption

IATF identification cards (IDs) for BSFI personnel exempted from the ECQ

The BSP shall be issuing COVID-19 Inter Agency Task Force (IATF) IDs to BSP-supervised financial institutions (BSFIs) under the following guidelines:

- The BSFIs shall distribute the BSP-issued IDs using the control number provided by the BSP.
- All BSFIs shall report to the BSP the number of personnel working as skeleton force.
- A list of personnel to whom IDs were issued shall be submitted to the BSP.
- BSFIs shall ensure that the IDs shall only be used by personnel identified as part of the skeleton force who will provide essential banking services during the ECQ.
- The ID shall be used effective 26 March 2020.

(BSP Memorandum No. M-2020-14, dated 24 March 2020)

Relaxing measures

Additional operational relief for BSFIs affected by COVID-19 measures

In Resolution No. 403.A dated 19 March 2020, the Monetary Board approved the grant of additional operational relief for BSP-supervised financial institutions (BSFIs) affected by COVID-19 measures, which are expected to affect the ability of BSFIs to render financial services to the general public.

In this light, the BSP issued temporary measures to assist BSFIs in focusing their resources on the continuous delivery of financial services during this extraordinary situation. The additional operational relief measures include the following:

- Increase in the single borrower's limit
- Relaxation of the:
 - maximum penalty that may be imposed for reserve deficiencies
 - notification requirements related to changes in banking hours
 - notification requirements on the temporary closure of bank branch/branch-lite units and BSFI offices/service units

- regulations governing the submission of reports and other documents to the BSP-Financial Supervision Sector
- Extension in the period of compliance with BSP supervisory requirements

These measures are effective for the duration of the ECQ and one month thereafter. The period of eligibility may be extended depending on developments.

(BSP Memorandum No. M-2020-11, dated 19 March 2020)

Outbreak

Amending the Standard Operating Procedures for Philippine Holidays

In light of the COVID-19 outbreak, the Standard Operating Procedures for Philippine Holidays in Annex “A” of Appendix 88/Q-49 of the Manual of Regulations for Banks (MORB)/Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) were amended.

The amendments include the following:

- Inclusion of “*infectious diseases outbreak*” in the list of emergency situations under item 3.b;
- Rephrasing of the protocol for items 3.b. day 3 onwards and 3.c. under unfavorable conditions; and
- Addition of a fourth type of holiday as “*Trading holiday declared by the BSP Governor due to emergency situations such as infectious diseases outbreak, lockdown, and other similar situations.*”

(BSP Memorandum No. M-2020-13, dated 20 March 2020)

Bank deferrals

Deferment of FX Form 1 Report submission and rescheduling of ITRS implementation

In light of the ECQ, all universal/commercial banks and thrift banks are informed as follows:

1. The weekly submission of the FX Form 1 Reports, covering the period 9 March to 9 April 2020 is deferred until further notice; and

2. The implementation of International Transactions Reporting System (ITRS) on 1 April 2020, including the submission of the ITRS test data, is rescheduled to a later date.

(BSP Memorandum No. M-2020-12, dated 19 March 2020)

Relief application

Regulatory relief for BSFIs affected by the COVID-19 outbreak

BSP-supervised financial institutions (BSFIs) are eligible to avail of the regulatory relief measures enumerated in Annex “A” of BSP Memorandum No. M-2020-08 within one year from 8 March 2020. This period may be extended depending on developments.

Prior to availment, the following should be submitted:

1. Letter-notification stating the intention to avail; and
2. Board resolution authorizing the BSFI to avail.

During the period of availment, BSFIs are strongly encouraged to temporarily suspend all fees and charges imposed on the use of online banking platforms or electronic money including those imposed on the use of Instapay or PesoNet electronic fund transfer.

(BSP Memorandum No. M-2020-08, dated 14 March 2020)

Response plans

Adoption and implementation of response plans of BSFIs and OPSs

In view of the COVID-19 situation, the BSP expects all BSP-supervised financial institutions (BSFIs) and operators of payment systems (OPSs) to adopt and implement the following response plans:

- Ensure that employees are properly guided on limiting or reducing the risk of being affected by the COVID-19 epidemic through timely and continuous cascades of relevant information
- Constantly monitor and gather relevant information on the epidemic and continuously assess their impact on response strategies
- Strictly follow advisories and/or guidelines issued by health authorities
- Allow for alternate work arrangements or remote access capabilities

Glossary

BSP – Bangko Sentral ng Pilipinas

ECQ – Enhanced Community Quarantine

- Implementation of clear communication protocols covering all relevant stakeholders

In light of the above response plans, all BSFIs must observe the following guidelines in the submission of reports/documents and communications to the BSP Financial Supervision Sector (BSP-FSS):

- All submissions shall be made via email.
- Required reports currently being submitted electronically to the Department of Supervisory Analytics shall continue to be submitted to the designated BSP-FSS email address. All other communications to the BSP-FSS shall be transmitted electronically to fss-somd@bsp.gov.ph.
- Non-receipt of an acknowledgement from fss-somd@bsp.gov.ph on the BSFI's communication shall mean failure of delivery of the message.
- If there is no notice of delivery failure from the BSP system, the communications sent under the fss-somd@bsp.gov.ph account shall be considered as duly received by the BSFI.

(BSP Memorandum Nos. M-2020-07 and M-2020-06, dated 13 and 11 March 2020)

Securing mobility

Unhampered movement of cargo and personnel during the ECQ

The DTI issued the following guidelines to ensure the unhampered movement of cargo and personnel of business establishments allowed to operate during the ECQ:

- The covered enterprises are:
 - Manufacturing and processing plants of
 - All food products;
 - Essential and hygiene products;
 - Medicines and vitamins;
 - Medical products such as PPEs, masks and gloves;

- Pet food;
- Hygiene products such as shampoo and conditioners, including their raw materials and other inputs
- Retail establishments (groceries, supermarkets, hypermarkets, convenience stores, public markets, pharmacies and drug stores);
- Logistics service providers (cargo handling, warehousing, trucking, freight forwarding and shipping line);
- Hospitals and medical clinics;
- Food preparations and water refilling stations;
- In-house or outsourced delivery services transporting only food, water, medicine or other basic necessities, pet food and hardware products;
- Banks and capital markets;
- Power, energy, water, information technology, and telecommunications supplies and facilities, and waste disposal services; and
- Export and business process outsourcing (BPO) services

- Movement of goods in Luzon
 - The movement of all types of goods within, to and from Luzon shall be unhampered. If subjected to random inspection, the movement shall not be delayed upon presentation of the cargo manifest or delivery receipt indicating destination, nature and quantity of loaded cargoes.
- Movement of personnel to operate the above enterprises
 - Staff or employees working in or servicing the covered enterprises shall be permitted to pass through control checkpoints.
 - The covered enterprises shall operate with skeleton workforce and, if possible, provide shuttle services or temporary accommodation; ensure safety protocols and social distancing; and encourage alternative work arrangements.
 - The skeletal workforce shall be allowed to enter and exit control points upon presentation of a valid company identification (ID) card, proof of residence and certificate of employment. An

Glossary

BSP – Bangko Sentral ng Pilipinas

DTI – Department of Trade and Industry

ECQ – Enhanced Community Quarantine

PPE – Personal Protective Equipment

official Inter Agency Task Force (IATF) ID issued by the DTI shall be presented starting 22 March 2020. Notwithstanding, *bona fide* company IDs may still be used until 26 March 2020.

