Philippine Government Stimulus Package

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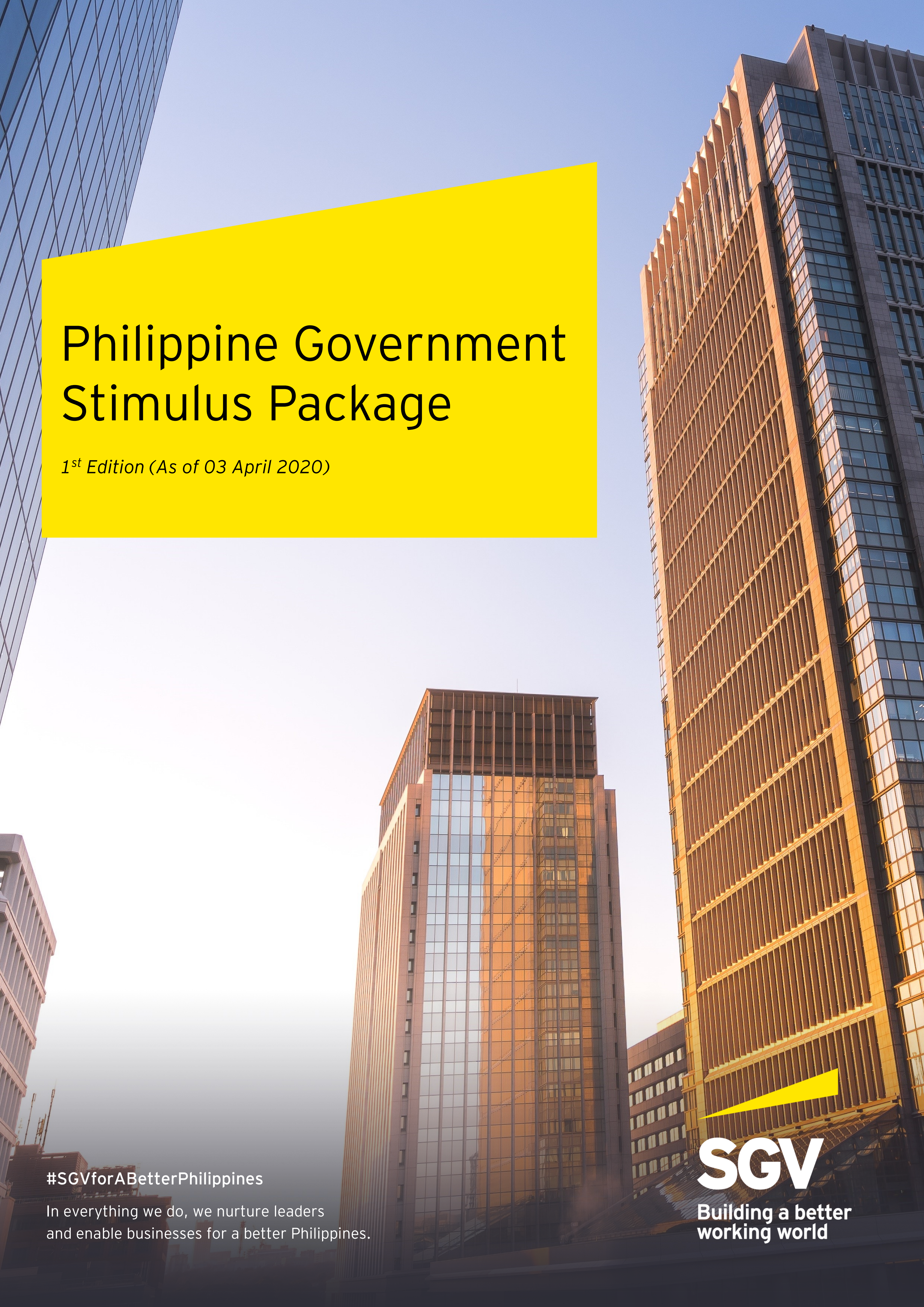

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On 15 March 2020, Metro Manila was placed under a month-long community quarantine by President Duterte as soon as the confirmed cases of coronavirus disease 2019 (COVID-19) reached such a number that would, per exponential modeling, constitute a demand on hospitals and medical supplies that will be impossible to meet A declaration of State of Calamity throughout the Philippines was made on 16 March. Thereafter, on 17 March, an Enhanced Community Quarantine (ECQ) was implemented which extended the quarantine over the entire Luzon area. Various provinces in the country then followed suit in an effort to suppress the spread of the disease.

