

Tax Implications of Republic Act No. 11494^{1*}

I. SALIENT FEATURES

Republic Act (RA) No. 11494, otherwise known as the “Bayanihan to Recover as One Act” or BARO Act, which was enacted into law on September 11, 2020, was another timely response measure of the government to address the spread of the Coronavirus Disease 2019 (COVID-19) in the country, to mitigate the ensuing economic disruption therefrom through the provision of assistance, subsidies, and other forms of socioeconomic relief. Specifically, the Act provides the following:

- a. COVID-19 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. Provided, that the COVID-19 special risk allowance of public health workers shall be in addition to the hazard pay granted under RA 7305², or the “Magna Carta of Public Health Workers”, and the active hazard duty pay granted under this Act. Provided, further, that the COVID-19 special risk allowance for both public and private health workers shall be exempt from the income tax [**Section 4(h)**];
- b. Compensation to public and private health workers who have contracted COVID-19 in the line of duty, with the following amounts, upon submission of required documents to support claims [**Section 4(k)**]:
 - i. In case of death of the health worker – P1,000,000;
 - ii. In case of sickness, for a severe or critical case – P100,000; and
 - iii. In case of sickness, for a mild or moderate case – P15,000.

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¹ Entitled, “An Act Providing for COVID-19 Response and Recovery Interventions and Providing Mechanisms to Accelerate the Recovery and Bolster the Resiliency of the Philippine Economy, Providing Funds Therefor, and for Other Purposes”.

² Approved on March 26, 1992.

Provided, that this shall have a retroactive application from February 1, 2020. Provided, further, that the compensation provided shall be exempt from the applicable taxes under the National Internal Revenue Code (NIRC) of 1997, as amended. Provided, finally, that the compensation provided shall be given to the beneficiaries not later than three months after the date of confinement or death.

This subsection shall survive the expiration of the law, for as long as a health worker contracts mild or severe COVID-19 infection while in the line of duty or dies while fighting during the state of national emergency as declared by the President.

- c. One-time cash assistance to displaced teaching and non-teaching personnel, including part-time faculty or non-permanent teaching personnel, in private and public elementary, secondary, and tertiary education institutions and part-time faculty in state universities and colleges (SUCs) who have lost their jobs or who have not received their wages [**Section 4(o)**];
- d. Authority given to local chief executives of all local government units (LGUs) to realign their respective local funds including, but not limited to, their development fund, Gender and Development Fund, *Sangguniang Kabataan* Fund, Special Education Fund (SEF), and other local funds, including unutilized or unreleased subsidies and transfers to address the COVID-19 pandemic. Allow LGUs to utilize up to 10% of their current budget to cover COVID-19 responses expenditures and to waive the 70% limit on "pre-disaster" initiatives. In addition, increase the debt service ceiling of the LGUs to 30% of their annual regular income including their share in the national taxes. Likewise, exempt LGUs from the loan ceiling cap imposed by the Department of Finance (DOF). Lastly, release automatically and completely any adjusted or remaining shares of LGUs in national wealth and National Tax Allotment (NTA) pursuant to Section 286 of RA 7160, or the Local Government Code (LGC) of 1991, as amended [**Section 4(q)**];
- e. Temporary Human Resources for Health (HRH) such as medical and allied medical staff to complement or supplement the current health workforce or to man the temporary medical facilities to be established in accordance with Section 4(u)(4) of the law. Provided, that the HRH to be hired on temporary basis shall receive the appropriate compensation and allowances. Provided, further, that all HRH serving in the front line during the state of emergency due to COVID-19, shall receive an actual hazard duty pay from the national government. Provided, furthermore, that the actual hazard duty pay shall be in addition to the hazard pay granted under RA 7305 and the COVID-19 special risk allowance. Provided, furthermore, that the active hazard duty pay received by all HRH serving in the front line during the state of national emergency as declared by the President shall be exempt from income tax. Provided, finally, that Department of Health (DOH), the Department of Labor and Employment (DOLE) and their attached agencies shall closely coordinate to ensure that returning OFW-health workers, or those whose deployments were suspended due to COVID-19, shall be properly referred to the ongoing hiring of temporary HRH by the DOH [**Section 4(w)**];

- f. Liberalize the grant of incentives for the manufacture or importation of critical or needed equipment or supplies or essential goods for the carrying out of the policy declared, including healthcare equipment and supplies, among others. The manufacture or importation of these equipment and supplies shall be exempt from import duties, taxes, and other fees, and shall be determined by the Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR) [**Section 4(cc)**];
- g. Direct the Department of Transportation and such other authorized agencies or instrumentalities to provide grants for applicable regulatory fees to critically-impacted businesses in the transportation industry, including transport cooperatives. The grants may include reduction in: (i) rates through the removal of local taxes as may be applicable; and (ii) fees and charges imposed by any regulatory agency and LGU. Provided, that the grant shall be chargeable against the fund created for this purpose, and that any critically-impacted business may avail of the grant for a period of not more than six months [**Section 4(gg)(2)**];
- h. Suspend temporarily the requirements to secure local permits and clearances (except for the building permit) for the construction, installation, repair, operation and maintenance of telecommunication and internet infrastructure by independent tower companies registered with the Department of Information and Communications Technology (DICT), or holders of certificates of public convenience and necessity or provisional authority granted by the National Telecommunications Commission to public telecommunication entities, for a period of three years from the effectivity of this Act [**Section 4(ii)**];
- i. Discontinue appropriated programs, activities or projects (P/A/Ps) which cannot be utilized effectively as a result of the COVID-19 outbreak, whether released or unreleased, the allotments to LGUs for which remain unobligated, and utilize the savings generated therefrom to augment the allocation for any item needed to address the COVID-19 pandemic consistent with the herein declared national policy [**Section 4(pp)**];
- j. Move the statutory deadlines and timelines for the filing and submission of any document, the payment of taxes, fees and other charges required by law, and the grant of any benefit, in order to ease the burden on individuals under community quarantine [**Section 4(tt)**];
- k. Direct all banks, quasi-banks, financing companies, lending companies, real estate developers, insurance companies providing life insurance companies, pre-need companies, entities providing in-house financing for goods and properties purchased, asset and liabilities management companies, and other financial institutions, public and private, including the Government Service Insurance System, the Social Security System, and Home Development Mutual Fund (Pag-IBIG Fund), to implement a one-time 60-day grace period to be granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020 including, but not limited to, salary, personal, housing, commercial, and motor vehicle loans, amortizations, financial lease payments and premium payments, as well as credit card payments, without

incurring interest on interests, penalties, fees, or other charges and thereby extending maturity of the said loans; Provided, that the loan term extensions or restructuring pursuant to this subsection shall be exempt from the documentary stamp taxes (DST). This provision shall not apply to interbank loan and bank borrowings [**Section 4(uu)**];

1. All government agencies and LGUs to act on all pending and new applications for permit, license, clearance, authorization and resolutions within a non-extendable period of seven working days, in order to support business continuity and encourage resumption of all economic activities. Provided, that the applicant should be allowed to undertake its compliance to any additional requirement that may be imposed by the government agency or LGU, and such will not delay the approval of the application [**Section 4(eee)**];
- m. Provides regulatory relief to the critically impacted creative sector by authorizing the Department of Trade and Industry (DTI) and the Department of the Interior and Local Government (DILG) to review the imposition of the amusement tax. The President shall have the power to suspend, reduce or waive the imposition of the fees and charges as recommended by the DTI and DILG for a period of six (6) months [**Section 4(hhh)**];"
- n. Authorize the allocation of the SEF 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 [**Section 4(jjj)**];
- o. Ensure supervision and authority of LGUs over issuance of permits on privately-run isolation and quarantine facilities and fast-track the processing of the issuance of permits [**Section 4(qqq)**];
- p. Exempt personal computers, laptops, tablets, or similar equipment appropriate for use in schools, donated for distribution to public schools regardless of level, including SUCs and vocational institutions under the Technical Education and Skills Development Authority (TESDA), from import duties and taxes, including donor's tax [**Section 4(zzz)**];
- q. Notwithstanding the provision of existing laws to the contrary, the net operating loss of business or enterprise for taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five consecutive taxable years immediately following the year of such loss: Provided, That this subsection shall remain in effect even after the expiration of this Act [**Section 4(bbbb)**];
- r. 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. In addition to the payment of appropriate taxes, any person who willfully evades or defeats any imposable tax shall be criminally liable and penalized under Section 255 of RA 8424³, as amended (**Section 5**);

- s. Repeal the tax on sale, barter or exchange of shares of stock listed and traded through initial public offering (IPO) under Section 127(B) of the NIRC of 1997, as amended. (**Section 6**);
- t. Appropriate P1.5 billion as Local Government Support Fund (LGSF) to provide financial assistance to LGUs in their local anti-COVID efforts. [**Sections 4(q) and 10(o)**]; and
- u. Subsidy and stimulus measures, as well as other measures to address the COVID-19 pandemic, and sources of funds, as follows:
 - 1. Amounts derived from the 5% franchise tax on the gross bets or turnovers or the agreed pre-determined minimum monthly revenues from gaming operations, whichever is higher, earned by offshore gaming licenses, including gaming operators, gaming agents, service providers, and gaming support providers [**Section 11(ff)**]; and
 - 2. Income tax, value added tax (VAT), and other applicable taxes on income from non-gaming operations earned by offshore gaming licenses, operators, agents, service providers, and support providers [**Section 11 (g)**]

II. TAX IMPLICATIONS

A. On Income Tax [**Sections 4(h), 4(k), 4(o), 4(w), and 5**]

Section 24(A)(1) of the NIRC of 1997, as amended by RA 10963⁴, imposes a tax on taxable compensation income for each taxable year from all sources within and without the Philippines by every individual citizen of the Philippines residing therein. Taxable compensation income, as defined under the Bureau of Internal Revenue (BIR)

³ Entitled, “An Act Amending the National Internal Revenue Code, as Amended, and for Other Purposes”, approved on December 11, 1997.