- Export and BPO companies
 - These shall be allowed to continue operations with a skeleton workforce.
 - The following shall be allowed until 22 March unless extended:
 - Transfer of necessary equipment to facilitate work-from-home arrangements; and
 - Making arrangements with hotels for basic lodging.

(DTI Memorandum Circular Nos. 20-16, 20-08 and 20-06, dated 13 April, 20 and 19 March 2020 and DTI COVID-19 Advisory No. 1)

Bolstering exports

Operations of BPOs, export enterprises, and their service providers during the ECQ

To ensure enhanced operations of business process outsourcing (BPO) services, export enterprises, and their support service providers during the ECQ, the DTI issued the following guidelines:

- The following activities of BPOs and their support service providers are allowed:
 - Delivery, installation or transfer of necessary equipment to set up work-from-home arrangements;
 - Delivery or installation services of telecommunications companies;
 - Delivery of logistical support; and
 - Other support services necessarily required in BPO operations.
- Export enterprises are allowed to enhance their operations by deploying workers under on-site or near-site accommodation arrangements or by providing point-to-point shuttle services.

Glossary

DTI – Department of Trade and Industry
ECQ – Enhanced Community Quarantine

- Personnel shall be allowed to travel subject to the presentation of:
 - Company ID showing the addresses of the employer and employee;
 - Certificate of employment issued by the employer;
 - For personnel of an export enterprise, Certificate of Registration showing it is an export-oriented enterprise; and
 - For personnel of a support service provider, certification from the BPO or export enterprise.
- In the workplace, BPOs and export enterprises should adopt social distancing measures and strictly implement good hygiene and infection control practices such as:
 - One person per square meter of unimpeded space
 - Frequent and thorough handwashing
 - Reporting of unwell workers
 - Respiratory etiquette such as covering coughs and sneezes
- BPOs and export enterprises should notify public health authorities of employees who show signs or symptoms of COVID-19 and should implement contact tracing in coordination with the DOH and LGU concerned.
- No Inter Agency Task Force (IATF) IDs shall be issued to employees since they are expected to be housed or shuttled to and from work.

(DTI Memorandum Circular No. 20-14, dated 11 April 2020 and DTI COVID-19 Advisory No. 2)

Purchasing limits

Anti-hoarding and anti-panic buying

The DTI issued rules to implement measures to prevent the unreasonable price increase of all basic necessities and to ensure their availability during the public health emergency. Surgical and industrial masks, medical devices, alcohol, hand sanitizers and other disinfectants are covered.

Retailers are enjoined to sell and consumers to buy these products in such quantity sufficient to meet their needs for a maximum of seven (7) days.

Goods	Quantity Limit
70% solution antiseptic or disinfectant alcohol	2 pieces (pcs.) regardless of volume
Hand sanitizer	2 pcs. regardless of size
Disinfectant liquids	2 pcs. regardless of size
Bath soap	5 bars, if sold per bar 1 pack, if sold as a pack
Toilet paper	10 pcs, if sold per roll 1 pack, if sold as a pack
Face mask	5 pcs N88 any type or brand 5 pcs N95 any type or brand
Locally produced instant noodles	5 pcs. per type per brand
Locally produced canned sardines	5 cans per type per brand (regular size) 3 cans per type per brand (big size)
Canned regular milk	5 cans per type per brand (small) 2 cans per type per brand (other than small)
Powdered milk in sachet	2 bundles per brand
Instant coffee in sachet	2 bundles per brand
Mineral water	10 bottles any brand (small) 8 bottles any brand (medium) 5 bottles any brand (large) 2 bottles any brand (extra-large)
Loaf bread	4 packs any kind, any brand (half loaf) 2 packs any kind, any brand (full loaf)

Retailers are required to post notices advising consumers of the allowable quantity of basic necessities they could purchase.

Prices of basic necessities are automatically frozen at their prevailing price and no price increase may take place for the entire duration of the public health emergency.

(DTI Memorandum Circular No. 20-07, dated 19 March 2020)

Glossary

DOLE – Department of Labor and Employment

ECQ – Enhanced Community Quarantine

OFW – Overseas Filipino Worker

Hero's journey

Hotel accommodation for distressed overseas workers

The DOLE issued guidelines on the provision of hotel accommodation for distressed land-based and sea-based Filipino workers during the Enhance Community Quarantine period (Project CARE).

The guidelines provide for the following, among others:

- The coverage is distressed arriving and departing land-based and sea-based OFW-repatriates ("distressed OFWs", for brevity) during the ECQ period. OFWs who require immediate repatriation to facilitate medical and psychological care shall have priority.
- Only distressed OFWs bound for their residences outside the National Capital Region are qualified and must present proof of overseas employment.
- Affected OFWs shall be provided with the following:
 - Certificate of Eligibility to Project CARE;
 - Transportation assistance; and
 - Temporary shelter.
- Process of implementation
- Funds shall be sourced from the Emergency Repatriation Fund.

(DOLE Department Order No. 211, posted 25 March 2020)

TUPAD

Employment for the underemployed, self-employed and displaced

In light of the State of Public Health Emergency, the DOLE issued guidelines on the implementation of the Tulong Panghanapbuhay Sa Ating Displaced/Disadvantaged Workers Program (TUPAD) #Barangay Ko, Bahay Ko (TUPAD #BKBK) Disinfecting/Sanitation Project that provides temporary wage employment.

The guidelines provide for the following, among others:

- Qualified beneficiaries are the underemployed, self-employed workers displaced marginalized workers who lost their livelihood or whose earnings were affected because of the ECQ.

