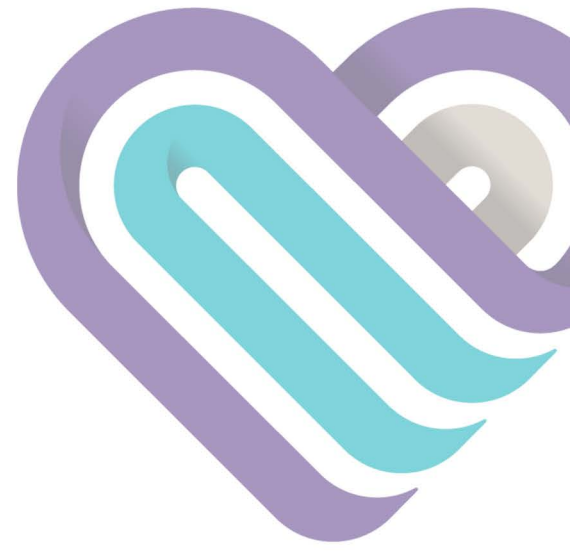


Bayanihan to Recover as One Act

September 2020
Philippines



Bayanihan to Recover as One Act



After 6 months battling the unforeseen foe, the Philippine government is actively aligning recovery and relief measures which address the health and economic problems stemming from the pandemic. The COVID-19 global pandemic affected the lives of the most vulnerable sectors of our society, government efforts are being done to assist the Filipinos not just to survive and recover, but also to adjust and move forward to the new normal.

Last September 11, President Rodrigo Duterte signed Republic Act No. 11494, the Bayanihan to Recover as One Act (Bayanihan 2 or the Act), to provide COVID-19 response and recovery interventions. Bayanihan 2 increased and expanded the benefits of the Bayanihan to Heal as One Act (Bayanihan 1) and granted the President additional powers, such as the authority to realign government funds for economic response and recovery efforts. The new law would allocate government funding of Php 165.50 billion, of which:

- a. Php 140 billion of the fund would be readily available; and
- b. Php 25.5 billion on stand-by, to be made available once additional funds are generated from savings and unused amounts.

Bayanihan 2 allows the government to provide financial assistance to the different sectors of the economy, i.e. healthcare, labor education, tourism, agriculture, trade and finance, transportation, among others, in order for them to gradually recover from the economic repercussions of the pandemic. All must work hand in hand to bring the best response set, so that economic recovery and eventual growth would be within reach.

Government measures to provide relief and support



Bayanihan 2 aims to reduce the adverse impact of COVID-19 on socio-economic well-being of all Filipinos through the provision of assistance, subsidies and other forms of relief. This primer summarizes the government priority programs to address the impact of the pandemic. It also discusses the support and relief to be extended by the government to stimulate the recovery and bolster the resilience of the economy.

Health

- Health-related assistance program for the following (Php 13.5 billion):
 - Continuous employment of existing emergency Human Resources for Health (HRH) and additional emergency HRH for hiring;
 - Augmentation for operations of Department of Health (DOH) Hospitals;
 - Special risk allowance for all public and private health workers directly catering to or in contact with COVID-19 patients for every month that they are serving during the state of national emergency as declared by the President;
 - Actual hazard duty pay for all health workers serving in the front line during the state of national emergency;
 - Free life insurance, accommodation, transportation and meals for all public and private health workers; and
 - Compensation to public and private health workers who may contract mild or severed/critical COVID-19 infection while in line of duty, and those who may die while fighting the COVID-19 pandemic;
- Procurement of face masks, personal protective equipment (PPE), shoe covers and face shields to be provided to all local health workers, barangay officials, and other indigent persons that need protection to prevent the spread of COVID-19 (Php 3 billion).
- Financing for the construction of temporary medical isolations and quarantine facilities, field hospitals, dormitories for front-liners, and for the expansion of government hospital capacity all over the country (Php 4.5 billion).
- Construction and maintenance of isolation facilities including billing of hotels, food and transportation to be used for the COVID-19 response and recovery program by the Office of Civil Defense as the head of the National Task Force against COVID-19 (Php 4.5 billion).
- Funding for the hiring of at least 50,000 contact tracers to be implemented by the Department of Interior and Local Government (DILG) which shall include, but not limited to, recruitment, training, compensation, monitoring, logistics, and operational expenses (Php 5 billion).
- Funding of the Health Technology Assessment Council (HTAC) research fund to provide for the commissioning of more COVID-19 research and enhance its internal capacity of evidence generation (Php 10 million).
- Establishment of a computational research laboratory in the University of the Philippines Diliman Institute of Mathematics to process big data analysis for COVID-19 and other pandemic research (Php 15 million).