⁴ Entitled, “An Act Amending Sections 5, 6, 24, 25, 27, 31, 32, 33, 34, 51, 52, 56, 57, 58, 74, 79, 84, 86, 90, 91, 97, 99, 100, 101, 106, 107, 108, 109, 110, 112, 114, 116, 127, 128, 129, 145, 148, 149, 151, 155, 171, 174, 175, 177, 178, 179, 180, 181, 182, 183, 186, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 232, 236, 237, 249, 254, 264, 269, and 288; Creating New Sections 51-A, 148-A, 150-A, 150-B, 237-A, 264-A, 264-B, and 265-A; and Repealing Sections 35, 62, and 89; All Under Republic Act No. 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended, and for Other Purposes”, approved on December 19, 2017 and made effective on January 1, 2018.

Revenue Regulations (RR) No. 2-98⁵, as amended, means all remuneration for services performed by an employee for his employer under an employer-employee relationship, unless specifically excluded by the NIRC. Thus, salaries, wages, emoluments, and honoraria, allowances, commissions (e.g. transportation, representation, entertainment, and the like); fees including director's fees, if the director is, at the same time, an employee of the employer/corporation; taxable bonuses and fringe benefits except those which are subject to the fringe benefits tax under Section 33 of the NIRC; taxable pensions and retirement pay; and other income of a similar nature constitute compensation income.

The grant of COVID-19 special risk allowance may be excluded from the computation of gross income for purposes of income taxation pursuant to Section 32(B)(7)(e) of the NIRC of 1997, as amended, which provides that gross benefits received by officials and employees of public and private entities not exceeding P90,000.00 are exempt from tax. Also, Section 33(C) of the NIRC of 1997, as amended, provides for the tax exemption of fringe benefits, such as:

- a. Fringe benefits which are authorized and exempted from tax under special laws;
- b. Contributions of the employer for the benefit of the employee to retirement, insurance and hospitalization benefit plans;
- c. Benefits given to the rank and file employees, whether granted under a collective bargaining agreement (CBA) or not; and
- d. De minimis benefits.

Moreover, RR 8-2000⁶, as amended by RR 11-2018⁷, provides that some income, allowances, and benefits received by government employees and private individuals are excluded from the gross income and considered exempt from withholding tax such as the following:

- a. De minimis benefits
 1. Monetized unused vacation leave credits of private employees not exceeding 10 days during the year;

⁵ Entitled, "Prescribes the regulations to implement RA 8424 relative to the Withholding on Income subject to the Expanded Withholding Tax and Final Withholding Tax, Withholding of Income Tax on Compensation, Withholding of Creditable Value-Added tax and Other Percentage Taxes", issued on May 17, 1998.

⁶ Amends Provisions of Revenue Regulations Nos. 2-98 and 3-98 Relative to the "De Minimis" Benefits, Additional Compensation Allowance, Representation and Transportation Allowance and Personal Economic Relief Allowance, issued on November 22, 2000.

⁷ Amending certain provisions of Revenue Regulations No. 2-98, as Amended, to Implement Further Amendments Introduced by Republic Act No. 10963, Otherwise Known as the "Tax Reform for Acceleration and Inclusion (TRAIN)" Law, Relative to Withholding of Income Tax, issued on January 31, 2018.

2. Monetized value of vacation and sick leave credits paid to government officials and employees;
 3. Medical cash allowance to dependents of employees, not exceeding P1,500 per employee per semester or P250 per month;
 4. Rice subsidy of P2,000 or one 50 kg. sack of rice per month worth not more than P2,000;
 5. Uniforms and clothing allowance not exceeding P6,000 per annum;
 6. Actual medical assistance not exceeding P10,000 per annum;
 7. Laundry allowance not exceeding P300 per month;
 8. Employees' achievement awards, which must be in the form of tangible personal property other than cash or gift certificates, with an annual monetary value not exceeding P10,000 received by the employee under an established written plan which does not discriminate in favor of highly paid employees;
 9. Gifts given during Christmas and major anniversary celebrations not exceeding P5,000 per employee per annum;
 10. Daily meal allowance for overtime work and night/graveyard shift not exceeding 25% of the basic minimum wage; and
 11. Benefits received by an employee by virtue of a CBA and productivity incentive schemes, provided the total annual monetary value received from both CBA and productivity incentive schemes combined do not exceed P10,000 per employee per taxable year.
- b. 13th Month Pay and Other Benefits – 13th month pay, Christmas bonus, productivity incentives, loyalty award, additional compensation allowance (ACA), gift in cash or in kind and other benefits of similar nature provided that the total benefits do not exceed P90,000.00; and
- c. Representation and Transportation Allowance and Personal Economic Relief Allowance.

As regards the compensation of P100,000 and P15,000 to public and private health workers who may contract severe and mild or moderate COVID-19 infection, respectively, Section 32(B) of the NIRC of 1997, as amended, provides for excludable items from gross income and which are therefore exempt from income tax. It may fall under item number (4) of the said Section which pertains to "Compensation for Injuries or Sickness". However, the provision limits the tax exemption only to amounts received, through Accident or Health Insurance or under Workmen's Compensation Acts, as compensation for personal injuries or sickness.

The said financial assistance and tax privileges given to health workers and temporary HRH which financially aid them during this COVID-19 pandemic is also a recognition of their unselfish and invaluable contributions to help fight and prevent further spread of COVID-19 in the country. In addition, this is to encourage the active participation and engagement of temporary HRH such as medical and allied medical staff to complement or supplement the current health workforce.

On the other hand, the exclusion from gross income of retirement benefits received by officials and employees of private firms, whether individual or corporate, is merely a reiteration of the provision of Section 32(B)(6)(a) of the NIRC of 1997, as amended, and implemented pursuant to RR 8-2018⁸. Under the said Section, retiring official or employee has been in the service of the same employer for at least 10 years and is not less than 50 years of age at the time of his/her retirement.

Moreover, Section 32(B)(6)(b) of the NIRC of 1997, as amended, also excluded from taxable income “any amount received by an official or employee or by his heirs from the employer as a consequence of separation of such official or employee from the service of the employer because of death, sickness or other physical disability or for any cause beyond the control of the said official or employee”. The displacement or retrenchment of teaching and non-teaching personnel of educational institutions due to the COVID-19 pandemic may be considered beyond their control, thus, the proposed one-time cash assistance to them may be tax-exempt under the said provision of the NIRC.

BIR Revenue Memorandum Order (RMO) No. 26-2011⁹, as amended by RMOs 36-2011¹⁰ and 66-2016¹¹, provides that tax treatment of separation benefits received by officials and employees requires the presence of two conditions in order that the employee benefits may be granted tax exemption: (1) separation from the service of the employer due to death, sickness or other physical disability, or for any cause beyond the control of the said official or employee; and (2) the official or employee or his heirs receives any amount from the employer on account of such separation.

⁸ Implementing the Income Tax Provisions of Republic Act No.10963, Otherwise Known as the "Tax Reform for Acceleration and Inclusion (TRAIN)" Act, issued on January 25, 2018.

⁹ Entitled, “Guidelines in the Tax Treatment of Separation Benefits Received by Officials and Employees on Account of Their Separation from Employment Due to Death, Sickness or Other Physical Disability and the Issuance of Certificate of Tax Exemption from Income Tax and From the Withholding Tax”, issued on June 13, 2011.

¹⁰ Entitled, “Amendment to Revenue Memorandum Order No. 26-2011, Providing for Guidelines in the Tax Treatment of Separation Benefits Received by Officials and Employees on Account of Their Separation from Employment Due to Death, Sickness or Other Physical Disability and the Issuance of Certificate of Tax Exemption from Income Tax and From the Withholding Tax”, issued on September 28, 2011.

¹¹ Entitled, “Amending Pertinent Provisions of Revenue Memorandum Order (RMO) No. 26-2011, Prescribing the Guidelines in the Tax Treatment of Separation Benefits Received by Officials and Employees on Account of Their Separation from Employment Due to Death, Sickness or Other Physical Disability and the Issuance of Certificate of Tax Exemption from Income Tax and From the Withholding Tax”, issued on December 16, 2016.

Taking into consideration the life struggles suffered by the displaced or retrenched teachers, teaching or non-teaching personnel during this pandemic, it is only justifiably right to give and exempt from tax the one-time cash assistance in consideration of their standard of living and to compensate for the loss of income and months of uncertainty brought by the COVID-19 pandemic.

On October 15, 2020, the BIR issued RR 29-2020¹² implementing the abovementioned income payments to public/private health workers, temporary HRH, and officials and employees of private firms.

B. On Estate Tax [Section 4(k)]

Pursuant to RR 29-2020, the compensation of P1 million to public and private health workers who died while contracting COVID-19 in the line of duty shall not be included as part of the gross estate of the decedent subject to estate tax.

Also, it provides that such income payment shall be included in the Alphabetical List of Employees/Payees being submitted annually by employers pursuant to existing regulations. In addition, a one-time list of recipients shall be provided, not later than January 15, 2021, to the Revenue District Office/concerned Office under the Large Taxpayers Service having jurisdiction over the employer/implementing government agency. Such list must indicate the names of the recipient with corresponding taxpayer identification number, the nature of income or compensation paid, the amount and date of payment, and attested to by the authorized official of the employer/implementing agency.