ECQ is targeted to regulate the movement of people, and imposing strict home quarantine except that the access to basic necessities such as food and essential health services is still allowed Regulated mobility translated to the adoption of alternative working arrangements and the creation of skeletal workforces in government and private offices, suspension of mass transportation, suspension of operation or closure of non-essential businesses, except for private establishments catering to food and medicine production, export-oriented industries and those engaged in Business Process Outsourcing (BPO).

Despite all these, the number of COVID-19 cases in the country continues to rise as many Filipinos resist protocols to go to work to provide for their households. As most businesses have stalled threatening massive layoff to affected workers, the pandemic continues to despoil on the livelihood of the Filipinos and disrupt the economy and businesses – leaving many to wonder how to pay their bills and put food on their tables.

Therefore, in response to the evolving threats of the pandemic, President Duterte signed into law on 25 March 2020 the *Bayanihan to Heal as One Act* (Republic Act no. 11469) crafted to minimize the devasting impact of the crisis on the lives of the Filipinos. Through the *Bayanihan Act*, the Philippine Government is taking immediate measures to stabilize the disastrous social, health and economic impact of COVID-19 in the country.

Timeline of events

March 2020

1 2 3 4 5 6 7 8 9 10 11 **12** 13 14 **15** **16** **17** 18 19 20 21 22 23 24 **25** 26 27 28 29 **30** 31

- **12** – Declaration of Community Quarantine over Metro Manila
- **15** – Effectivity of Community Quarantine
- **16** – Declaration of State of National Calamity
- **17** – Effectivity of Enhanced Community Quarantine over Luzon
- **25** – Enactment of the *Bayanihan to Heal as One Act* (R.A. No. 11469)
- **30** – First Presidential Report to Joint Congressional Oversight Committee

Philippine Government Stimulus Package

The Philippine Stimulus Package is the Duterte Administration's response to the health crisis in the country pursuant to the *Bayanihan to Heal as One Act*.

The government allocated **PHP209.9 Billion** to fund measures against the effects of this pandemic. This is the largest sum ever announced for a stimulus package in the Philippines representing more than 1% of the country's GDP.

The stimulus package grants emergency household relief to 18 million low-income families, rescue benefits to displaced workers and extensive social amelioration measures by various executive departments and agencies. The package also reinforces the healthcare sector through prompt accreditation of testing kits, immediate procurement of personal protective equipment for health professionals, allowances and insurance to health workers, and the unhampered supply and distribution of medical equipment and supplies.

To cushion from business standstill, government will also grant rehabilitation packages to micro, small and medium enterprises, including financing to farmers, fishermen and workers from informal sectors. Extension of tax filing deadlines, exemption and deferral of tax payments, loan and rent reprieves are a few of the significant measures to alleviate cashflow pressures on businesses.

Aside from the government, several private sectors (local and abroad) also channel in aid and donations to Filipino families, and to health and business sectors severely affected by the crisis.

In true *Bayanihan* spirit, the whole country is rallying to safeguard the health, welfare and safety of Filipino families, workers and businesses from this fallout.

Some of the Philippine Government's current and proposed measures are discussed below.

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The presence of the unseen adversary, COVID-19, has disrupted the norm and has left a lasting impact in its wake. Crisis-response efforts are in full swing to provide emergency relief to the people, stabilize the economy, and suppress the spread of the virus. Billions in funds have been allocated to fund measures against the impact of this pandemic. Notably, COVID-19 has not only become a health crisis but is also turning into a financial crisis as economic activities have been restricted as necessary to protect public health.

Immediate and effective response is vital to prevent further economic damage. Nevertheless, stakeholders must think about how to position themselves once the crisis has passed.

Policies are now being identified to help the country's economy adjust to the "new normal" that will emerge in the post-coronavirus era. The new normal will be unlike anything we have known in the years before this pandemic.

But, the battle against COVID-19 is one that we today must win. It is in the middle of chaos that we must be moved to work together to find solutions and strategies that will return business to scale. Only then shall we be able to reimagine and chase the path to the new normal. Only then can we truly claim that we heal as one.