Health

- COVID-19 testing and procurement of COVID-19 medication and vaccines (standby fund of Php 10 billion).
- Liberalization of the grant of incentives for the manufacture or importation of critical or needed equipment or supplies or essential goods, including healthcare equipment and supplies. The exemption from import duties, taxes, and other fees shall be determined by the Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR).
- Implementation of the proper management and segregation of waste, especially of hazardous materials coming from health facilities, in the communities and households in order to contain the COVID-19 virus and other diseases.



Local Government Support

- Assistance to Local Government Units (LGUs) under the Local Government Support Fund (LGSF) (Php 1.5 billion).
- Implementation of an expanded and enhanced Pantawid Pamilyang Pilipino Program (4Ps), responsive to the needs posed by the crisis, and provision of an assistance program, whether in cash or non-cash, where the Secretary of Department of Social Welfare and Development (DSWD) or the Secretary of Department of Labor and Employment (DOLE), when relevant, shall transfer cash, cash vouchers or goods through the LGUs or directly to households who have no incomes or savings to draw from, including households working in the informal economy and those who are not currently recipients of the current 4Ps.
- Extension of the term of standby loans entered into by LGUs.
- Lifting of the thirty percent (30%) cap on the amount appropriated for the Quick Response Fund (QRF), as provided for in Republic Act No. 10121 or the “Philippine Disaster Risk Reduction and Management Act of 2010”, during the state of national emergency as declared by the President.



Labor

- Subsidies for the following (Php 13 billion):
 - Cash-for-work programs for displaced workers as may be necessary in the management of or response to the COVID-19 pandemic, such as but not limited to, Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced (TUPAD), COVID-19 Adjustment Measures Program (CAMP) and Department of Labor and Employment-Abot Kamay ang Pagtulong (DOLE-AKAP) for Overseas Filipino Workers (OFWs).
 - Emergency subsidy of Php 5,000 to Php 8,000 to affected low income households in areas under granular lockdown and to households with recently returned OFWs.
 - Unemployment or involuntary separation assistance for displaced workers or employees, such as those in private health institutions, culture and arts, creative industry including, but not limited to, film and audiovisual workers, construction, public transportation, and trade and industries, cooperatives, and other sectors of the economy as may be identified by the DOLE, in coordination with the BIR and Social Security System (SSS), freelancers, the self-employed and repatriated OFWs including OFWs whose deployment were suspended due to a government-imposed deployment ban.



Tourism

- Financing for the training and subsidies for tourist guides (Php 100 million).
- Support for the tourism industry, to be distributed as follows (Php 4 billion):
 - For the Tourism Road Infrastructure Programs of Department of Public Works and Highways (DPWH) (Php 1 billion); and
 - For the implementation of cash-for-work programs under DOLE and for the unemployment and involuntary assistance for displaced workers or employees (Php 3 billion).



Transportation

- Finance the following programs of the Department of Transportation (DOTr) (Php 9.5 billion):
 - To assist critically-impacted business in transportation industry (Php 2.6 billion);
 - To provide temporary livelihood to displaced workers in the industry through service contracting, regardless of quarantine levels, of public utility vehicles, as follows (Php 5.58 billion):
 - for public utility jeepney drivers (Php 3 billion) and,
 - for drivers of other public utility vehicles (Php 2.58 billion).
 - To develop accessible sidewalks and protected bicycle lanes, procurement of bicycles and related safety equipment for bicycle distribution, sharing and lending programs, and procurement of bicycle racks (Php 1.316 billion).