C. On DST [Section 4(uu)]

Section 4(uu) of RA 11494 directs lenders¹³ to implement a one-time 60-day grace period for the payment of all existing, current, and outstanding loans falling due, or any part thereof, on or before December 31, 2020, including but not limited to salary, personal, housing, commercial, and motor vehicle loans, amortizations, financial lease payments and premium payments, as well as credit card payments without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Under the same section, loan term extensions or restructuring are exempt from the DST. However, the said provision shall not apply to interbank loan and bank borrowings.

¹² Entitled, “Implementing the Provisions of Republic Act (RA) No. 11494 or the “Bayanihan to Recover as One Act” Relative to the Tax Exemption of Certain Income Payments”, dated October 15, 2020.

¹³ Include banks, quasi-banks, financing companies, lending companies, real estate developers, insurance companies, real estate developers, insurance companies providing life insurance policies, pre-need companies, entities providing in-house financing for goods and properties purchased, asset and liabilities management companies and other financial institutions, public and private, including the GSIS, the SSS and Home Development Mutual Fund (Pag-IBIG) Fund.

The BARO Act mandates more institutions to provide for a one-time 60-day grace period for the payment of loans as compared to the Bayanihan Act, which include real estate developers, insurance companies providing life insurance policies, pre-need companies, entities providing in-house financing for goods and properties purchased, and asset and liabilities management companies.

The Bangko Sentral ng Pilipinas (BSP) issued Memorandum No. M-2020-068¹⁴ requiring all BSP-supervised financial institutions (BSFIs) to comply with Section 4(uu) of RA 11494 which reiterates that BSFIs shall not charge or apply interest on interest, penalties, fees or other charges during the mandatory one-time 60-day grace period to future payments/amortizations of the borrowers. Correspondingly, the BSP issued the implementing rules and regulations (Rules) on Section 4(uu) of RA 11494 and its frequently asked questions (FAQ) through Memorandum No. M-2020-074¹⁵ on September 28, 2020. The said issuance mandates all BSFIs to post Memorandum No. 2020-068, Rules, and FAQ on their official websites, or in the case of BSFIs with no websites, in a conspicuous place in their head offices/branches.

The one-time 60-day grace period means that the borrower may opt not to pay his/her all existing, current, and outstanding loans falling due, or any part thereof, within the covered period until after 60 days or on or before December 31, 2020. To illustrate:

Customer receives statement of account (SOA) with due date on September 17
Minimum amount due is P3,000 – Customer does not have to pay.

Customer receives SOA with due date on October 19
Minimum amount due is P3,300 – Customer does not have to pay.

Customer receives SOA with due date on November 17
Minimum amount due is P3,600 – This is the amount that customer has to pay as 60-day grace period has already ended.

The DST is a tax upon documents, instruments, loan agreements, and papers evidencing the acceptance, assignment, sale or transfer of an obligation, right, or property incident thereto and in respect of the transaction so had or accomplished. A DST is in the nature of an excise tax. It is levied on the exercise by persons of certain privileges conferred by law for the creation, revision, or termination of specific legal relationships through the execution of specific instruments.

Generally, debt instruments representing borrowing and lending transactions, including but not limited to, debentures, certificates of indebtedness, due bills, bonds, and loan agreements, are subject to DST. However, loan agreements or promissory notes, the aggregate of which does not exceed P250,000, or any such amount as may

¹⁴ Entitled, “Implementation of Section 4(uu) of the RA 11494 on the “Bayanihan to Recover as One Act”, dated September 18, 2020.

¹⁵ Entitled, “Implementing Rules and Regulations (IRR) and Frequently Asked Questions (FAQ) on Section 4(uu) of the RA 11494 or the “Bayanihan to Recover as One Act”, dated September 28, 2020.

be determined by the Secretary of Finance¹⁶, executed by an individual for his purchase on installment for his personal use or that of his family and not for business or resale, barter or hire of a house, lot, motor vehicle, appliance or furniture is currently exempted from DST as provided in Section 199(d) of the NIRC of 1997, as amended.

The BIR issued RR 24-2020¹⁷ to specify, prescribe, and define rules and regulations for the effective enforcement of Section 4(uu) of RA 11494. It specifically provides that no additional DST, including those imposed under Sections 179 (Stamp Tax on All Debt Instruments), 195 (Stamp Tax on Mortgages, Pledges and Deeds), and 198 (Stamp Tax on Assignments and Renewals of Certain Instruments) of the NIRC of 1997, as amended, will be applied to term extensions and credit restructuring, micro-lending including those obtained from pawnshops and extensions thereof granted by covered institutions for falling due, or any part thereof, on or before December 31, 2020. It also provides that interbank loans and bank borrowings shall be subject to the DST imposed under Sections 179, 195, and 198 of the NIRC of 1997, as amended.

The DST exemption of loan term extensions or restructuring from the one-time 60-day grace period is justifiable to ensure the full compliance of the said relief from covered institutions as well as to reduce the financial burden of their clients.

D. On Donor's Tax [Section 4(zzz)]

Section 4(zzz) of RA 11494 provides the exemption of personal computers, laptops, tablets, or similar equipment appropriate for use in schools, donated for distribution to public schools regardless of level, including SUCs and vocational institutions under the TESDA, from import duties and taxes, including donor's tax.

Pursuant to Section 98 of the NIRC of 1997, as amended by RA 10963, the donor's tax is imposed upon the transfer by any person, resident or nonresident, of the property by gift. The tax is applied whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible. As provided in Section 99(A) of the NIRC of 1997, as amended, the tax rate payable by the donor for each calendar year shall be 6% computed on the basis of the total gifts in excess of P250,000 exempt gift made during the calendar year. Hence, any donation made by individual or corporation is subject to donor's tax except if the donation is made to donee enumerated under Section 101 of the NIRC of 1997, as amended, or specifically exempt under special law.

¹⁶ The amount to be set by the Secretary of Finance shall be in accordance with a relevant price index but not to exceed 10% of the current amount and shall remain in force at least for three years.

¹⁷ Entitled, "Implementing Section 4(uu) of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover as One Act", On Exemption from Documentary Stamp Tax (DST) of Loans Extended or Credits Restructured", issued on September 30, 2020.

The provision under the law which exempts from duties and taxes, including donor's tax, the donation of personal computers, laptops, tablets or similar equipment appropriate for use in schools, donated for distribution to public schools regardless of level, including SUCs and vocational institutions under the TESDA is consistent with Section 101(A) of the NIRC of 1997, as amended, which provides for the exemption of certain gifts which are as follows:

- a. Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government; and
- b. Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization, provided, that not more than 30% of said gifts shall be used by such donee for administration purposes.

The procurement of information technology (IT) hardware or electronic devices is costly, not to mention the software and application programs that comes with it for it to run smoothly. Some business companies, particularly those enjoying tax incentives under Executive Order (EO) No. 226¹⁸, have IT equipment at their disposal that need to be replaced and upgraded every three years and are willing to donate to the under-sourced for funding public school institutions but unfortunately faced existing laws and regulations that prohibit them to make donations¹⁹.

To give chance to private entities to help others in these trying times, the Department of Education (DepEd) present donors the opportunity to donate electronic devices to public schools, SUCs, and the TESDA under the Adopt-a-School Program (ASP) implemented by the DepEd. Under Section 5 of RA 8525²⁰, expenses incurred by the adopting entity for the ASP shall be allowed as an additional deduction from the gross income equivalent to 50% of such expenses.

It is noted that Section 34(H)(2)(a) and 34(H)(2)(c)(1) of the NIRC of 1997, as amended, provide for the full deductibility of legacies, gifts, and donations from the gross income of the donor if made to the government or to any of its agencies or political subdivisions, including fully-owned government corporations, exclusively to finance, provide for, or be used in undertaking priority activities in education, health,

¹⁸ Entitled, "Omnibus Investment Code of the Philippines", approved on July 16, 1987.

¹⁹ Section 10 of the IRR of EO 85 provides that any sale, transfer, assignment, donation, or other form of disposition of capital equipment, spare parts and accessories imported by virtue of the EO, within five years from the date of acquisition shall require prior approval of the BOI. If within five years of acquisition, the registered enterprise sells, transfers or dispose of the imported machinery, equipment, spare parts and accessories without the approval of the Board, the BOI-registered enterprise and the vendee, transferee, or assignee will be solidarily liable to pay twice the amount of the duty foregone or P500,000, whichever is higher, without prejudice to other applicable penalties under EO 226.

²⁰ Entitled, "An Act Establishing An "Adopt-A-School Program," Providing Incentives Therefor, and for Other Purposes", approved on January 14, 1998.

youth, and sports development, human settlements, science and culture, and in economic development according to a National Priority Plan as determined by the National Economic and Development Authority, or to an accredited nongovernment organization organized and operated exclusively for scientific, research, educational, character-building and youth and sports development, health, social welfare, cultural or charitable purposes, no part of the net income of which inures to the benefit of any private individual (Underscoring supplied). For non-priority activities of the government, the allowable deduction should not exceed 10% in the case of individuals, or 5% for corporations, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of deductions, pursuant to Section 34(H)(1) of the NIRC of 1997, as amended.

Also, donation of electronic devices, appropriate for use in schools, made to educational government institutions is tax-exempt as provided under the Sections 34 and 101 of the NIRC of 1997, as amended, provided that the donor submits all pertinent requirements in claiming for tax deduction.