- Requirements for availment
- The nature of work under TUPAD shall be disinfection/sanitation of workers' houses/dwelling and their immediate vicinity.
- Work duration is ten (10) days.
- TUPAD beneficiaries shall receive the following package:
 - Wages equivalent to the highest minimum wage in the region;
 - Enrolment to group micro-insurance; and
 - Conduct of Basic Orientation on Safety and Health.
- TUPAD shall be implemented through either Direct Administration or Accredited Co-Partners.
- Funds shall be sourced from the 2020 budget under Livelihood and Emergency Employment Services of the DOLE – Office of the Secretary.

(DOLE Department Order No. 210, dated 18 March 2020)

Dole-out

Implementing the COVID-19 Adjustment Measures Program (CAMP)

In light of the State of Public Health Emergency, the DOLE issued guidelines on the implementation of the CAMP, which provides a one-time financial assistance of PHP5,000 as well as employment facilitation.

The guidelines provide for the following, among others:

- CAMP coverage is nationwide.
- Affected establishments are private establishments that implemented Flexible Work Arrangements or temporary closures as mitigating measures due to the pandemic.
- Affected workers pertain to workers, regardless of status (*i.e.*, permanent, probationary or contractual), employed private establishments whose operations are affected by the COVID-19 pandemic. Government employees are excluded from the CAMP.
- Eligibility and documentary requirements, and application procedures

- DOLE shall issue the financial support directly to the beneficiary's payroll account, or through money remittance, for cash payroll.
- The DOLE shall source funds from the budget under the Social Protection Programs of the 2020 General Appropriation Act and, if applicable or granted, under the President's Contingency Fund.
- The CAMP became effective on 21 March 2020 but shall be applied retroactively from January 2020.

(DOLE Department Order No. 209, dated 17 March 2020, Labor Advisory Nos. 12 & 12-A, posted 19 March 2020 and 7 April 2020)

Better alternative

Implementation of flexible work arrangements in the private sector

In light of the COVID-19 outbreak, the DOLE issued guidelines to assist employers and employees in implementing various flexible work arrangements (FWAs) which the DOLE deems better alternatives as compared to the outright termination of employment or total closure.

FWAs refer to alternative arrangements or schedules other than the traditional or standard workhours, workdays and workweek. The effectivity and implementation of FWAs shall be temporary in nature, subject to the prevailing conditions of the employer.

According to the DOLE, the following FWAs may be considered by employers:

1. Reduction of workhours and/or workdays
2. Rotation of workers
3. Forced leave
4. Telecommuting
5. Work-from-home

Other alternative work arrangements may be explored to mitigate the effect of income loss on employees.

Employers implementing FWAs shall post a copy of DOLE Labor Advisory No. 9 in a conspicuous location in the workplace. Further, the employer is required to notify the DOLE Regional/Provincial/Field Office of the FWAs adopted using the prescribed Report Form attached to the above-mentioned Labor Advisory.

(DOLE Labor Advisory Nos. 11 & 9, dated 16 March and 4 March 2020)

Glossary

DOLE – Department of Labor and Employment

Zero contact

Guidelines for the zero-contact policy in the assessment offices

The Commissioner of Customs issued guidelines for the implementation of the zero-contact policy in the assessment offices of the BOC. These apply to all licensed customs brokers, declarants, importers, customs broker's representatives and other stakeholders dealing directly with said BOC offices.

The guidelines provide for the following:

- Format of goods declaration and supporting documents
- Procedures
- Status verification
- Opening of appointment ticket
- Creation of alternate link and Port Transition Team
- Responsibilities of District Collectors

(Customs Memorandum Order No. 8-2020, dated 11 March 2020)

BOI filings

BOI work-from-home arrangement, extended deadlines and suspensions

In light of the COVID-19 situation, the BOI implemented a work-from-home arrangement. Accordingly, transactions with the BOI shall be made through email at startup@boi.gov.ph.

BOI also extended the submission deadlines for reportorial requirements and Motion for Reconsideration (MR) to the Legal and Compliance Service as follows:

Glossary

ATIR – Annual Income Tax Return
BIR – Bureau of Internal Revenue
BOC – Bureau of Customs
BOI – Board of Investments
ECQ – Enhanced Community Quarantine
TIMTA – Tax Incentives Management and Transparency Act

Report	Prescribed deadline	Extension
BOI Form S-1	Calendar Year – on or before 30 April Fiscal Year (FY) – 4 months after the FY end	Calendar Year – on or before 30 May FY – 4 months and 15 days after the FY end
Audited Financial Statement	Within 30 days from date of eFiling with the BIR	on or before 30 May 2020
Income Tax Return (ITR)	Within 30 days from date of eFiling with the BIR	on or before 30 May 2020
ATIR under TIMTA	Within 30 days from filing of the ITR with the BIR	on or before 30 May 2020

Motion	Prescribed deadline	Extension
MR	Within thirty 30 days from receipt of the Board decision	If the prescribed deadline falls within the ECQ period, within 5 working days from lifting of the ECQ

Nevertheless, BOI-registered enterprises may opt to submit the BOI Form S-1, AFS, ITR and MR during the ECQ period to lcsecqperiodsubmission@boi.gov.ph. The ATIR may be submitted to KHCo@boi.gov.ph.

The BOI also announced the following:

- Suspension of filing and processing of any requests related to a BOI-registered project
- The submission and processing of MVDP-related requests or applications online shall continue to be processed online.
- Suspension of submission and processing of applications for registration or accreditation

However, applicants may opt to submit through email their applications to the concerned BOI Services below for check listing and initial evaluation:

Service	Director/ OIC	Email address
Manufacturing Industries Service	Evariste M. Cagatan	EMCagatan@boi.gov.ph

Infrastructure and Services Industries Service	Mary Ann E. Raganit	MERaganit@boi.gov.ph
Resource-Based Industries Service	Raquel B. Echague	RBEchague@boi.gov.ph

- For enterprises with pending applications:

those already notified in writing of the approval of their projects prior to the ECQ	deadline for submission of pre-registration requirements is extended for 15 working days from date of ECQ lifting
those whose applications were officially received and are pending evaluation	processing period of 20 working days shall be reckoned from date of ECQ lifting

(BOI Advisories, posted 20 and 17 March 2020)

BOI deadlines

Extended deadlines for incentives applications and reports

In light of the ECQ, the BOI adjusted the deadlines for all BOI-registered enterprises and holders of Special Investor's Resident Visa (SIRV) as follows:

Incentive / Report	Prescribed deadlines	Extension
Income Tax Holiday	Within 30 days from filing of ITR with the BIR	Within 30 days from extended date of eFiling of ITR with BIR