Education

- Assistance to the State Universities and Colleges (SUCs) in the development of smart campuses through investments in Information and Communications Technology (ICT) infrastructure, acquisition of learning management systems and other appropriate equipment to fully implement flexible learning modalities (Php 3 billion).
- Subsidies and allowances to qualified students of public and private elementary, secondary, and tertiary education institutions (Php 600 million).
- Subsidies and allowances of displaced teaching and non-teaching personnel, including part-time faculty, in private and public elementary, secondary, and tertiary education institutions including part-time faculty in SUCs (Php 300 million).
- Additional scholarship funds of Technical Education and Skills Development Authority (TESDA) under its Training for Work Scholarship Program (TWSP) and Special Training for Employment Program (STEP) for the retooling, retraining, and upskilling of displaced workers including returning OFWs, as well as provision of tool kits under the STEP (Php 1 billion).
- Assistance to the Department of Education (DepEd) in the implementation of Digital Education, Information Technology (IT) and Digital Infrastructures and Alternative Learning Modalities, including printing and delivery of self-learning modules of the DepEd (Php 4 billion).



Agriculture

- Provision of direct cash or loan interest rate subsidies, under the programs of the Department of Agriculture - Agricultural Credit Policy Council (DA-ACPC) and other forms of assistance to qualified agri-fishery enterprises, farmers and fisherfolk registered under the Registry System for Basic Sectors in Agriculture (RSBSA), and agricultural cooperatives, to finance the Plant, Plant, Plant Program to ensure food security and continuous productivity in the agricultural sector including accessibility through farm to market roads (Php 24 billion).



Trade and Finance

- Infusion of capital to Government Financial Institutions (GFIs) (Php 39.47 billion) to be allocated as follows:
 - For the credit guarantee program of the Philippine Guarantee Corporation (PHILGUARANTEE) (Php 5 billion);
 - Support for the wholesale banking and equity infusion of the Land Bank of the Philippines (LBP) for low interest loans to be extended to persons and entities engaged in industries affected by the COVID-19 pandemic (Php 18.47 billion);
 - Support for wholesale banking and equity infusion of the Development Bank of the Philippines (DBP) for low interest loans to be extended to persons and entities engaged in industries affected by the COVID-19 pandemic (Php 6 billion); and
 - Additional funding for the COVID-19 Assistance to Restart Enterprises (CARES) program of the Small Business Corporation (SBCorp) and for its other lending programs, as well as interest subsidy, to be extended to Micro Small Medium Enterprises (MSMEs), cooperatives, hospitals, tourism industry, and OFWs affected by the COVID-19 pandemic and by other socio-economic reversals (Php 10 billion).
- Subsidy for the payment of interest on new and existing loans secured by the LGUs from LBP and DBP (Php 1 billion each).
- Support for wholesale banking and equity infusion of the LBP for low interest loans to be extended to persons and entities engaged in industries affected by the COVID-19 pandemic (standby fund of Php 9 billion).
- Support for wholesale banking and equity infusion of the DBP for low interest loans to be extended to persons and entities engaged in industries affected by the COVID-19 pandemic (standby fund of Php 6.5 billion).



Social Welfare

- Financing of Department of Social Welfare and Development (DSWD) programs such as, but not limited to, Assistance to Individuals in Crisis Situations (AICS), emergency subsidy to cater for areas which will be placed on granular lockdown, Sustainable Livelihood Program (SLP) for informal sectors not being catered by DOLE, distribution of food and non-food items, livelihood assistance grants, and supplemental feeding program for daycare children. Funds of the AICS program could also be utilized to address COVID-19 response and recovery and to procure food packs subject to the existing circulars of DSWD (Php 6 billion).



Sports

- Financing for the allowances of national athletes and coaches whose allowances were reduced due to the pandemic (Php 180 million).



Foreign Affairs

- Augmentation of the Department of Foreign Affairs (DFA) - Office of the Migrant Workers Affairs 2020 Assistance-To-Nationals Fund for repatriation-related expenses, shipment of remains and cremains of Overseas Filipinos (OFs) assistance that may be provided for OFs who are affected by the pandemic (Php 820 million).