Fabian K. delos Santos
Philippines Tax Leader

People Measures

Subsidy for low income households	‣ Emergency Subsidy Program (ESP) of cash or non-cash subsidy for 18 million low-income household beneficiaries amounting to P5,000 to P8,000 per month for 2 months (i.e. April and May 2020). ‣ Financial assistance under the Department of Labor and Employment (DOLE)'s COVID -19 Adjustment Measures Program (CAMP) to 8,641 workers each receiving payment of P5,000. ‣ Temporary employment for the 51,293 displaced workers through DOLE's *Tulong Panghanapbuhay para sa Displaced/Disadvantage Worker* (TUPAD) program. The total amount disbursed for CAMP and TUPAD is P95,430,782, as of March 30, 2020.
Various Welfare Assistance Programs	‣ The Department of Social Welfare and Development (DSWD) has implemented the expanded *Pantawid Pamilyang Pilipino Program* (4Ps), a conditional cash transfer program for 2 months. ‣ DSWD has distributed family food packs to at least 69,200 families and non-food items totaling to P22.31Million as of March 30, 2020. It will continue its distribution of food and non-food items to various Local Government Units (LGUs). ‣ The Social Security System (SSS) will prepare to finance P1.2 billion worth of unemployment benefits for up to 60,000 workers to cover unemployment resulting from the economic fallout to their companies due to COVID-19. ‣ Grant of P3 billion worth of online upskilling and reskilling programs worth by the Technical Education and Skills Development Authority (TESDA) to temporary disadvantaged and displaced workers. TESDA will offer free online courses to acquire new skills while within the convenience of their own homes, mobile phones and computers.
Compensation and benefits to health workers	‣ Grant of hazard pay and COVID-19 special risk allowance to public health workers.
Health insurance	‣ The Philippine Health Insurance Corporation (PhilHealth) to shoulder all medical expenses of public and private health workers in case of COVID-19 exposure or any work-related disease during the emergency. ‣ P100,000 compensation to public and private health workers who may contract severe COVID-19 infection in line of duty. P1,000,000 shall be given in case of death while fighting COVID-19.

Economic Measures

Mandatory price freeze and provisions against hoarding, panic buying and profiteering	▸ Mandatory price freeze on all basic necessities and adopted measures against hoarding, panic buying and profiteering in accordance with the Price Act and Consumer Act. Creation of a council to monitor prices and enforce nationwide price freeze.
Availability of essential goods	▸ Adoption of the Department of Agriculture (DA)'s Food Resiliency Action Plan, which includes continuous movement of food supplies from the provinces to metro areas, grant of financial assistance program to rice farmers, a loan recovery plan, and implementation of measures to increase food sufficiency level in the country. ▸ DA coordinates with ASEAN trading partners on rice to ensure continuous trading transactions with importers and possible government to government arrangement of 300,000MT of rice as contingency.
Liberalization of export percentage requirements for export enterprises	▸ Recommendation by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID) for the suspension of the export percentage requirements for export enterprises engaged in the manufacture of much needed medical supplies to allow domestic sale to local medical facilities.
Rehabilitation financing to micro and small enterprises	▸ The Department of Trade and Industry (DTI) allotted P1 Billion for the *Pondo sa Pagbabago at Pag-Asenso* (P3) Enterprise Rehabilitation Financing (ERF) program to support micro and small enterprises greatly affected by COVID-19. P3-ERF program is open to qualified micro and small enterprises subject and whose businesses suffered drastic reductions in sales during the ensuing pandemic. ▸ Micro enterprises (with asset size of not more than P3M) may borrow P10,000 up to P200,000, while small enterprise (with asset size of not more than P10M) may borrow up to P500,000. This program will commence once quarantine restrictions are lifted. ▸ Grant of P200 million assistance to micro-entrepreneurs affected by calamities in the form of enterprise development training and livelihood kits worth Php5,000 to Php8,000, and business mentoring under DTI's Livelihood Seeding Program. ▸ One-time cash assistance amounting to P5,000 for qualified rice farmers under the Rice Farmer Financial Assistance Program. ▸ Interest-free loan assistance to eligible farmers and fishermen worth P25,000 per borrower under the Survival and Recovery (SURE) Assistance program. ▸ Recovery loan package of P300,000 up to P15M to micro and small enterprises engaged in agriculture and fisheries food production and other supply chain activities under the Agri-preneurship Development Fund.
Supply, distribution and movement of goods	▸ Setting up of network hubs by NEDA for collective information on supply chain to ensure unhindered supply, distribution and movement of essential goods and services.