Glossary

BIR – Bureau of Internal Revenue
BMW – Bonded Manufacturing Warehouse
BOI – Board of Investments
ECQ – Enhanced Community Quarantine
EO – Executive Order
ITR – Income Tax Return
RA – Republic Act
TIMTA – Tax Incentives Management and Transparency Act
VAT – Value-Added Tax

Tax & Duty Exemption on Imported Spare Parts & Supplies under Art. 39(I)	Within 15 days from date of transfer of shipment to bonded warehouse	If prescribed deadline falls within the ECQ, within 15 working days from date of ECQ lifting
Annual Tax Incentives Report under TIMTA	Within 30 days from filing of ITR with the BIR	on or before 30 May 2020
Conversion of Probationary to Indefinite SIRV	Within 6 months from grant of Probationary SIRV	If prescribed deadline falls within the ECQ, within 30 days from date of ECQ lifting
Annual Report for SIRV holders	On or before expiration of SIRV ID	If prescribed deadline falls within the ECQ, within 30 days from date of ECQ lifting

For the following incentives and other requests with no prescribed deadlines, acceptance and processing of applications are suspended and would resume after the ECQ period:

- Duty/Tax Exemption on Imported Capital Equipment under EO No. 85, RA No. 9513, and RA No. 8479;
- Unrestricted Use of Consigned Equipment;
- Employment of Foreign Nationals (47(a)2 Visa);
- New Probationary SIRV and other related requests;
- Endorsement for VAT Zero-Rating; and
- Garments and Textile Import Services (*i.e.*, BMW License Renewal, Customs BMW Membership Accreditation, Accreditation and Registration of Subcontractors).

(BOI Notice, posted 22 March 2020)

Wider coverage

Coverage in expiring or existing insurance policies and pre-need plans

In light of the COVID-19 outbreak, the IC issued the following guidelines on the extension of coverage or hold cover in insurance policies and pre-need plans:

1. Insurance policies and HMO agreements about to expire within the ECQ period
 - a. Insurance companies and HMOs shall issue an extension of coverage for at least 30 days subject to the written request or consent, electronically or otherwise.
 - b. Extended policies and agreements shall be subject to the same terms and conditions, and shall become effective once the applicable pro-rate premium payment has been made, unless a credit term was agreed upon.
2. Existing insurance policies, pre-need plans and HMO agreements subject of ongoing negotiations or renewal applications before or during the ECQ period
 - a. Insurance companies, pre-need companies and HMOs may issue a hold cover or temporary cover for at least 30 days subject to the written request or consent, electronically or otherwise.
 - b. The hold cover or temporary cover shall be subject to the basic terms and conditions as the IC would normally approve for standard products or services, and shall become effective once the applicable pro-rate premium payment has been made, unless a credit term was agreed upon. However, the parties may modify such basic terms and conditions subject to adjustment of premiums.

(IC Circular Letter No. 2020-25, dated 25 March 2020)

Sales agents

Provision of relief and assistance to sales agents earning on commission basis

During the COVID-19 emergency, all IC-regulated entities are strongly encouraged to formulate and implement relief and assistance programs to aid their sales agents who earn on commission basis.

(IC Circular Letter No. 2020-28, dated 27 March 2020)

Insurance extension

Extension of period under CL No. 2019-65

In light of the COVID-19 outbreak, IC-regulated entities are given an additional ninety (90) days from the 22 March 2020 deadline prescribed in Circular Letter (CL) No. 2019-65 dated 22 November 2019 on the amended Anti-Money Laundering/ Counter-Terrorism Financing (AML/CTF) Guidelines.

(IC Circular Letter No. 2020-27, dated 27 March 2020)

Broker compliance

2019 audited financial statements (AFS) of insurance and reinsurance brokers

All insurance and reinsurance brokers are required to submit their AFS with updated attachments enumerated in Annex "A" of IC Circular Letter No. 2020-23 on or before 31 May of every year. Downloadable forms are accessible from the IC's website.

Furthermore, the Chief Financial Officer or its equivalent should submit a signed certification (Annex "B" of IC Circular Letter No. 2020-23) attesting to the correctness and completeness of the above attachments submitted.

In light of deadline extensions granted by the SEC for the filing of 2019 annual reports and AFS and by the BIR for the filing of 2019 annual ITR due to the COVID-19 pandemic, the IC extended the deadline for filing the 2019 AFS of insurance and reinsurance brokers until 30 June 2020 without imposing penalties.

(IC Circular Letter No. 2020-26 and 2020-23, dated 26 and 24 March 2020)

Glossary

ECQ – Enhanced Community Quarantine
IC – Insurance Commission
ITR – Income Tax Return
HMO – Health Maintenance Organization
SEC – Securities and Exchange Commission

Deep cover

Coverage of COVID-19 conditions in health insurance policies and HMO agreements

Given the gravity of the COVID-19 situation, the IC issued the following guidelines regarding the coverage of COVID-19-related conditions:

- All insurance companies, MBAs and HMOs are strongly encouraged to extend the coverage of health insurance policies and HMO agreements to customers infected with COVID-19 or any related conditions.
- They are also urged to waive provisions such as waiting periods, healthcare access to non-affiliated networks and exclusion of pandemic or epidemic, that may become barriers to healthcare access and treatment.
- The foregoing shall be decided upon by insurance companies, MBAs and HMOs on a voluntary basis depending on financial standing.

(IC Circular Letter No. 2020-24, dated 25 March 2020)

Mandatory minimum

PHP900m minimum net worth and capital investment requirements

All life and non-life insurance companies are required to comply with the PHP 900m minimum net worth and minimum capital investment requirements as of 31 December 2019 until 28 February 2020.

Companies which fail to meet these requirements shall be served a show cause order to make good such deficiency within a deadline. If the requirements are not met within the deadline, a cease and desist order shall be issued.

In light of the stated of public health emergency due to the COVID-19 situation, said show-cause order shall be suspended until further notice. Concerned companies should, nevertheless, comply with the minimum net worth and minimum capital investment requirements.

(IC Circular Letter No. 2020-21, dated 24 March 2020)

Glossary

BIR – Bureau of Internal Revenue

HMO – Health Maintenance Organization

IC – Insurance Commission

ITR – Income Tax Return

MBA – Mutual Benefit Association

IC filings

Extended deadlines for 2019 audited statements of IC-regulated entities

In light of deadline extensions granted by the SEC for the filing of 2019 annual reports and audited financial statements (AFS), and by the BIR for the filing of 2019 annual ITR due to the COVID-19 pandemic, the IC extended the deadlines for filing the following (including required attachments) until 30 June 2020 without imposing penalties for late submission:

1. 2019 annual statement (AS) of insurance companies;
2. 2019 AS of mutual benefit associations; and
3. 2019 AFS and AS of pre-need companies.