RR 26-2020²¹ provides, among others, the following conditions on the deduction from the gross income of the amount of contribution/donation:

- a. The deed of donation shall indicate in detail the items donated, its quantity/number and the amount/value of the donation;
- b. The deduction shall be availed of in the taxable year in which the expenses have been paid or incurred; and
- c. The taxpayer can substantiate the deduction with sufficient evidence, such as sale invoice/s, delivery receipt, and other adequate records –
 - i. The amount of expenses being claimed as deduction; and
 - ii. Proof or acknowledgement of receipt of the contributed/donated property by the recipient public school.

It is without question that the community quarantine limits, if not totally put a halt to people's movements, business operations, and the normal functioning of the economy, will result to huge losses in revenue for the government, as tax collections are not only significantly reduced while providing for the needs of the people.

²¹ Entitled, "Implementing Section 4(zzz) of Republic Act No. 11494, Otherwise Known as "Bayanihan to Recover as One Act", Relative to Donations of Identified Equipment for Use in Public Schools", dated October 6, 2020.

E. On Local Finance [Sections 4(q), 4(ii), 4(gg)(2), 4(qq), 4(pp), 4(jjj), 4(hhh), 4(eee), 4(qqq), and 10(o)]**On the realignment of unutilized funds of LGUs**

On the grant of additional sources of LGUs funds to address the impact of COVID-19, the DBM already issued Local Budget Circular (LBC) No. 124 to allow changes in the annual budget of LGUs through supplemental budgets providing additional funds for COVID-19-related programs, projects, and activities.

On the commencement of the adjusted share of LGUs from national taxes upon the effectivity of the Act

Sections 6 and 7 of Article X of the 1987 Constitution provide that LGUs shall have a just share, as determined by law, in the national taxes which shall be automatically released to them and be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas. In addition, various laws grant shares from national taxes to the concerned LGUs.

It should be noted that the DBM issued LBC Nos. 125²² and 126²³ to prescribe the guidelines and procedures on the release and utilization of the “Bayanihan Grant to Provinces, Cities and Municipalities” (BGPCM), which is equivalent to one-month fiscal year (FY) 2020 Internal Revenue Allotment (IRA) share of the cities and municipalities and one-half of the one-month FY 2020 IRA share of the provinces. The BGPCM was released to boost LGUs capacity to immediately respond to the COVID-19 pandemic.

On increasing the debt service ceiling of LGUs from 20% to 30% their annual regular income and exemption from loan ceiling cap

Section 296 of the LGC empowers LGUs to create indebtedness and avail of credit facilities to finance local infrastructure and other socio-economic projects in accordance with the approved Local Development Plan and Public Investment Program. LGUs may avail of credit lines from government and private banks and lending institutions for the purpose of stabilizing local finances. Under Section 324 of the LGC, the amount of appropriations for debt servicing shall not exceed 20% of the regular income of the LGU concerned. Increasing the ceiling to 30% and the exemption from the loan ceiling cap imposed by the DOF will allow LGUs to broaden their fiscal space especially during the period of pandemic, which necessitates higher expenditure requirement without expecting a corresponding increase in revenue. With

²² Entitled, “Guidelines on the Release and Utilization of the Bayanihan Grant to Cities and Municipalities”, issued on April 7, 2020.

²³ Entitled, “Guidelines on the Release and Utilization of the Bayanihan Grant to Provinces”, issued on April 30, 2020.

the streamlined procedure and reduced documentary requirements under Department Order (DO) No. 054-2016²⁴, LGUs will be able to secure the needed loans to fund the necessary programs to fight and mitigate the impact of COVID-19.

On the simplification, shortening and rationalization of new business registration, licensing and permitting processes

The provision on simplifying or rationalizing business application for permit, license, clearance and the like, will encourage more new business registration especially micro, small and medium enterprises. This will support business continuity, which is also needed by LGUs as source of local taxes, regulatory fees and charges.

This is also consistent with Section 11 of RA 11032²⁵, or the “Ease of Doing Business and Efficient Government Service Delivery Act of 2018”, and its IRR, Joint Memorandum Circular (JMC) No. 2019-001²⁶, which promotes simpler and streamlined procedures for the issuance of business licenses, barangay clearances, permits, or authorizations. Even before the enactment of RA 11032, LGUs are already aware of JMC 01, series of 2016²⁷, which mandates the reduction of requirements and processing time of business permits and licenses. With the establishment of the Business One Stop Shop (BOSS) and the automation or computerization of the Business Permit and Licensing System (BPLS) in all cities and municipalities, the issuance of new business permit should only take one to two days. This simplified and shortened business registration and renewal processes are already being practiced by some cities such as Muntinlupa, Quezon City, Biñan, Makati, Cagayan de Oro, Iloilo, Valenzuela, Davao, and Manila.

In this time of pandemic, the provision on RA 11494 to give priority in fast-tracking the processing of the issuance of permits to privately-run isolation and quarantine facilities is badly needed. This is also consistent with LGUs’ campaign to suppress the virus by immediately isolating infected ones through these quarantine or isolation facilities.

In addition, the temporary suspension of requirements, except for the building permit, to secure local permits and clearances for the construction, installation, repair, operation, and maintenance of telecommunications (telco) and internet infrastructure

²⁴ Streamlining the Certification of Net Debt Service Ceiling and Borrowing Capacity of Local Government Units, issued on October 25, 2016.

²⁵ Entitled, “An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services, Amending for the Purposes of Republic Act No. 9485, Otherwise Known as the Anti-Red Tape Act of 2007, and for Other Purposes”, approved on May 28, 2018.

²⁶ Entitled, “The Implementing Rules and Regulations of Republic Act No. 11032 otherwise known as the ‘Ease of Doing Business and Efficient Government Service Delivery Act of 2018’”, issued on July 17, 2019.

²⁷ Entitled, “Revised Standards in Processing Business Permits and Licenses in All Cities and Municipalities”, issued on August 30, 2016 by the Department of the Interior and Local Government (DILG), Department of Trade and Industry (DTI), and Department of Information and Communications Technology (DICT), issued on August 30, 2016.

for a period of three years would be beneficial to telco owners and the public. The telco owners would be able to address issues in telecommunications especially slow internet connectivity being experienced by the public. The tedious process of securing permits from many local governments, barangays, and subdivisions, among others, impedes the construction, installation, repair, operation, and maintenance of telecommunications and internet infrastructure, thus, affecting the availability of service in certain areas (DICT, n.d.). With this, telco providers would be able to activate more cell sites in order to speed up the internet in the country. This will also be advantageous for those conducting online classes, webinars, conferences, meetings, and the like.

On the reduction of rates on applicable taxes, regulatory fees, and charges on transportation business

One of the critically-impacted businesses affected by the pandemic is the transportation sector, thus, resulting to non-operation of public utility transportation and closure of transportation terminals including booking offices for transportation. Considering the adverse impact of COVID-19 on the operation of public transportation services and reduction of rates of applicable local taxes, regulatory fees, and charges, the local revenue from this source is expected to decline drastically.

On the SEF

Section 272 of the LGC of 1991, as amended, allocates the proceeds of the SEF for the operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the local school board.

In 2017, DepEd-DBM-DILG Joint Circular (JC) No. 1, series of 2017²⁸ updates the policies and guidelines on the use and purpose of the SEF as provided in the LGC and its IRR. In particular, JC 1, s. 2017 laid down the allowable expenses²⁹ chargeable against the SEF and added allocations for the Early Childhood Care and Development Program under RA 10410³⁰, otherwise known as “Early Years Act of

²⁸ Entitled, “Revised Guidelines on the use of Special Education Fund”, issued on January 19, 2017.

²⁹ On operation and maintenance of public schools: (a) payment of compensation/allowances of locally-hired teachers identified to have shortages per the teacher deployment analysis of the DepEd; (b) payment of salaries/wages of utility workers and security guards hired which have not been provided in the DepEd budget; and (c) payment of utilities and communication expenses. On construction and repair of school buildings, it included the acquisition and titling of school sites and its construction, repair and maintenance. Moreover, the SEF can be spent on the acquisition of laboratory, technical and similar apparatus, and information technology equipment and services, educational research, purchase of literary books and periodicals, instructional materials, workbooks and textbooks, and expenses for school sports activities.

³⁰ Entitled, “An Act Recognizing the Age from Zero (0) to Eight (8) Years as the First Crucial Stage of Educational Development and Strengthening the Early Childhood Care and Development System, Appropriating Funds Therefor and for Other Purposes”, approved on March 26, 2013.

2013”, such as salaries/allowances of locally-hired Child Development Teachers and/or Day Care Workers, etc., and provision of facilities for the Program. Later, DepEd-DBM-DILG JC 1, s. 2020³¹ included expenses for the implementation of the National Feeding Program for undernourished children in public day care, kindergarten, and elementary schools including payment of compensation/allowances of locally-hired dentists and/or local aide positions, payment of dental supplies and establishment of dental facilities and acquisition of apparatus and/or equipment in the allowable expenses chargeable to the SEF.

The allocation of the SEF for the support of alternative learning modalities, digital education, digital infrastructure, and continuity plans, such as the purchase of equipment, materials, and supplies related to printing and delivery of self-learning modules, provision of safe school infrastructure, equipment and facilities is consistent with the purpose of the SEF in supporting public basic education. The temporary expanded use and allocation of the SEF for the DepEd’s Learning Continuity Plan are necessary to ensure the unimpeded delivery of basic education despite the COVID-19 pandemic. This is also consistent with the mandate of the LGUs to provide supplementary funding support to public basic education through its SEF tax collection.

Likewise, a similar proposal³² to expand the application of proceeds of the SEF to other items relating to education such as the construction and repair of libraries, payments of salaries, and allowances and other benefits of teaching and non-teaching personnel, is noted. Another proposal³³ includes construction of dormitories and for the augmentation for the operation of non-formal education, remedial classes, and alternative learning system.