Tax and Business Measures

Extension of tax-compliance deadlines and grant of benefits to taxpayers	▸ Extension of statutory tax compliance deadlines: ▸ Filing and payment of 2019 Annual Income Tax Return was extended from 15 April 2020 to 15 May 2020; ▸ 30-day extension on filing and payment of various tax returns, the deadline of which will fall within the community quarantine period; ▸ Filing of Certificate of Residence for Tax Treaty Relief Forms until 30 April 2020; ▸ Availment of Tax Amnesty on Delinquencies from 23 April 2020 to 23 May 2020; ▸ Filing of VAT Refund Applications for quarter ending 31 March 2018 was extended from 31 March 2020 to 30 April 2020; ▸ 90-day processing of VAT refund claims is suspended and will resume after lifting of the community quarantine. ▸ Extension of deadline for submission of audited financial statements and necessary attachments for e-filers from April 30 to June 1. ▸ Extension or renewal of loans falling due within the quarantine period are exempted from DST. ▸ Exemption from duties and taxes on imported relief goods including food and medicine donated to government or accredited private entities. ▸ Exemption from duties, taxes and fees on importation of health equipment and supplies deemed as critical or needed to combat COVID19; including materials needed to manufacture these health equipment and supplies. ▸ Exemption from FDA clearance for foreign donations of PPEs.
Moratorium on loan payments	▸ Government directed all banks, lending companies and other financial institutions, including the Government Service Insurance System (GSIS), SSS, and Home Development Fund (PAG-IBIG), to implement a minimum 30-day grace period for payment of all loans falling due within the community quarantine without incurring interests, penalties, fees or other charges. ▸ Moratorium on payments of loans for 127,000 micro enterprises under the P3 Program and 15,000 micro, small and medium enterprises (MSMEs) under the Small Business Corporation (SBCorp) corporate-funded loan portfolios.

Tax and Business Measures *(continued)*

Relief to various financial institutions	▸ The DOF ordered the SSS and GSIS to double, in comparison to last year, their daily average purchase volumes which leads to a combined stock market support of at least P1 billion and support for the Philippine Stock Exchange. ▸ The *Bangko Sentral ng Pilipinas* (BSP) issued Memorandum M-2020-008, a package of regulatory relief measures that BSP supervised financial institutions may avail of within 1 year from 8 March 2020, that provides the following: non-imposition of penalties for 6 months; 60-day grace period for banks to settle outstanding rediscounting obligations, and; moratorium on monthly payments to the BSP without penalty for 6 months.
Economic relief for MSMEs	▸ A 30-day grace period on residential rents; as well as commercial rents falling upon MSMEs within the period of the ECQ, without incurring interest, penalties, fees and other charges.
Realignment of funds to address the COVID-19 emergency	▸ Government has formulated guidelines to enable the transfer of excess and unauthorized balances of government agencies to finance the social amelioration program. Estimated over P1 Billion as eligible for "cash sweep".
Government's uninterrupted access to cash	▸ Government ensured uninterrupted access to cash by adding P300 Billion to its cash reserves through securing a repurchase agreement facility with BSP allowing conditional cash conversion up to P300 Billion of government securities holdings. ▸ BSP is open to reduce the reserve requirement ratios to up to a maximum of 400 bps for 2020. A 200 bps reserve requirement reduction became effective 30 March 2020 to immediately address any possible liquidity strain in the industry. ▸ The BSP reduced the overnight reverse repurchase facility to 3.25 percent or by 50 bps, interest rates on the overnight lending to 3.75 percent, and deposit facilities to 2.75 percent for more liquidity in the market and to encourage banks to lend rather than keep their money.
Appropriation of unutilized or unreleased balance and/or funds for measures to address COVID-19	▸ Unutilized balance in the Special Purpose Fund (SPF) shall be considered to have their purpose abandoned and shall be utilized for measures to address the COVID-19 situation.