Others

- Support for the Professional Regulation Commission's (PRC) computer-based licensure examination (Php 2.5 million).
- The Act sets penalties on discrimination against COVID-19 patients, survivors, returning OFWs, health workers, frontliners, other service workers which result in unjust distinction, exclusion, restriction, physical, psychological harm or suffering, intimidation, harassment, damage to property, public ridicule or humiliation, verbal abuse, arbitrary ejection from dwelling, or unlawful deprivation of liberty, will be penalized with imprisonment of 6 months and a fine of Php 100,000.
- Consistent with Article XII Section 17 of the Constitution, when the public interest so requires, the President, during the effectivity of this Act, may direct the operation of any privately-owned hospitals and medical and health facilities including passenger vessels and other establishments, to house health workers, serve as quarantine areas, quarantine centers, medical relief and aid distribution locations, or other temporary medical facilities; and public transportation to ferry health, emergency, and frontline personnel and other persons. The management and operation of the foregoing enterprises shall be retained by the owners of the enterprise, who shall render a full accounting to the President or his duly authorized representative of the operations of the utility or business as basis for appropriate compensation. If the foregoing enterprises unjustifiably refuse or signify that they are no longer capable of operating their enterprises, the President may take over their operations subject to the limits and safeguards enshrined in the Constitution.
- Bayanihan 2 also provided for the conservation and regulation of the distribution and use of power, fuel, energy and water, to ensure adequate supply of the same.

Other support or relief measures

In addition to the programs that the government will be directly implementing, Bayanihan 2 also provided relief to be extended by the private sector.



Interest on Loans

All banks, financing companies, lending companies, real estate developers, insurance companies, pre-need companies, and other public and private financial institutions, public and private, including the Government Service Insurance System (GSIS), the SSS and Home Development Mutual Fund (Pag-IBIG Fund), are directed to grant one-time 60-day grace period for payment of loans falling due on or before December 31, 2020 without interests, penalties and other charges. This allows the extension of the maturity of the existing, current and outstanding loans, including but not limited to salary, personal, housing, commercial, and motor vehicle loans, amortizations, financial lease payments, and credit card payments. All loans may be settled on staggered basis without interest on interest, penalties and other charges until December 31, 2020, or as may be agreed upon by the parties.

Banks and other non-bank financial institutions (NBFIs) that agree to loan term extensions or restructuring will be entitled to regulatory relief as may be determined by the Bangko Sentral ng Pilipinas (BSP), which may include, but is not limited to:

- Staggered booking of allowances for credit losses,
- Exemption from loan-loss provisioning,
- Exemption from the limits on real estate loans, when applicable,
- Exemption from related party transaction restrictions, and
- Non-inclusion in the bank's or NBFIs' reporting on non-performing loans.

The loan term extensions shall be exempt from documentary stamp taxes.

Utilities

All institutions providing electric, water, telecommunications and other similar utilities are directed to implement a minimum of 30-day grace period for the payment of utilities falling within the Enhanced Community Quarantine (ECQ) and Modified Enhanced Community Quarantine (MECQ) without incurring interests, penalties and other charges. After the grace period, unpaid residential, MSME and cooperatives utility bills may be settled on a staggered basis payable in not less than 3 monthly installments.

Rentals

Provision of a minimum of 30-day grace period on residential rents and commercial rents of lessees not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations, falling due within the period of the community quarantine, without incurring interests, penalties, fees and other charges. The minimum 30-day grace period shall be reckoned from the date of the lifting of the ECQ or MECQ. All amounts due within the period of community quarantine shall be amortized in equal monthly installments until December 31, 2020 without any interests, penalties and other charges. No increase in rent shall be imposed during the same period.

Others

Moving of statutory deadlines and timelines for the filing and submission of any document, the payment of taxes, fees, and other charges.

Measures to stimulate Economic Recovery



The Act also provided for specific measures to support business and economic activities.

General

The act provides for the following general directives to streamline business activities:

- Issuance of a directive that all government agencies and LGUs shall act on all pending and new applications for permit, license, certificate, clearance, authorization and resolutions within a non-extendable period of seven (7) working days, in order to support business continuity and encourage resumption of all economic activities.
- Permits, licenses, certificates, clearances, consents, authorizations or resolutions by national government agencies, except those relating to taxes, duties, border control and environmental laws and regulations, may be waived for private projects that are nationally significant or those with high economic returns or high employment potential as may be determined by a committee to be chaired by the Secretary of Department of Finance (DOF), with the Secretary of Department of Trade and Industry (DTI) and Secretary of Department of Environment and Natural Resources (DENR) as members and the secretariat of the committee shall be the DOF. The authority shall be valid during the state of national emergency as declared by the President and the economic rehabilitation period or until the last day of June 2022, whichever is later.
- The DTI is directed to accelerate and undertake massive promotion of online commerce and offer technical and financial assistance through GFIs to those engaged in e-commerce to expedite the digitalization of MSMEs and cooperatives.
- The DTI and the DILG are tasked to review the imposition of the amusement tax as a regulatory relief to the critically-impacted creative sector.
- Notwithstanding the provision of existing laws to the contrary, the net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss. This shall remain in effect even after the expiration of this Act.
- The availability of essential goods, in particular, food and medicine, is ensured by adopting measures as may reasonably be necessary to facilitate and/or minimize disruption to the supply chain and/or improve the national end-to-end supply chain, including measures to reduce logistic costs, especially for basic commodities and services to the maximum extent possible. The DTI may suspend export requirement for export enterprises that produce critical goods and require them to supply locally subject to the application of Section 4 of the Act.
- Businesses are required to prioritize and accept contracts for materials and services necessary to promote the Act's declared national policy. The Department of Tourism (DOT) may regulate the rates chargeable by accommodation establishments to persons mandated by law or regulations to undergo quarantine.
- The tax on sale, barter or exchange of shares of stock Listed and traded through initial public offering (IPO) is repealed by the Act.



Availability of Credit and Finance

Lending institutions are issued a directive to lower effective lending rates of interest and reserve requirements to ensure the availability of credit to the productive sectors of the economy especially in the countryside. The credit accommodation to MSMEs and cooperatives, as well as those who are self-employed, shall be imposed a low interest, payable within 3 years and shall not require any collateral if the loan does not exceed Php 3 million.

The Bangko Sentral ng Pilipinas and the Securities and Exchange Commission (SEC) are encouraged to adopt measures, including the relaxation of regulatory and statutory restrictions and requirement for a period of not more than 1 year from the effectivity of the Act to encourage the banking industry and other financial institutions to extend loans to help business recover from the economic effects of the crisis.

The BSP and the SEC are also authorized to grant reporting relief to its supervised entities by allowing staggered booking of allowance for credit losses for all types of credit accommodations extended to individuals and business entities affected by COVID-19.

The BSP is authorized to make additional direct provisional advances with or without interest to the National Government to finance expenditures authorized by law that will address and respond to the COVID-19 situation.

PHILGUARANTEE is also directed to issue an expanded government guarantee program for non-essential businesses, to ease current rules and regulations and give preference to critically-impacted businesses, MSMEs, cooperatives and activities that support DOH initiatives towards ensuring an adequate and responsive supply of healthcare services, and to guarantee the loan portfolio of partner financial institutions of eligible MSME and cooperative loans.



Information and Technology

The government will undertake measures in partnership with appropriate internet and communication service providers to accelerate the deployment of critical ICT infrastructure throughout the country to address the need for digital connectivity, internet speed and stability. Such measures shall include, among others the following:

- Temporary suspension of requirements to secure permits and clearances for the construction of telecommunications and internet infrastructure; and
- Streamlining of regulatory processes and procedures for the development and improvement of digital, internet and satellite technology infrastructure.



Housing

Under the Act, a program will be implemented to:

- 1) fast track the approval of all pending and new applications for housing loans, permits and licenses by simplifying the requirements and procedure; and
- 2) accommodate and prioritize critically impacted home buyers who may want to shift from private bank financing to Pag-Ibig home financing with simplified requirements through the Department of Human Settlements and Urban Development (DHSUD) Program and its key shelter agencies.

The BSP is encouraged to allow private banks and financial institutions to reallocate any unutilized loanable funds to housing loans, and to grant subsidy to the home loan borrowers at the rate equivalent to the gross receipts tax imposed on banks and financial institutions on their interest income.



Education

The Act provides for the extension of loan assistance, loan interest rate subsidies, discounts or grants to schools, universities, colleges, technical vocational institutions, teachers, faculties, and students for the purchase of distance learning tools, such as computers, laptops, tablets and other ICT devices and equipment necessary to conduct and access classes and learning materials under alternative delivery modes of teaching and learning in the new normal through the DepEd, the Commission on Higher Education (CHED) and the TESDA.