On the P1.5 billion-LGSF

To implement the appropriation of the P1.5 billion to the LGSF, the DBM issued LBC 128³⁴ prescribing the guidelines and procedures on the release and utilization of the P1.5 billion-LGSF-COVID-19 financial assistance to LGUs. This will be a supplementary aid to LGUs with large number of confirmed COVID-19 patients including persons under monitoring/investigation. The exclusive used of said

³¹ Entitled, “Addendum to DepEd-DBM-DILG JC No. 1, s. 2017 Dated January 19, 2017, Entitled, ‘Revised Guidelines on the Use of the Special Education Fund (SEF)’”, issued on August 27, 2020.

³² Senate Bill No. 396, entitled, “An Act Expanding the Purposes and Application of the Special Education Fund, Amending for the Purpose Section 272 of Republic Act No. 7160, Otherwise Known as the Local Government Code of 1991, and for Other Purposes”, 18th Congress First Regular Session, introduced by Senator Christopher Lawrence “Bong” T. Go.

³³ House Bill No. 7125, entitled, “An Act Expanding the Purpose and Application of the Special Education Fund, Amending for the Purpose Section 272 of Republic Act No. 7160, Otherwise Known as the ‘Local Government Code of 1991’”, introduced by Representatives Castro, et.al.

³⁴ Entitled, “Guidelines on the Release and Utilization of the Local Government Support Fund – COVID-19 Financial Assistance to Local Government Units in the Bayanihan to Recover as One Act, Republic Act No. 11494, issued on September 17, 2020.

LGSF is similar to DBM LBCs 125 and 126, which is to support COVID-19-related programs, projects, and activities and expenses³⁵. However, LGUs should submit their requests, together with the documentary requirements as prescribed in the Circular, to the DBM Central Office not later than October 31, 2020 in order to ensure that funds from the LGSF-COVID-19 financial assistance to LGUs are released to the LGUs on or before the last day of effectivity of RA 11494 (December 19, 2020).

F. On Import Duties and VAT [Section 4(cc), and Section 4(zzz)]

On the liberalization of the grant of incentives for the manufacture or importation of critical supplies

The provision under Section 4(cc) which exempts critical or needed equipment or supplies or essential goods from import duties, taxes, and other fees was similarly provided under RA 11469³⁶, otherwise known as the “Bayanihan to Heal as One Act”, as response to the public health crisis brought by the pandemic.

The existing import duties for certain healthcare imported goods such as personal protective equipment (PPEs) and other products for the Most-Favored Nation (MFN) rates of duty ranges from 1% to 15%, while the concession rates of duty for similar products on bilateral trade agreements between the Association of South East Asian Nations (ASEAN) and other countries (i.e. China, Japan, Korea, India, Australia, New Zealand, and European Free Trade Association) is already low, ranging from 0 to 12.5%. (See Table 1.)

³⁵ Among the COVID-19 programs, projects, and activities (PPAs) and expenses include the procurement of the following: personal protective equipment; equipment, reagents, and kits for COVID-19 testing; medicines and vitamins; hospital equipment and supplies; disinfectants, sprayers, disinfection tents, and other disinfecting supplies and misting equipment; food, transportation (including fuel), and accommodation expenses of medical personnel and other LGU personnel; maintenance, repair of ambulance, medical transport vehicle, and emergency response vehicle; food assistance and other relief goods for affected households; expenses for the additional space or building to accommodate COVID-19 patients, expenses for the operation of stand-alone/mobile testing laboratory; purchase or rental of tents or spaces for temporary shelters of the homeless; expenses for training of personnel; and other COVID-19 related PPAs and expenses.

³⁶ Entitled, “An Act Declaring the Existence of a National Emergency Arising from the Coronavirus Disease 2019 (COVID-19) Situation and a National Policy in Connection Therewith, and Authorizing the President of the Republic of the Philippines for a Limited Period and Subject to Restrictions, to Exercise Powers Necessary and Proper to Carry Out the Declared National Policy and for Other Purposes”, approved on March 24, 2020.

Table 1

Summary of Ranges of Import Duties of Critical Healthcare Products

Particulars	Rates of Duty (%)
MFN	1 - 15
ATIGA	0
ACFTA	0 – 15
AKFTA	0 – 12
AANZFTA	0 – 12
AIFTA	0 – 12.5
PJEP/AJCEPA	0
PH-EFTA FTA	0

Notes.

MFN – Most-Favored Nation

ATIGA - ASEAN Trade in Goods Agreement

ACFTA - ASEAN-China Free Trade Agreement

PJEP - Philippines-Japan Economic Partnership Agreement

AJCEPA - ASEAN-Japan Economic Partnership Agreement

AKFTA - ASEAN-Korea Free Trade Agreement (FTA)

AIFTA - ASEAN-India FTA

AANZFTA - ASEAN-Australia-New Zealand FTA

PH-EFTA FTA - Philippines-European Free Trade Association FTA.

In 2019, importation of critical products, i.e., PPEs, reached a total of P7.01 billion dutiable value or about P583.89 million per month with a total of P463.42 million collected duties and taxes or a monthly average of P38.62 million. On the other hand, importation of other healthcare products, i.e., alcohol, disinfectants, and COVID-19 diagnostic test kits, totaled P7.82 billion dutiable value, averaging P652 million per month, with P946.60 million worth of duties and taxes, averaging P78.88 per month. Overall, the total importations of healthcare products, including PPEs and other products, amounted to P14.83 billion in terms of dutiable value for CY 2019 with P1.41 billion total duties and taxes.

For the period June to September 2020, the customs value of importation of selected critical and needed healthcare equipment and supplies totaled \$633.34 million. These importations translated to P1.62 billion in revenues in the form of duty and VAT collection. (See Table 2.)

Table 2

Customs Value of Selected Critical and Needed Healthcare Equipment and Supplies and Duty and VAT Collection therefrom: June to September 2020

Particulars	Customs Value (in USD)	Duty and VAT Paid (in PhP)
June	132,766,045	342,469,237
July	214,234,060	455,951,930
August	165,751,391	441,785,570
September	120,587,520	384,296,494
Total	633,339,017	1,624,503,230

Note. Refer to Annex A for more detailed information.

Source: <https://customs.gov.ph/import-reports/>

In allowing the tax- and duty- free importation of the said goods into the country pursuant to Section 4(cc) of the law, the government would stand to lose an estimated revenue of P705.01 million, assuming that the period for availing incentives will only be for 6 months. The estimated revenue foregone from the government coffers will likely grow more to at least P1 billion and would grow up to at least P2.12 billion if the grant of incentives will be for a period of a year and a half. The estimates may be bigger (approximately P647,500³⁷ per month) if fees are to be imputed in relation to the import processing by the concerned agencies. (See Table 3.)

Table 3

*Estimated Revenue Forgone Pursuant to Section 4(cc) of RA 11494
(In Million Pesos)*

Period of Exemption	Estimated Revenue Forgone
6 months	705.01
12 months	1,410.02
18 months	2,115.04

³⁷ Estimated total number of importations (i.e., 1,036) in January 2019 multiplied by the average import processing fees as based on Customs Administrative Order (CAO) No. 2-2001 (estimated average fee is P625). It is assumed that the import entries per HS codes are imported separately, i.e., mutually exclusive and exhaustive.

The BIR issued RR 28-2020³⁸ to implement the tax exemption provision under Section 4(cc) of RA 11494. Sections 2 and 3 of the said regulation provide for the exemption from June 25, 2020 to December 19, 2020 of the following transactions from the payment of VAT, excise tax and other fees:

- (a) The importation of goods which may include PPE such as:
 - i. Gloves, gowns, masks, goggles, and face shields;
 - ii. Surgical equipment and supplies;
 - iii. Laboratory equipment and its reagents;
 - iv. Medical equipment and devices;
 - v. Support and maintenance for laboratory and medical equipment, surgical equipment and supplies;
 - vi. Medical supplies, tools, and consumables such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hypochlorite, cleaning materials, povidone iodine, common medicines (e.g., paracetamol tablet and suspension, mefenamic acid, vitamin tablet and suspension, hyoscine tablet and suspension, oral rehydration solution, and cetirizine tablet and suspension); and
 - vii. Testing kits, and such other supplies or equipment as determined by the DOH and DTI.

However, the sale of finished goods/products mentioned above, whether locally manufactured or imported, is subject to VAT.

- (b) Equipment for waste management, including but not limited to, waste segregation, storage, collection, sorting, treatment, and disposal services as approved by the Department of Environment and Natural Resources, DOH or other concerned regulatory agencies.
- (c) Inputs, raw materials, and equipment necessary for the manufacture or production of essential goods related to the containment or mitigation of COVID-19 enumerated in Section 2(A)(1) of these regulations.

In order to avail of the exemption, the supplier/s of inputs, raw materials and equipment shall submit the following:

- i. Certified true copy of “License to Operate”, issued to the manufacturer-buyer by the Food and Drugs Administration (FDA)-DOH, authorizing the manufacture of essential goods of medical grade related to containment and mitigation of COVID-19; and

³⁸ Implementing the Tax Exemption Provision Under Section 4 (cc) and Section 18 of RA 11494, otherwise known as the “Bayanihan to Recover as One Act” on the incentives for the Manufacture or Importation of Certain Equipment, Supplies or Goods, issued on October 15, 2020.

- ii. “Sworn Declaration” from the manufacturer-buyer that the items shall be used for the manufacture of essential goods and medical grade related to containment and mitigation of COVID-19.

However, the sale of inputs, raw materials, and equipment to a non-holder of “License to Operate” issued by the FDA-DOH is subject to VAT.