Other Measures

	Health
Streamlining of testing kit accreditation and funding for medical supplies and equipment	‣ Expedite and streamline the accreditation of testing kits to facilitate immediate testing of PUIs and PUMs by hospitals, and prompt isolation and treatment of patients. ‣ Allotted P53.2 million funding for COVID-19 detection kit locally developed by UP-National Institute of Health, among others.
Direction of privately-owned medical and non-medical facilities	‣ The President may direct the operations of privately-owned hospitals, medical and health facilities and other establishments to house health workers, serve as quarantine areas/centers, medical relief and aid distribution locations, or other temporary medical facilities.
Unhampered processing of medical and other emergency supplies	‣ The Bureau of Customs (BOC) allows online filing of goods declaration, clearance of relief consignments, and suspension of the seven (7)-day period to lodge goods declaration to expedite and unhamper the processing of medical and other emergency supplies (e.g. PPEs). ‣ Various executive departments and agencies aided in immediate acceptance and distribution of donations, and accelerated procurement procedures of goods, medical supplies and equipment essential to combat COVID-19.
Consolidation of all donations to the government	‣ Medicines and medical supplies donated to the national government and Department of Health (DOH) to address Covid-19 shall be coordinated with and transmitted to the Office of Civil Defense (OCD) for consolidation.
Additional funding to accelerate the healthcare system	‣ The Philippine Amusement and Gaming Corporation (PAGCOR) released to government additional P12 billion cash funding to aid COVID-19 response, on top of P2.5 billion earlier contributed. ‣ The Philippine Charity Sweepstakes Office (PCSO) will transfer P420 million grant to government to augment funding needed for COVID-19 patients. ‣ The World Bank earmarked a fast track policy loan amounting to US$100 million to the DOH to aid the country's health measures against COVID-19. ‣ The Asian Development Bank (ADB) provided a US$3 million grant to government to procure medical supplies, protection gears to support health measures against COVID-19.

Other Measures *(continued)*

	Emergency Measures
Travel restrictions for suppression of COVID-19 transmission	‣ Issuance of travel restrictions to suppress further transmission of COVID-19 and included immigration formalities for passengers arriving from selected countries.
Monitoring of local government units (LGUs)	‣ The Department of the Interior and Local Government (DILG) activated the National and Regional Emergency Operations Centers tasked to monitor LGUs' compliance with the directives of national government on handling of COVID-19 cases. ‣ Intensified operations of peace and order, public safety and adoption of preventive measures against COVID-19 by DILG, including the implementation of community quarantine in Luzon, management of human remains for COVID-19, and unrestricted movement of food supply, cargoes and business personnel during quarantine periods.
Collaborative efforts of law and order agencies	‣ Law and order agencies created a task force to address the effects of COVID-19 and ensure public safety and security. ‣ Establishment of strategic quarantine control points and protocols for the unhampered movement of cargoes and essential personnel.

Public disinfection and sanitation	‣ Disinfection and sanitation services for vehicles traversing national highways and public establishment and places through sanitation tents and gantry facilities.
	  ‣ 336 decontamination tents and 76 gantry facilities installed.
	  ‣ 415 convergence areas (e.g. checkpoints, schools, hospitals, markets) were decontaminated.
	  ‣ 18,000 surgical masks provided to major hospitals dealing with COVID-19.

Utilization of public buildings as health and emergency operation centers	‣ Utilization of public buildings and evacuation centers as health facilities and emergency operation centers or food hubs. Establishment of isolation areas for quarantine areas of returning Filipinos from abroad. ‣ Conversion of 110 evacuation centers – 19 are now being used as health facilities, 15 are used as emergency operation centers or food hubs.

Other Measures *(continued)*

	Autonomy of Local Government Units
Autonomy of LGUs in compliance with directives of national government	‣ LGUs are authorized to exercise local autonomy subject to supervision by the national government. ‣ LGUs are authorized to utilize more than 5% of their allocation for calamity fund subject to additional funding from national government. ‣
Use of school facilities	‣ Use by LGUs of school facilities as quarantine centers and other purposes subject to guidelines by DepEd and CHED.
Lifting of cap on quick response fund	‣ NEDA rendered assistance to the local chief executives to aid the latter in properly interpreting and implementing the budget implications of the lifting of the 30% cap on the amount appropriated for the quick response fund.

	Transportation
Public platform to facilitate community access passes	‣ Government will create a public platform for request and generation of community access passes for cargo, authorized vehicles, and authorized persons to aid in the smooth delivery of essential goods.
Regulation and limitation of land, sea and air transport	‣ Government established a coordinated mechanism for the repatriation of Filipinos abroad and Sweeper Flights for foreign nationals.