(IC Circular Letter No. 2020-20, dated 23 March 2020)

Seizing the initiatives

Additional benefits or free coverage for customers affected by COVID-19 outbreak

The IC issued the following guidelines governing the initiatives of life insurance companies to grant additional benefits or free insurance coverage to customers affected by the COVID-19 outbreak.

All life insurance companies shall be allowed to launch the initiatives without prior IC approval subject to the following conditions:

1. A letter, signed by the company president or authorized representative, advising the IC of the proposed initiative, together with certain supporting documents;
2. The initiatives shall not be used to induce prospective clients or existing policy holders into purchasing a new product;
3. The company shall observe Section 370 of the Insurance Code; and
4. The company shall be required by the IC to recall the initiative if there is a violation of or non-compliance with the Insurance Code and pertinent issuances.

(IC Circular Letter No. 2020-19, dated 23 March 2020)

Premium payments

Extension of grace period of all insurance, pre-need and HMO policies

In light of the COVID-19 outbreak, the IC is strongly encouraging insurance companies, MBAs, pre-need companies and HMOs to extend, by at least another 31 days, the grace period for the payment of:

1. insurance premiums/contributions;
2. instalment amounts; and
3. membership fees

that remain unpaid during the period from 15 March to 13 April 2020 or up to a later date deemed appropriate by the company.

(IC Circular Letter No. 2020-18, dated 23 March 2020)

COVID-19 claims

Strengthening management policies for COVID-19-related claims

The IC issued the following guidelines which aim to strengthen management policies in the processing and/or payment of COVID-19-related claims:

- Relaxation and streamlining of existing company procedures and mechanisms that will facilitate the immediate processing and/or payment of claims;
- Relaxation of the notice of claim period and the period for completion of claim requirements; and
- Enhancement of services that will improve overall customer claims experience.

(IC Circular Letter No. 2020-13, dated 16 March 2020)

Suretyship matters

Transactions with the Suretyship Unit during the community quarantine

In light of the COVID-19 outbreak, the IC issued the following special guidelines in the processing of transactions by the Suretyship Unit of the IC during the community quarantine period:

Glossary

ECQ – Enhanced Community Quarantine

HMO – Health Maintenance Organization

IC – Insurance Commission

MBA – Mutual Benefit Association

- Working days/hours shall be Mondays to Wednesdays from 9 a.m. to 3 p.m.
- Processing time shall be seven working days from the date of receipt of complete application or request. This may be extended only once for another seven days.

(IC Circular Letter No. 2020-14, dated 16 March 2020)

Working guidelines

Conduct of business in the IC during the community quarantine

The IC issued the following guidelines governing the conduct of business in the IC during the community quarantine:

- Suspension of agent's qualifying examinations
- The deadline for submission of regular reportorial requirements falling due within the community quarantine period shall be extended for 30 days from due date.
- All other documentary requirements should be submitted on the original due dates unless extended by the Insurance Commissioner upon written request.
- Deferment of decisions or rulings
- The processing times for transactions and other applications or requests for services shall be adjusted by the IC on a case-to-case basis.
- Hearings before the Claims Adjudication Division and Regulation, Enforcement and Prosecution Division scheduled during the community quarantine period are cancelled.
- All physical copies of correspondences to the IC shall be electronically scanned and sent to ocom@insurance.gov.ph.

(IC Circular Letter No. 2020-12, dated 16 March 2020)

Harnessing technology

Guidelines on initiatives of life insurance companies to sell during the ECQ

During the ECQ or any extension thereof, or until 30 June 2020, whichever comes later, all life insurance companies are allowed to launch initiatives to sell existing life insurance products through the utilization of

Information and Communication Technology (ICT) or any other technology via Remote Communication.

However, the initiatives must be registered by submitting the following:

1. Letter signed by the president or duly authorized representative advising the IC of the proposed initiative/s; and
2. Mechanics of the initiative/s.

Upon registration, the company may already utilize ICT or any other technology via Remote Communication to obtain minimum customer information and identification documents required in the conduct of customer due diligence.

The IC shall require a company to recall the initiative/s if the latter violates or does not comply with laws, IC Circular Letters or existing rules.

(IC Circular Letter Nos. 2020-46 and 29-2020, dated 22 April and 30 March 2020)

Emergency powers

Granting of emergency powers to the President

In light of the COVID-19 threat, the President approved RA No. 11469 otherwise known as the “Bayanihan to Heal As One Act.” RA No. 11469 grants the President the powers to:

- Adopt and implement measures to prevent or suppress further transmission and spread of COVID-19
- Expedite and streamline the accreditation of testing kits and facilitate prompt testing, and the compulsory and immediate isolation and treatment of patients
- Provide an emergency subsidy to around 18m low-income households
- Provide a COVID-19 special risk allowance to all public health workers
- Direct the PhilHealth to shoulder all medical expenses of health workers

- Provide PHP 100,000 compensation to health workers who contract COVID-19 in the line of duty
- Ensure that all local government units implement the standards of community quarantine
- Direct the operation of any privately-owned hospitals, medical and health facilities including passenger vessels and other establishments as well as direct public transportation
- Ensure that donation, acceptance and distribution of health products intended to address COVID-19 are not delayed
- Undertake the expeditious procurement of certain goods and services as exemptions from RA No. 9184 or the “Government Procurement Act”
- Ensure the availability of essential goods
- Require business to prioritize and accept contracts for materials and services necessary
- Regulate and limit transportation and traffic
- Authorize alternative working arrangements in the public and private sector
- Conserve and regulate the supply, distribution and use of power, fuel, energy and water
- Reprogram, reallocate and realign savings on items of appropriations in the 2020 General Appropriations Act
- Move statutory deadlines and timelines for the filing of any document, payment of taxes and grant of any benefit
- Direct all public and private banks and other financial institutions, including the GSIS, SSS and Pag-IBIG Fund to implement a minimum 30-day grace period for the payment of all loans and credits due within the community quarantine period, without incurring interests and other charges
- Provide a minimum 30-day grace period on residential rents falling due within the CQ period
- Implement an expanded and enhanced *Pantawid Pamilya Pilipino Program*

RA No. 11469 takes effect upon its publication in a newspaper of general circulation or in the Official Gazette and will be in force and effect only for three months unless extended by Congress.