The importation of the above-mentioned goods shall not be subject to the issuance of Authority to Release Imported Goods (ATRIG) under RMO 35-2002³⁹. Hence, the ATRIG shall not be necessary for the release of said goods from the Bureau of Customs (BOC) based on its list of importers who made importations without any ATRIG, the BIR will conduct post investigation/audit. [Section 3(c), RR 6-2020]

As provided under RA 11494, the exemption from import duties, taxes, and other fees for the manufacture or importation of critical equipment or essential goods shall be determined by the BOC and the BIR, respectively. While the guidelines on the provision of the law on exemption from VAT, as well as the refund of VAT payments made on all covered and qualified shipments/importations from June 25, 2020 to September 14, 2020, were already provided under BIR RR 28-2020. It must be mentioned that the BOC issued Customs Administrative Order 07-2020⁴⁰ to implement Section 4(o) of RA 11469 which also provided exemption from import duties, taxes, and other fees of importation of critical or needed equipment or supplies, including those for healthcare.

It is worth noting though that RR 28-2020 has set a criterion for the availment of exemption from import duties, taxes, and other fees, to ensure the supply of PPE at competitive prices. Section 2 B of the said regulations requires that a taxpayer availing of the tax exemption must present a certification from the DTI that the equipment and supplies being imported are not locally available or of insufficient quality and preference.

Meanwhile, the grant of exemption for the importation of goods was deemed to be in effect beginning June 25, 2020, following the lapse of RA 11469. All covered and qualified shipments/importations that may have been paid from June 25, 2020 to September 14, 2020 are entitled to VAT refund pursuant to Section 204 (C) of the Tax Code, provided that the input tax on the imported items have not been reported and claimed as input tax credit in the monthly and/or quarterly VAT returns. The same was also not allowed as input tax credit pursuant to Section 110 of the Tax Code for the purpose of computing the VAT payable of the concerned taxpayer/s for the said period.

³⁹ Prescribing the Guidelines and Procedures in the Processing and Issuance of Authority to Release Imported Goods (ATRIG) for Excise and Value-Added Tax Purposes, issued on October 28, 2002.

⁴⁰ Subject: Tax and Duty-Exempt Importations under Section 4(o) of “Bayanihan to Heal as One Act”. Approved by the Secretary of the Finance on March 30, 2020.

With regard to the VAT exemption of donations of all critical or needed healthcare equipment or supplies, and relief goods, various Philippine laws and regulations already allow for the tax- and duty-free importations of certain donations, viz.:

- (a) RA 10863, or the “Customs Modernization and Tariff Act (CMTA)”, provides for the exemption from payment of import duties for the following items:
 - i. Imported relief consignment⁴¹ during a state of calamity and intended for a specific calamity area for the use of the calamity victims therein, shall be exempt from duties and taxes; (Section 121)
 - ii. Imported articles donated to, or for the account of, any duly registered relief organization, not operated for profit, for free distribution among the needy. A certification by the Department of Social Welfare and Development (DSWD) or the DepEd or the DOH as the case may be, would be required; [Section 800(m)]
 - iii. Those items that may be granted by the President of the Philippines upon the recommendation of National Economic and Development Authority (NEDA) in the interest of national economic development; and (Last paragraph of Section 800)
 - iv. Those items granted to government agencies, instrumentalities or government-owned or controlled corporations under the provisions of existing contracts, commitments, agreements, or obligations (requiring such exemption) with foreign countries. (Last paragraph of Section 800)
- (b) Presidential Memorandum Order (PMO) No. 36, s. 1992 also authorizes the “importation and donation of food, medicine and equipment for use in the government relief and rehabilitation programs for calamity affected areas” under Section 800 of the CMTA, as amended and the prevailing provisions of the General Appropriations Act (GAA) covering the national internal revenue taxes and import duties of the national and local government agencies. Endorsement would be required from the DSWD for relief items, the DOH for medicines, and the Department of National Defense for rehabilitation equipment. The Office of the President issues the necessary clearances for donations under this facility, which will serve as basis for the BOC to process and release the donation. It is noted that the said importations under the said Memorandum are considered as importations by the Office of the President. Thus, the national internal revenue taxes and import duties payable by the Office of the President

⁴¹ Goods such as food, medicine, equipment and materials for shelter, donated or leased to government institutions and accredited private entities for free distribution to or use of victims of calamities shall be treated and entered as relief consignment (Section 120).

from the said importations or foreign donations shall be automatically appropriated under the GAA;

- (c) Diplomatic Notes No. 1071 of the US Embassy and No. 3001 of the Department of Foreign Affairs provide that the Philippine government will accord duty-free entry into the Philippines, as well as exemption from internal taxation, of supplies of goods approved by the US government, donated to or purchased by the United States voluntary, nonprofit relief and rehabilitation agencies qualified under United States government regulations, and consigned to such organizations, including branches of these agencies in the Philippines which have been approved by the Philippine government; and
- (d) Article XIV, Section 4(4) of the Philippine Constitution provides that “Subject to conditions prescribed by law, all grants, endowments, donations, or contributions used actually, directly, and exclusively for educational purposes shall be exempt from tax”.

Donations, which are not covered by Section 800(1) of the CMTA and are not enjoying exemption from customs duties under existing laws for importations, may avail of duty-free importations under the NEDA Rules and Regulations governing the implementation of the last clause of Section 800 of the CMTA, which provides for exemption from the payment of customs duties on those which may be recommended by the NEDA to the President as necessary for economic development.

The following are the general guidelines issued by the NEDA concerning the entry of donations from overseas:

- (a) Donated items that may be allowed duty-free entry are food, medicine, and other relief goods; books and educational materials; essential machineries/equipment; and consumer goods and other articles subject to certain conditions. Used clothes are considered regulated or restricted items;
- (b) Overseas donations may be allowed duty-free entry upon certification by appropriate Philippine Government agencies and if these are consigned to government agencies or DSWD accredited organizations. Certification is required from agencies such as: DSWD, DOH, NEDA, and DOF;
- (c) The documents required prior to the issuance of duty-free certification by government agencies concerned are the following: (1) Letter request from the recipient for duty-free certification; (2) Deed of acceptance and distribution plan of the recipient; (3) Deed of donations duly authenticated by the Philippine Embassies/Consulates; (4) Pro-forma or commercial invoice and packing list/inventory of donated items; (5) Shipping documents (bill of lading/airway bill); and (6) Other documents depending on the nature of the donated articles;

- (d) The request of duty-free certification should be filed before the shipment of the donation to allow sufficient time for processing;
- (e) Donated goods may only be exempted from import duties, but not from the payment of VAT which is 12% of total landed cost as determined by the Bureau of Customs. Only book donations are exempted from payment of VAT; and
- (f) The recipient or the donor (depending upon the arrangement made between the parties concerned) shall shoulder the necessary expenses incurred in the processing, handling, and release of the donated shipment from the port of entry.

Moreover, COVID-19 patients' specifically senior citizens and persons with disabilities are entitled to a 20% discount and exempted from paying VAT on their purchases of medicines (generic or branded) and foods, medical check-ups, laboratory fees, diagnosis/treatment fees, rehabilitation, professional fees of attending physician/s, and private hospital bills, pursuant to RA 9994⁴² and DOH Administrative Order No. 2017-0008⁴³.

In line with the thrust of RA 11494, the Board of Investments and the Philippine manufacturers have worked together to help the country and the world in the fight against COVID-19 through the re-purposing of their products to produce and ensure a steady supply of the much-needed COVID-19 related products. This involves using alcoholic liquor to create alcohol disinfectants; turning ready-to-wear garments such as office uniforms to PPEs; and making medical gloves from rubber balloons. Manufacturers of such products registered for accreditation under the scheme were able to obtain grants and tax incentives for producing PPEs, vital medical equipment and medicines deemed critical by the DOH. (Board of Investments, n.d.)

Based on the foregoing discussions, while the grant of incentives, particularly the exemption from duties, taxes, and other fees of imported critical products, essential goods, equipment or supplies, may have implications on the revenue intake of the government, it is deemed appropriate to ensure the sustainability of supply of such goods in the country, and in prices that are reasonable and affordable. The setting of certain qualifications, on the other hand, to avail of such tax exemptions is also justified in order to safeguard revenues needed by the government as it continues to combat the pandemic, on top of its regular provision of services and execution of various programs and projects. It is also meant to preclude abuses in the availment of such incentives.

⁴² Entitled, "An Act Granting Additional Benefits and Privileges to Senior Citizens, Further Amending RA 7432, as Amended, Otherwise Known as "An Act to Maximize the Contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for Other Purposes", also known as the Expanded Senior Citizens Act of 2010, approved on February 15, 2010.

⁴³ Entitled, "Implementing Guidelines of RA 10754, otherwise known as "An Act Expanding the Benefits and Privileges of Persons with Disability", for the Provision of Medical and Health-related Discounts and Special Privileges", issued on June 01, 2017.

On the exemption from duties and taxes of equipment donated for use and distribution to public schools

The community quarantine has resulted to the cancellation of schools' activities. To mitigate the disruption of education, educational institutions, including vocational education institutions, have opted to the use of technology as one of the means to deliver education services; thus, the increase in the demand for computers and other related equipment.

The DepEd came up with a combination of modular, radio and television, and electronic or online under the so-called "blended learning". Similarly, the Commission on Higher Education (CHED) has what they call "flexible learning", which includes online or e-learning that many colleges and universities in the Philippines had been offering even prior to the pandemic (Villanueva, 2020).