The Special Education Fund (SEF) may be used for the support of alternative learning modalities, digital education, digital infrastructure, and continuity plans, such as the purchase of equipment, materials, and supplies related thereto, printing and delivery of self-learning modules, provision of safe schools infrastructure, equipment and facilities such as handwashing stations, soap, alcohol, sanitizers, and other disinfecting solutions, as well as medical health supplies deemed appropriate by public health officials such as thermometers, face masks, and face shields, subject to existing accounting and auditing rules.

The Act also exempts donated distance learning tools for distribution to public schools regardless of level, including SUCs and vocational institutions under TESDA, from import duties and taxes, including donor's tax.

The unused balance of the DepEd's 2020 "New School Personnel Positions" and "Basic Education Facilities" appropriations will be realigned to the Maintenance and Other Operating Expenses (MOOE) for "Operations of Schools - Elementary, Junior and Senior High School" under its "Support to Schools and Learners Program" for the hiring of teacher-assistants, and for the production or reproduction of modular learning materials for K-12.



Agriculture

Assistance will be provided to the agriculture industry, including agriculture cooperatives by creating the "Plant, Plant, Plant" Program which shall be composed of the following:

- (1) Ahon Lahat, Pagkaing Sapat (ALPAS) kontra sa COVID-19;
- (2) food markets – food logistics and other interventions;
- (3) Urban agriculture program of the DA; and
- (4) cash-for-work program in agriculture.

The national and local government agencies are allowed to directly purchase from agricultural and fishery products from farmers, fisherfolk, and agricultural cooperatives as a form of direct assistance.



Labor

Working arrangements for employees and workers in government and constitutional bodies and the private sector will be authorized.

Retirement benefits received by officials and employees of private firms, whether individual or corporate, from June 5, 2020 until December 31, 2020 shall be excluded from gross income and shall be exempt from taxation: provided, that any re-employment of such official or employee in the same firm, within the succeeding 12-month period, shall be considered as proof of non-retirement and shall subject the benefits received to appropriate taxes.



Tourism

Aside from the support for the tourism industry mentioned in previous section, the DOT is also directed to assist tourism enterprises in the following programs:

- Provision of loan interest rate subsidy;
- Marketing and product development, promotions and programs, including travel advertising and festival-support strategies;
- Grants for education, training and advising of tourism stakeholder for the new normal alternative livelihood programs;
- Utilization of information technology for the improvement of tourism services, development of a tourist tracking system for emergency response, and establishment of spatial database to improve planning capacity;
- Establishment of COVID-19 testing centers in tourist destinations as identified by the DOT, to stimulate tourism and generate employment; and
- Any other relevant programs, including infrastructure, product-sourcing, and subsidized domestic package tours necessary to mitigate the economic effects of COVID-19 on the tourism industry.



Transportation

The DOTr is directed to extend the following assistance to critically-impacted businesses in the transportation industry, including transport cooperatives:

- o Provide direct cash or loan interest rate subsidy;
- o Provide grants for applicable regulatory fees;
- o Allow substitution of refund option to travel vouchers;
- o Provide grants for fuel subsidy and/or digital fare vouchers, as may be necessary; and
- o Provide grants for training, equipment, facilities, test kits and necessary personnel, on coping with increased health risks arising from infectious diseases.

The DOTr shall prioritize business entities that will require assistance for any activity that supports the Balik Probinsya, Bagong Pag-asa Program under Executive Order No. 114, s2020.

The Act provided for the regulation and limitation of the operation of all sectors of transportation through land, sea or air, whether private or public and for the necessary infrastructure and support, including emergency pathways, LGU bicycle sharing scheme with proper safety equipment and pop-up bike lanes, for commuters, particularly health workers and other frontliners.



Infrastructure

The DPWH and other government agencies are directed to expedite the implementation of infrastructure programs and projects to generate local employment and stimulate the local economy. Infrastructure flagship projects identified by the National Economic and Development Authority (NEDA) shall be fast-tracked to pump prime the economy and help promote economic recovery.

The Act also provided for the regulation of traffic on all roads, streets, and bridges, and access thereto; prohibited putting up of encroachments or obstacles; and authorized the removal of encroachments and illegal constructions in public places.



Livelihood

The Act provides that repatriated and returning OFWs will be given access to livelihood assistance, skills and training programs, loan assistance, and employment opportunities to ensure proper reintegration and the full utilization of their skills for national development.



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