(Republic Act No. 11469, approved 24 March 2020)

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Glossary

GSIS – Government Service Insurance System

IC – Insurance Commission

PEZA – Philippine Economic Zone Authority

RA – Republic Act

SSS – Social Security System

PERA

2020 amendments to the 2019 PERA Rules

The BSP, SEC, DOF and IC approved the amendments to the 2019 Rules and Regulations Implementing the Personal Equity and Retirement Account (PERA) of 2008 ("2019 PERA Rules"). The amendments affected the following Rules:

- Rule 3 – Definition of a "Custodian"
- Rule 4 – PEZA Market Participants: Administrator, Investment Manager and Custodian
 - Rule 4.A – Administrator
 - Rule 4.B – Investment Manager
 - Rule 4.C – Custodian
 - Rule 4.E – Duties
- Rule 6.A – Establishment of PERA
- Rule 13 – Premature Termination
- Rule 14 – Tax-Free Distributions Upon Retirement/Death
- Rule 15 – Penalty on Early Withdrawal

The amendments take effect upon publication in a newspaper of general circulation.

(IRR of the 2019 PERA Rules, approved 2 March 2020)

Patient care

Provision of special privileges to those affected by fortuitous events

PhilHealth issued policies and procedures to ensure continuous access to PhilHealth benefits and to be able to provide substantial aid to Health Care Institutions (HCIs) in rebuilding their critically damaged health care system to continuously provide health care services to Filipinos adversely affected by fortuitous events.

Glossary

BSP – Bangko Sentral ng Pilipinas
DOF – Department of Finance
IC – Insurance Commission
IRR – Implementing Rules and Regulations
PRC – Professional Regulation Commission
RA – Republic Act
SEC – Securities and Exchange Commission

The following conditions are covered:

1. PhilHealth and non-PhilHealth members including dependents;
2. PhilHealth accredited and non-accredited HCIs either privately or government owned;
3. PhilHealth accredited and non-accredited health care professionals licensed by the PRC;
4. Claims for treatment done as an outpatient relative to the direct and indirect effects of the fortuitous event within the HCI or in an improvised/satellite facility; and
5. Transferred from or managed by health care personnel from accredited facilities in an evacuation area, or improvised health care facilities

The provisions on special privileges refer to the following:

1. Submission of claims 120 calendar days from date of discharge
2. Exemption from the 45-day benefit limit and Single Period of Confinement for admissions directly or indirectly related to the fortuitous event
3. Reimbursement for both referring and receiving HCIs
4. Exemption to the less-than-24-hour confinement rule
5. Priority in processing of claims
6. Extension on the submission of required/mandatory HCI reports
7. Extension of the accreditation validity and/ or submission of application of health care providers
8. Reimbursement for destroyed claims
9. Extension of deadline of payment of premium contribution and/or extension of the date of an existing coverage as prescribed by PhilHealth
10. Interim Reimbursement Mechanism Fund for accredited health care providers with clear and apparent intent to continuously operate and/or rebuild the HCI

(PhilHealth Circular No. 2020-0007, dated 20 March 2020)

PWD coverage

Implementing rules and regulations of RA No. 11228

The PhilHealth and concerned government agencies have issued the implementing rules and regulations (IRR) of RA No. 11228, otherwise known as 'An Act Providing for the Mandatory PhilHealth Coverage for All Persons with Disability'. The IRR is dated 21 February 2020 and takes effect 15 days after publication in two newspapers of general circulation.

(IRR of RA No. 11228, published in Manila Bulletin 18 March 2020)

Compliance reduction

Non-submission of sworn certifications by publicly listed companies

The SEC extended the deadline to submit Annual Reports and Audited Financial Statements (AFS) for the period ended 31 December 2019 as follows:

- Companies with domestic operations only – 30 June 2020
- Companies with domestic and foreign operations – 30 June 2020 or 60 days from the date of lifting of travel restrictions by the government, whichever comes later

In light of the ECQ, the SEC is not requiring the submission of the following:

1. Sworn certification signed by the President and Treasurer confirming that the following were met:
 - a. Its financial year-end is 31 December 2019;
 - b. It has significant business operations or significant subsidiaries in areas / countries / territories affected by COVID-19; and
 - c. The preparation of financial statements and timely completion of statutory audit as of 31 December 2019 has been affected by the travel restriction / ban, temporary suspension of business operations, and/or measures imposed by the authorities or companies in response to COVID-19.

Glossary

ECQ – Enhanced Community Quarantine
SEC – Securities and Exchange Commission
RA – Republic Act

2. Sworn certification by the company's external auditor confirming items (b) and (c) of paragraph 1(b) above.

The SEC also extended the filing of Annual Reports and/or AFS for companies with fiscal years ending 30 November 2019.

(PSE Memorandum CN No. 2020-27, dated 19 March 2020, SEC Memorandum Circular No. 5, dated 12 March 2020 & SEC Notice, dated 18 March 2020)

Hazard pay

Grant of COVID-19 Hazard Pay to government personnel during the ECQ

Effective 17 March 2020, national government agencies, including state universities and colleges and GOCCs are authorized to grant COVID-19 hazard pay to personnel who physically report for work during the ECQ in an amount not exceeding PHP500 per day per person.

Those who are already entitled to hazard pay, hazardous duty pay, hazard allowance or other similar benefits shall be entitled to such benefits or the COVID-19 hazard pay, whichever is higher.

Subject to certain conditions, employees of other government offices such as the following may be granted COVID-19 Hazard Pay:

1. Legislative and judicial branches and other offices vested with fiscal autonomy
2. Local government units
3. Local water districts

Private hospitals and other health facilities are strongly encouraged to grant a similar benefit to their health workers and staff exposed to the perils of COVID-19.

(Office of the President Administrative Order No. 26, dated 23 March 2020)

License applications

Implementation of temporary regulations for PCAB licenses

In light of the health emergency, the Philippine Contractors' Accreditation Board (PCAB) issued temporary regulations governing the filing of license applications and renewals.

Accordingly, applicants for renewal of regular licenses with license numbers ending in '2', '3' and '4' may file

their applications before 30 June 2020 without being subjected to the PHP5,000 Additional Processing Fee.

For Special License-Joint Venture applicants, the latter may submit their applications through email provided that the guidelines in PCAB Announcement No. 1 are followed.

(PCAB Announcement No. 1, dated 16 March 2020)

Publication of notices

Distribution of notices in connection with annual stockholders' meeting for 2020

Given the ECQ's restrictive effect on movement, the SEC is allowing publicly listed companies and other companies with registered securities under the MSRD to adopt an alternative mode of complying with the notice requirements relative to the conduct of annual stockholders' meetings (ASMs) for 2020.