Section 4(zzz) of the BARO Act specifically provides the exemption from duties and taxes, including donor's tax, of personal computers, laptops, tablets, or similar equipment appropriate for use in schools, donated for distribution to public schools regardless of level, including SUCs and vocational institutions under the TESDA. The exemption from duties is in accord with Section 800(m) of the CMTA, which provides, among others, that donations for the account of the Philippine government for distribution among the needy are exempt from duties.

To support the Basic Education Learning Continuity Plan of the DepEd, Section 4(zzz) of RA 11494 as implemented by RR 26-2020⁴⁴, provided that all donations of personal computers, laptops, tablets, or similar equipment (i.e. mobile phone, printer) for use in teaching and learning in public schools, starting from the effectivity of RA 11494 on September 15, 2020 to December 19, 2020, are entitled to certain tax incentives/exemptions. It also clarifies that if donations made by foreigner of the abovementioned electronic gadgets, the importer should present a Deed of Donation duly accepted by the DepEd, or CHED, or TESDA in order to be exempt from VAT.

Importation of these articles (under the tariff heading number Hdg. No. 8471 and its subclassifications) are accorded 0% duty since mid-2017 up to the present, including all applicable tariff schedules following the Philippine commitment to the FTAs. (See Table 4.) Similarly, all other articles under Hdg. No. 8471.30 (including laptops and/or notebooks) and Hdg. No. 8471.41 (including personal computers) and their subclassifications, are likewise accorded 0% duty.

⁴⁴ Implementing Section 4 (zzz) of Republic Act No. 11494 Otherwise Known as "Bayanihan to Recover as One Act" Relative to Donations of Identified Equipment for Use in Public Schools", issued on October 06, 2020.

Table 4

Summary of Import Duties of Commodities Under Tariff Heading 8471.41.10 and 8471.30

Particulars	Rates of Duty (%)
MFN	0
AANZFTA	0
ACFTA	0
AIFTA	0
AJCEPA	0
AKFTA	0
ATIGA	0
PJEPA	0
PH-EFTA FTA (NOR)	0
PH-EFTA FTA (CHE/LIE)	0
PH-EFTA FTA (ISL)	0
AHKFTA	0

Notes.

MFN – Most-Favored Nation

AANZFTA - ASEAN-Australia-New Zealand FTA

ACFTA - ASEAN-China Free Trade Agreement

AIFTA - ASEAN-India FTA

AJCEPA - ASEAN-Japan Economic Partnership Agreement

AKFTA - ASEAN-Korea FTA

ATIGA - ASEAN Trade in Goods Agreement

PJEPA - Philippines-Japan Economic Partnership Agreement

PH-EFTA FTA - Philippines-European Free Trade Association FTA

AHKFTA – ASEAN-Hong Kong China Free Trade Agreement

PH-EFTA FTA - Philippines-European Free Trade Association FTA (Norway, Iceland, Switzerland, and Liechtenstein)

Tariff Commission (n.d.). Tariff Finder. Retrieved September 25, 2020 from

<http://finder.tariffcommission.gov.ph/index.php?page=tariff-finder3>

In 2019, importations of articles under Hdg. No. 8471.30, which included laptops, reached a total dutiable value of P18.38 billion; while personal computers had a total dutiable value of P2.13 billion. (See Table 5.)

Table 5

*Importation of Computers and Laptops, and Similar Equipment, in CY 2019
(In Million Pesos)*

Month	Hdg No. 8471.30 (Laptops)			Hdg. No. 8471.41 (Personal Computers)		
	Dutiable value	Duty paid	Duties & taxes	Dutiable value	Duty paid	Duties & taxes
January	1,948.49	-	219.76	125.48	-	6.23
February	1,272.29	-	132.29	148.63	-	9.57
March	1,743.99	-	196.23	112.94	-	8.24
April	1,118.20	-	116.29	131.45	-	5.71
May	1,135.04	-	122.29	126.03	-	4.84
June	1,475.60	-	163.85	192.57	-	11.12
July	1,801.16	-	182.91	236.79	-	8.90
August	1,720.78	-	194.86	188.97	-	7.22
September	1,695.58	-	194.99	129.77	-	5.57
October	1,504.95	-	166.12	264.82	-	15.22
November	1,817.88	-	204.67	240.99	-	13.99
December	1,149.78	-	129.12	231.81	-	9.33
Subtotal	18,383.74	-	2,023.39	2,130.25	-	105.95
Average	1,531.98	-	168.62	177.52	-	8.83
Total				20,513.98		2,129.34
Average (monthly)				1,709.50		177.44

Notes. Totals may not add up due to rounding.

Raw data from the BOC.

Monthly data were generated based on the data from the import entries from the BOC (n.d.). Daily entries for 2019. Retrieved from <http://customs.gov.ph/import-reports/>

The exemption from duties pursuant to RA 11494 practically addresses the concern of educational institutions and businesses where cancellations of schools and halted business operations due to the ongoing phases of quarantine restrictions were adversely affected as everyone was encouraged to stay at home to mitigate the spread of the virus. The use computers and laptops/notebooks, where online classes were made available is necessary to continue education of students.

The provision of exemption from duties and taxes will help the need to supply more computers as educational institutions and businesses shifted to online classes and work from home set-ups. More units of laptops and personal computers will be more accessible to the public because of their cheaper prices.

In terms of collection of customs duties, the duty exemption has little to no impact considering the 0% tariff rate of these imported articles in most FTAs and in accordance with the CMTA-related provision.

G. On Tax Administration [Section 4(tt)]

Section 4(tt), which moves the statutory deadlines and timelines for the filing and submission of any document, the payment of taxes, fees, and other charges required by law, and the grant of any benefit, in order to ease the burden on individuals under community quarantine, is commendable. The COVID-19 situation in the country necessitates imposition of community quarantine measures that affected business activities as well as work in government offices. Thus, it is only proper to suspend and/or extend the deadlines of submissions of any document, payment of taxes, fees, and other charges falling within the community quarantine period in order to not place additional administrative burden/regulatory requirements to businesses and the general public who are already experiencing economic hardships due to the pandemic. The suspension of such filing and submissions is also in accord to the government's policy against mass gatherings that is in effect during community quarantine period.

Among ASEAN member-countries, Lao PDR, Myanmar, Vietnam, and Thailand also extended their deadlines for tax filing and/or payments as response to the COVID-19 situation in their countries. Lao PDR deferred the tax collection from tourism-related business for three months, and extended the deadline for the annual tax filing for two months, and the road tax payment for three months (International Monetary Fund, 2020). Myanmar extended the income and commercial tax payments due in the second and third quarters of the FY until the end thereof, while Vietnam deferred the payment of VAT and Corporate Income Tax (CIT) obligations and land rental fees by five months, and payment of Personal Income Tax obligations until the year-end (International Monetary Fund, 2020). The Thailand government extended the deadline for the filing of personal and CIT returns until August 31, 2020 (Medina, 2020).

RR 27-2020⁴⁵ provides the extension of statutory deadlines for tax submission, filing, returns, and payment from VAT. However, for withholding tax and other taxes, the BIR has not yet issued an RR on their extension, but it can be similar with RR 7-2020 and was further extended by the amendatory issuance of RRs 10-2020 and 11-2020. As regards the extension of the deadlines, it was stated in RR 11-2020 that in case of another quarantine extension, as the defined extended due dates under Section 2 of RR 11-2020, shall be extended further for 15 calendar days.

H. On Fees and Charges [Section 4(gg)(2) and 4(hhh)]

The provisions under Section 4(gg)(2) and Section 4(hhh) to reduce fees and charges applicable to critically-impacted businesses in the transportation industry, and suspension, reduction, or waiver of fees and charges for critically-impacted creative sector, respectively, both for a period of six months, set forth a well-targeted and

⁴⁵ Regulations Suspending the Filing and Ninety (90) – Day Processing of Value-Added Tax (VAT) Refund Claims Anchored Under Section 112 of the Tax Code of 1997, as Amended, in Relation to Section 4(tt) of RA 11494, Otherwise Known as the “Bayanihan to Recover as One Act”, issued on October 6, 2020.

strictly time-bound recovery program for severely affected industries. The transportation and creative industries are among the gravely affected sectors by the COVID-19 pandemic as mobility and non-essential services were restricted as part of the community quarantine measures imposed to contain the virus. Businesses belonging in such industries will need government assistance to recover from the ill-effects of the pandemic.

For the 6-month duration of fee reduction for transport businesses, the estimated government foregone revenues will amount to approximately P739 million if fees will be reduced by 25%. A higher reduction in fees, 50% for instance, will amount to P1.48 billion forgone revenues. As to the regulatory relief for critically-impacted businesses in the creative sector, there may be a need to provide clear definition/guidelines on the qualified sub-industries to identify the government fees and charges which shall be subject to suspension, reduction, or waiver.

I. On the net operating loss carry-over (NOLCO) for taxable years 2020 and 2021 [Section 4(bbbb)]

The five-year period to carry over the losses of the business or enterprise for taxable years 2020 and 2021 would give them more time to recover such losses through reduced corporate income tax. The provision in the law is longer by two years than the period provided under Section 34(D)(3) of the NIRC of 1997, as amended, which provides that net operating loss of the business or enterprise for any taxable year immediately preceding the current taxable year shall be carried over as a deduction from gross income for the next three consecutive taxable years immediately following the year of such loss.

J. On the IPO Tax (Section 6)

Section 6 of RA 11494 repeals the tax on barter or exchange of stock listed and traded through the IPO under Section 127(B) of the NIRC of 1997, as amended. This is implemented by the BIR through RR 23-2020⁴⁶, which specifically provides that on every sale, barter, exchange or disposition through IPO of shares of stock in closely held corporations shall no longer be subject to the IPO tax upon the effectivity of RA 11494.