	Aviation
Rental holiday for airport concessionaires	‣ MIAA and CAAP to extend to airport concessionaires the following: 1. rental holiday for one (1) month 2. deferral of charges on the succeeding month to cover the ECQ period with further extensions, if required, and subject to regular monthly review.
Extending validity of permits, licenses, and certificates	‣ Validity of permits, licenses, and certificates of Flight Standard Inspectorate Service expiring during the ECQ shall be extended. ‣ Validity of temporary water permits issued to MWSS for the continuous activation of existing deep wells has been extended by NWRB. ‣ All existing Treatment, Storage, and Disposal (TSD) registration certificates nationwide which may expire during the ECQ has been automatically extended for 60 days.

Other Measures *(continued)*

	Public Utilities
Availability of sufficient water supply	▸ All water utilities and water service providers are prohibited from disconnecting the water supply to individual households for the entire duration of the State of Public Health Emergency. ▸ The Manila Water Sewerage System is directed to continue the activation of existing deep wells. ▸ Feed In Tariff (FIT) Payments for FIT-Eligible Renewable Energy Developers to ensure the means to support their operations.

	Education
Education	▸ Suspension of school and related activities and the adoption of alternative modes of learning delivery to students. ▸ Adopted alternative learning delivery platforms and provided guidelines to schools for the completion of school requirements, computation of final grades and graduation. ▸ Released subsidies to 51 state and local universities and colleges, facilitated the return of stranded students and personnel. Fast-tracked the processing and release of the salaries and benefits of the teachers and other personnel.

	Others
Employment and OFWs	▸ The Philippine Overseas Employment Agency (POEA) issued advisories on foreign countries' restrictions for Overseas Filipino Workers (OFWs) and utilizing platforms to help stakeholders on welfare and employment of OFWs. ▸ OWWA has provided transport, food, and accommodation special assistance to returning and departing OFWs under the *Hatid-Sundo* Program. ▸ The Department of Labor and Employment (DOLE) encouraged establishments to implement alternative and flexible working arrangements.
Procedures, litigation & prosecutions	▸ The Anti-Red Tape Authority laid down measures to be adopted by all government agencies to simplify procedures and documentary requirements during the State of Calamity.
Decongestion of Ports	▸ The Department of Finance (DOF), DA, DTI, BOC, and Philippine Ports Authority (PPA) signed **Joint Administrative Order (AO) 20-01** on April 2, 2020 to decongest the country's ports.

Proposed Measures

Identification of the "new normal"	▸ Per National Economic and Development Authority (NEDA), policies are now being identified to help the country's economy adjust to the "new normal." The Inter-agency Task Force Technical Working Group for Anticipatory and Forward Planning (IATF-TWG-AFP), chaired by NEDA, is currently preparing to provide recommendations to rebuild confidence and adjust to the new normal. The TWG will recommend programs and strategies through data analytics, recommend programs and strategies to rebuild consumer and business confidence, and to adapt to a "new normal" state of economic activities. *[https://www.pna.gov.ph/articles/1098867 (Published: April 5, 2020; Last visited: April 5, 2020); https://newsinfo.inquirer.net/1254252/iatf-eid-to-decide-on-strict-quarantine-extension-by-april-6-nograles (Published: April 5, 2020; Last visited: April 5, 2020)]*
Possible extension or expansion of the ECQ	▸ The sub-technical working group (TWG) chaired by the Department of Health (DOH) is directed to finalize the analytical model for deciding on the eventual total or partial lifting, or the possible extension or expansion of the enhanced community quarantine in Luzon. The decision will be based on scientific data such as "epidemiological trend, health capacity system, and social, economic, and security concerns." *[https://www.pna.gov.ph/articles/1098600 (Published: April 2, 2020; Last visited: April 5, 2020)]*
Boost infrastructure spending	▸ The government plans to increase its spending on infrastructure to help the economy recover from the damage caused by the coronavirus disease 2019 or COVID-19. *[https://www.philstar.com/business/2020/04/06/2005680/government-boost-infrastructure-spending-cushion-covid-impact (Published: April 6, 2020; Last visited: April 6, 2020)]*

Sources:

- *Republic Act no. 11469 (or otherwise known as "Bayanihan to Heal as One Act")*
- *Implementing Rules and Regulations of Section 4(aa) of RA no. 11469.*
- *Joint Memorandum Circular no. 1 series of 2020*
- *Report to the Congressional Oversight Committee Pursuant to Section 5 of RA no. 11469, dated 30 March 2020*
- *DTI Memorandum Circular No. 20-12 dated April 4, 2020 on the Guidelines on the Concessions of Residential Rents; Commercial Rents of MSMEs*

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