Here are the details of the alternative mode:

1. Companies holding ASMs for 2020 are allowed to notify their stockholders by causing the publication of the Notice of Meeting disseminating the following:
 - a. Date, time and place of meeting and other information required under the by-laws, Revised Corporation Code and SEC issuances; and
 - b. Availability of an electronic copy of the Information Statement and Management Report and SEC Form 17A and other pertinent documents in the company's website and PSE Electronic Disclosure Generation Technology (PSE EDGE).
2. The Notice of Meeting shall be published in the business section of two newspapers of general circulation, in print and online format, for two consecutive days, provided that the last publication shall be made no later than 21 days prior to the scheduled ASM.

Glossary

ECQ – Enhanced Community Quarantine
IC – Insurance Commission
IRR – Implementing Rules and Regulations
MSRD – Market and Securities Regulation Department
PSE – Philippine Stock Exchange
RA – Republic Act
SEC – Securities and Exchange Commission
SRC – Securities Regulation Code

Compliance with the foregoing shall be considered as compliance with the requirements on distribution and provision of the aforementioned documents under the 2015 SRC IRR, Revised Corporation Code and other applicable SEC issuances.

(SEC Notice dated 20 April 2020)

I-ACGR extension

Extended deadline for the I-ACGR

Publicly listed companies (PLCs) are required to submit an Integrated Annual Corporate Governance Report (I-ACGR) every 30 May for each year that they remain listed in the PSE.

In light of the COVID-19 impact, the SEC extended the deadline to 30 July 2020. This extension automatically applies without need of a request from the PLCs. However, PLCs are not precluded from submitting their I-ACGR on or before the original deadline.

(SEC Notice dated 22 April 2020)

Pag-IBIG loans

Guidelines on the grant of 30-day mandatory grace period on all loans

Pursuant to the Bayanihan to Heal As One Act (RA No. 11469), the Pag-IBIG Fund was directed to extend a 30-day grace period to borrowers with payments due within the extended ECQ period without incurring interest on interest, penalties, fees and other charges. This initial grace period shall automatically be extended if the ECQ period is extended by the President.

In this light, the Pag-IBIG Fund issued the following guidelines:

- The grace period applies to all loans with principal and/or interest falling due within the ECQ period from 17 March to 12 April (extended to 15 May 2020).
- Loans shall mean loans extended by Pag-IBIG Fund to individuals and entities.
- A borrower with multiple loans shall be granted a grace period for every loan, subject to terms and conditions provided in these guidelines.
- Amortization due subject of the grace period or its extension shall be paid on the first working day after the grace period, or its extension, provided, that the borrower may opt to pay the accrued interest for

said amortization at any time during the remaining term of the loan.

- The grant of grace period shall not preclude the borrowers from paying their obligations as they fall due during the ECQ period should they so desire.
- Any issue in the interpretation and implementation of these guidelines shall, as much as possible, be resolved by the concerned officer. Otherwise, it shall be escalated to the next higher approving authority.

(Pag-IBIG Fund Circular No. 433, dated 6 April 2020)

Overseas contributions

Implementing the new PhilHealth premium contributions from overseas Filipinos

The PhilHealth issued guidelines on the implementation of the new set of premium contributions and their collection from Filipinos living and working abroad including those on vacation or waiting for documentation, whether or not registered with the National Health Insurance Program.

The guidelines provide for the following:

- Overseas Filipinos are classified as direct contributors; hence, remittance of premium contributions is mandatory.
- Manner of computing premium contributions and conversion into Philippine Peso
- Full or quarterly payment of annual premium
- Submission of acceptable proof of actual income
- Frequency and mode of payment
- Advance payment
- Generation and issuance of Statement of Premium Account
- Requirement to update Member Data Record

Note: On 4 May 2020, the Presidential Spokesperson announced that President Rodrigo Duterte has issued a directive making the payment of PhilHealth contributions by overseas Filipino workers shall be made on a **voluntary basis**.

(PhilHealth Circular No. 2020-14, dated 2 April 2020)

Glossary

ECQ – Enhanced Community Quarantine



Meet us

PwC PH conducts Taal relief operations



Several days after our call for donations, our relief operations team finally reached the municipality of Bauan, Batangas 19 January 2020 to give aid to those affected by the eruption of Taal volcano.

Chairman and Senior Partner Alex Cabrera, Vice Chairman and Assurance Managing Partner Rick Danao and Corporate Responsibility Leader Gina Detera led the distribution activity. Joining them were Assurance Partner Aldie Garcia, Assurance Partner JM Reyes, Isla Lipana & Co. Foundation, Inc. trustee Melissa Ramos, and managers and staff from PwC Business Services Philippines and internal firm support units.

With the funds and goods donated by the firm's partners and staff, we were able to provide more than a thousand relief packs and large quantities of other useful items to the evacuees at Bauan Technical High School (BTHS). Located in Poblacion 1, it is biggest among several evacuation centers in the municipality of Bauan.

Representatives from the local government and service personnel from the Philippine Navy and the Philippine Coast Guard helped the team ensure the orderly distribution among the evacuees situated across four school buildings. Bauan Mayor Rynah M. Dolor and his wife Wendah, who are friends of Rick Danao, facilitated PwC Philippines' access to the school.

People queued for linens (sleeping mats, pillows, blankets, towels, underwear), food products (canned pork & beans, instant coffee, wafer sticks, packed cupcakes, powdered milk), paper products (disposable diapers for babies, feminine pads), and household products (pails, dippers, dishwashing liquid, dishwashing sponges, laundry detergent).



The evacuation center's medical station received various medicines and personal care products (antiseptic products, disinfecting alcohol, toothbrushes, bath soap, bathroom tissue).

The team also personally visited evacuees in classrooms, specifically to give diapers to babies and toddlers, and pillows and blankets to the elderly.

More than 3,000 evacuees are temporarily staying in BTHS. Many of them come from the towns of Lemery and Agoncillo.

Alex thanked the operations team: "Thank you Gina, Ric, Aldie, JM, and all my partners who helped this Sunday and most especially all our directors, managers, and staff who did all the hard work with minimal sleep. God be with you and God bless you and your families always."

Gina expressed her gratitude to all donors as well. "[This is] our first, and definitely not the last, for Taal. We thank everyone for your contribution, generosity, sacrifice and hard work."

Other relief operations

Tax Liaison Officer Hilario Cabling, with the firm's financial assistance, conducted another relief operation in his hometown of Barangay Lumaniag in Lian, Batangas. Twenty-two families received relief packs.

The Power & Utilities (P&U) unit also visited those sheltered at Bauan West Central School, San Andres Elementary School, and San Pascual High School, all in Bauan. Several P&U staff members and their relatives pooled cash to buy the relief packs.