An IPO refers to public offering of shares of stock made for the first time in the local stock exchange. Its objective is to seek a public market for the stocks of a company that wishes to raise capital, thus, encouraging public participation in stock transactions. It is oftentimes the most practical and easiest way to raise new capital that can finance expansion or support new ventures.

⁴⁶ Entitled, "Implementing Section 6 of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover as One Act" on the Repeal of Tax on the Initial Public Offering (IPO) of Shares of Stocks Provided Under Section 127(B) of the National Internal Revenue Code (NIRC) of 1997, as Amended", issued on September 30, 2020.

Section 127(B) of the NIRC of 1997, as amended, provides that on every sale, barter, exchange or other disposition through IPO of shares of stock in closely held corporations⁴⁷, a tax based on the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed of in accordance with the proportion of shares of stock disposed of to total outstanding shares of stock after the listing in the local stock exchange:

	<u>Rate of Tax</u>
Up to 25%	4%
Over 25% but not over 33 1/3%	2%
Over 33 1/3%	1%

Under primary offering, the issuing corporation is liable to file a tax return and pay the tax within 30 days from the date of listing of the shares of stock in the local exchange. For secondary offering, the seller is the one liable to the IPO tax but the filing of the corresponding return is the duty of the stockbroker.

As the country is experiencing a major economic setback due to the COVID-19 pandemic, the repeal of the IPO tax under the BARO Act can be seen as one of the recovery interventions of the government to bolster the resiliency of the economy. This will help businesses to recover faster because it will lower the cost of raising capital through IPO.

Moreover, the repeal of the IPO tax under the BARO Act is consistent with the policy objective of the government under Package 4 of the Comprehensive Tax Reform Program. Package 4, otherwise known as the “Passive Income and Financial Intermediary Taxation Act”, which aims to reform the taxation of passive income and financial sector to make it simpler, fairer, more efficient, and more regionally competitive. The Package covers, among others, the repeal of the IPO tax to support capital market development.

K. On the sources of funds for the enumerated subsidy and stimulus measures to address the COVID-19 pandemic [Section 11(f) and Section 11(g)]

On the amounts derived from the 5% franchise tax on the gross bets or turnovers or the agreed pre-determined minimum monthly revenues from gaming operations, whichever is higher, earned by offshore gaming licenses, including gaming operators, gaming agents, service providers, and gaming support providers

The issuance of the Revenue Memorandum Circular No. 102-2017⁴⁸ clarifies the taxability of POGOs and its gaming components, which clearly define that income

⁴⁷ “*Closely-held Corporation*” means corporation at least 50% in value of the outstanding capital stock or at least 50% of the total combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for not more than 20 individuals. [Sec. 2 (q), RR 6-2008].

⁴⁸ Entitled, “Taxation of Taxpayers Engaged in Philippine Offshore Gaming Operations”, issued on December 27, 2017.

from gaming operations are subject to a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature, or description.

On the income tax, VAT, and other applicable taxes on income from non-gaming operations earned by offshore gaming licenses, operators, agents, service providers and support providers

Even prior to the BARO Act, POGOs had already donated millions worth of relief goods and medical supplies to the government in efforts to mitigate the COVID-19 pandemic in the country.⁴⁹ Tapping taxes collected from POGO gaming and non-gaming operations as source of funding to finance government's subsidy and stimulus measures to address the COVID-19 is well-taken since the industry is considered as a lucrative business. This would likewise create a positive image for the industry which is tainted with negative public perception due to the nature of its activity. These mitigating measures and earnest efforts taken by the national government together with the LGUs are gradual steps to help uplift the lives of Filipinos and industries affected by the COVID-19 that would eventually lead to the country's full economic recovery.

III. CONCLUSION

The provisions for tax exemptions, preferential treatment, subsidies, and tax regulatory reliefs accorded to those affected by the COVID-19 under the BARO Act are justified to ensure the fast recovery of targeted individuals and sectors, and to help reduce their financial burden. The BARO Act is expected to mitigate the losses from the pandemic, sustain access to necessary goods and services, and serve as stimulus to encourage investment and spending as well as create much needed jobs. Moreover, the tax exemptions are temporary reliefs or time-bounded which are consistent with the thrust of the government in redesigning the country's tax incentives system.

While the grant of exemptions/incentives on certain items will have implications on the revenue intake of the government, these are also deemed appropriate to ensure the sustainability of supply of such goods in the country, and in prices that are reasonable and affordable. The setting of certain qualifications for their availment are also justified in order to safeguard revenues needed by the government as it continues to combat the pandemic, on top of its regular provision of services and execution of various programs and projects.



⁴⁹ The Truth About POGO: A Primer by PAGCOR, <https://pagcor.ph/images/pogo-primer-eng-poster.jpg>.

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Annex A

Customs Value and of Selected Critical and Needed Healthcare Equipment and Supplies and Duty and VAT Collection therefrom June to September 2020

Product Description	AHTN 2017 Code	September		August		July		June		Total	
		Customs Value (in USD)	Duty & VAT Paid	Customs Value (in USD)	Duty & VAT Paid	Customs Value (in USD)	Duty & VAT Paid	Customs Value (in USD)	Duty & VAT Paid	Customs Value (in USD)	Duty & VAT Paid
A. Protective Personal Equipment											
Gloves											
- of vinyl or other plastic material	39262090000	2,076,346	25,099,343	3,120,058	28,918,637	4,121,972	57,142,396	2,095,490	28,005,721	11,413,865	139,166,097
- of latex, nitrile or other rubber material, surgical	40151110000	470,123	3,063,171	405,654	3,099,744	295,926	2,024,689	286,871	1,163,951	1,458,575	9,351,554
- of latex, nitrile or other rubber material, other than surgical	40151900000	1,706,589	9,797,362	1,537,478	6,993,299	922,905	6,954,775	855,638	6,481,605	5,022,610	30,227,041
Isolation and protective gowns											
- of nonwoven fabrics with polypropylene/polyethylene/ other plastics lamination/coating	62101019000	338,067	2,723,585	366,003	3,401,485	479,267	3,544,265	10,638,766	2,374,267	11,822,102	12,043,601
- other	62106090000	211,069	1,867,102	606,982	2,214,471	49,573	445,348	63,316	750,081	930,939	5,277,001
Masks and respirators											
- surgical masks	63079040000	1,069,018	10,785,314	2,160,547	16,135,061	1,373,628	10,743,365	3,272,215	20,519,335	7,875,408	58,183,074
- other mask and respirators of textile material not equipped with a replaceable filter	63079090000	10,999,780	24,910,826	4,509,254	34,349,216	2,928,470	24,433,284	4,273,356	28,706,756	22,710,860	112,400,081
- protective masks with mechanical parts and/or replaceable filter	90200000000	2,197,553	14,558,028	1,987,720	13,196,117	1,652,378	11,367,178	2,486,410	15,695,842	8,324,062	54,817,165
Goggles	90049050000	105,106	685,344	162,140	811,069	237,632	1,147,227	309,990	2,409,392	814,868	5,053,033
Face shields (safety headgear)	65061090000	481,145	2,906,753	355,070	2,287,382	167,560	1,163,746	245,899	1,649,341	1,249,675	8,007,222
Protective shoe covers											
- of nonwoven polypropylene fabric	63079090000	10,999,780	24,910,826	4,509,254	34,349,216	2,928,470	24,433,284	4,273,356	28,706,756	22,710,860	112,400,081
- of plastics	39269049000	3,769,935	55,133,980	3,226,809	50,607,320	906,483	14,600,123	1,107,083	15,228,128	9,010,309	135,569,551
Protective cap, nonwoven	63079090000	10,999,780	24,910,826	4,509,254	34,349,216	2,928,470	24,433,284	4,273,356	28,706,756	22,710,860	112,400,081
B. Other Products											
Rubbing alcohol, in retail packings (70% a/c.) (disinfectant)	38089490000	14,862,957	29,809,211	32,736,547	24,504,789	32,094,291	27,765,273	20,594,816	20,657,106	100,288,611	102,736,380
Other disinfectants											
- containing substances specified in Subheading Note 1 of Chapter 38 (for retail sale or as preparations/articles)	38089560000	231,515	630,433	132,949	366,265	205,799	85,277	79,606	673,838	649,868	1,755,814
- other disinfectants in aerosol containers	38089420000	3,388,071	20,882,712	5,637,921	35,461,751	39,367,802	52,184,206	5,440,738	34,661,781	53,834,532	143,190,450
- other disinfectants (preparations/articles)	38089490000	14,862,957	29,809,211	32,736,547	24,504,789	32,094,291	27,765,273	20,594,816	20,657,106	100,288,611	102,736,380
Room perfuming preparations with disinfectant properties	33074910000	17,668,974	8,750,461	20,237,873	8,249,832	7,338,474	6,379,265	22,826,137	12,315,244	68,071,457	35,694,802
Medicated disinfectant soap	34011140000	116	1,492	2,332,405	12,059,875	3,905	46,779	39,957	249,657	2,376,382	12,357,803
Wet wipes (for cleaning the body and body parts)											
- nonwovens impregnated, coated or covered with soap or detergent	34011160000	-	-	19,417	134,332	34,351,113	22,910,527	15,189	96,414	34,385,719	23,141,274
- disinfectant wet wipes	38089490000	14,862,957	29,809,211	32,736,547	24,504,789	32,094,291	27,765,273	20,594,816	20,657,106	100,288,611	102,736,380
COVID-19 diagnostic test kit	38220090000	9,285,684	63,251,303	11,724,963	81,286,914	17,691,361	108,617,095	8,398,224	52,103,052	47,100,232	305,258,365