Purchase and repacking

Firm volunteers from different lines of service in our Makati office, led by Gina, worked from 17-18 January 2020 to repack relief supplies. Present as well were Assurance Partner Che Javier and Tax Partner Roselle Yu Caraig.

PwC PH helps name Binibining Cebu 2020 winners



PwC Philippines recently tabulated the votes of judges of Binibining Cebu 2020 during the November 2019 pre-pageant event and 13 January 2020 coronation night at Waterfront Hotel & Casino Cebu City.

As the pageant's Knowledge Partner, the firm assembled its audit team composed of staff members from the Cebu office, Markets, and Global Technology Solutions (GTS) units.



Chairman and Senior Partner Alex Cabrera led the team in representing the firm during coronation night, and went on stage to hand out envelopes containing the results.

PwC Philippines has been the Knowledge Partner of Binibining Cebu for three straight years. Binibining Cebu is one of the biggest pageants in the country with 54 candidates. The pageant seeks to find an ambadress who exemplifies today's modern Cebuana, and in the process promote the beauty, heritage, culture and commerce of the towns and cities of Cebu.

Co-leading the tabulating team with Alex was Assurance Partner and Branch Operations Leader Aldie Garcia. Majority of the team members are from the Cebu office. Internal firm support units liaised with the organizers and designed the tabulation system.

Alex Cabrera airs businesses' concerns on CITIRA



PwC Philippines Chairman and Senior Partner Alex Cabrera comments on the Finance Department's efforts for the passage of the fourth tax reform package in an interview aired on the ABS-CBN News Channel on 5 February 2020.

ANC's Warren de Guzman interviewed Alex at the Senate that day. De Guzman reported that the stakeholders who would be affected said that the measure should not be passed until the business community knows what kind of taxes it will be facing, once another tax reform measure is passed – referring to Corporate Income Tax and Incentives Rationalization Act (CITIRA).

Alex notes, "Definitely, CITIRA should go first because once the income tax rates are finalized, then we can see whether the dividend withholding tax rates are reasonable or not, because you're subjected to a corporate tax rate and then you receive your dividends, and then you're still subject to a higher 15%. So, both of those things should go hand-in-hand." He added that for CITIRA to be palatable to the business community, lower income taxes cannot come into effect, ten years after fiscal incentives are removed.

PwC PH launches the 2020 Tax Calendar mobile app



PwC Philippines has launched the 2020 Tax Calendar mobile app! It's now available on iOS and Android. Start getting up-to-date government deadlines anytime, anywhere. Click this link to register and download the app now:

<http://www.pwc.com/ph/tax-calendar-register>

PwC BSP opens its Manila office



PricewaterhouseCoopers Business Services Philippines (PwC BSP), PwC member firm, opened its new office in Manila on 6 February 2020.

PwC BSP General Manager and Partner Paul C. See led his management team and staff in this occasion. Fr. Ed Manibale blessed the new office located at 3F 414 TP Building, Magsaysay Ave. corner Pureza St., Manila.

The Manila office will house PwC BSP's Talent Development Division (TDD), a line of service established to develop young and talented students by equipping them with meaningful experience and knowledge for their chosen course and profession, the PwC way. TDD is also an avenue to find outstanding students who will soon become part of PwC BSP.

PwC PH introduces BS Accountancy to senior high school students



PwC Philippines Assurance Partner Ruth Blasco and Assurance Manager Alvin Perdio conducted Accounting 101 – an accounting workshop organized by iACADEMY for senior high school students to introduce the BS Accountancy degree program under the School of Business. This was held on 8 February 2020 at 8F SHS Comp Lab of the iACADEMY Nexus campus in Makati City.



#iACADEMYWorkshops are free and are open to all iACADEMY applicants and reserved students of the upcoming school year.

PwC Philippines observes Day of Prayer with video



PwC Philippines released its 'Prayer' video in observance of the 'Day of Prayer' on 29 March 2020.

The Catholic Bishops Conference of the Philippines dedicated that day for frontliners in their fight against COVID-19.

To view the video, click [here](#).

Pocholo Domondon speaks at webinar for startups



PwC Philippines Assurance Partner Pocholo Domondon was a speaker in the webinar "Averting a cash flow crash for startups and SMEs" on 2 April.

Cholo is PwC Philippines's co-lead for its Venture Hub that supports SMEs and startups. He talked about how entrepreneurs need to manage cash flow and how to properly manage finances during these unpredictable times.

The virtual event is organized by Cognity Labs, one of the world's first virtual accelerators to link Silicon Valley and emerging markets. It is bringing global experts to learn from in this rapidly changing landscape.

PH Government appoints firm for Diliman PPP Project



Our Deals and Corporate Finance Services team won the Project Preparation and Transaction Advisory Services of the Philippine General Hospital (PGH) in Diliman PPP Project.

The Philippine Government, through the Public-Private Partnership (PPP) Center and the University of the Philippines, forged an agreement with Isla Lipana & Co./PwC Philippines. The Notice to Proceed was issued to PwC on 16 March 2020, the same date for the Contract for Consultant's Services (CCS) effectivity and commencement of services.

Click [here](#) to read PPP's announcement.

Joe Lavares, former PwC PH COO, 74



PwC Philippines pays tribute to José P. Lavares, Jr., who was Managing Director and Chief Operating Officer, and concurrently Partner for Advisory, and Internal Firm Services upon his retirement. Joe passed away on 31 March 2020.

He started his career in PwC as a Staff Accountant at the legacy Price Waterhouse in New York in 1970. After two years, he joined legacy Price Waterhouse Philippines as Senior Management Consultant. Joe then

served the Philippine Government from 1979 to 1986 as Deputy Minister of the then Ministry of Transportation and Communications, and in various capacities in government owned and controlled corporations.

He rejoined PwC, heading the local firm's Management Consulting Services (MCS) Department from 1987 to 1997 as Managing Principal.

He earned his MBA, Major in Finance, from Temple University of Pennsylvania in 1970. He finished his Bachelor of Science degree in Commerce, Major in Accounting; and Bachelor of Arts degree, Major in Social Science (Honor's Program) at De La Salle College, Manila (now De La Salle University, Manila). He also attended an international workshop on policy for public enterprises at Harvard University in 1983.

Rainbow Covenant video for positivity and hope



PwC Philippines produced the 'Rainbow Covenant' video to uplift people's spirit in this time of COVID-19. It was released during Holy Week, focusing on the rainbow as a symbol of hope and God's promise.

To view the video, click [here](#).

Talk to us

For further discussion on the contents of this issue of the **Client Advisory Letter**, please contact any of our partners.

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