





REPUBLIC ACT NO. 11494



- 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.
- “BAYANIHAN TO RECOVER AS ONE ACT”.

EFFECTIVITY



Section 18. Effectivity. - Except as otherwise specifically provided herein, this Act shall be in full force and effect until the next adjournment of the Eighteenth Congress on December 19, 2020. This Act shall take effect immediately upon its publication in a newspaper of general circulation or in the Official Gazette: Provided, That Section 4(cc) (Liberalization of the grant of incentives for the manufacture and importation of critical or needed equipment or supplies or essential goods) of this Act shall be deemed to be effective since republic Act No. 11469 expired.

Signed: Sept. 11, 2020

Effectivity: Sept.15, 2020



Note:

The law was enacted to reduce the adverse impact of COVID-19 on the socio-economic well-being of all Filipinos through the provision of assistance, subsidies, and other forms of socio-economic relief. Among the reliefs granted by the law are the grace periods for loans, utilities, and rents.

MEMORANDUM | NOTICE TO COMPLY WITH SECTION 4 (UU) OF REPUBLIC ACT NO. 11494, OTHERWISE KNOWN AS THE “BAYANIHAN TO RECOVER AS ONE ACT”



- Pursuant to Section 4 (uu) of Republic Act No. 11494, otherwise known as the Bayanihan to Recover As One Act, to wit:
- “SEC. 4. COVID-19 Response and Recovery Interventions. - Pursuant to Article VI, Section 23(2) of the Constitution, the President is hereby authorized to exercise powers that are necessary and proper to undertake and implement the following COVID-19 response and recovery interventions:



- *(uu) Directing all banks, quasi banks, financing companies, lending 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 Government Service Insurance System (GSIS), the SSS and Home Development Mutual Fund (Pag-IBIG Fund), to implement a one-time sixty (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 the maturity of the said loans: Provided, That all loans may be settled on staggered basis without interest on interests, penalties and other charges until December 31, 2020 or as may be agreed upon by the parties: Provided, further, That nothing shall stop the parties from mutually agreeing for a grace period longer than sixty (60) days: Provided, furthermore, That the banks and other non-bank financial institutions (NBFIs) that agree to further loan term extensions or restructuring pursuant to this subsection shall be entitled to regulatory relief, as may be determined by the BSP, which may include, but is not limited to, (i) staggered booking of allowances for credit losses, (ii) exemption from loan-loss provisioning, (iii) exemption from the limits on real estate loans, when applicable, (iv) exemption from related party transaction restrictions, and (v) non-inclusion in the bank's or NBFIs reporting on non-performing loans: Provided, finally, That the loan term extensions or restructuring pursuant to this subsection shall be exempt from documentary stamp taxes," (Emphasis ours)*



All cooperatives providing credit and lending services are mandated to provide one-time sixty (60) day grace period for the payment of existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, thereby extending the maturity of the said loans.



Further, cooperatives are not allowed to impose interest on interests, penalties, fees, or other charges to future payments/ amortizations of the member-borrower arising from the implementation of the one-time sixty (60) day grace period. Any accrued interest earned during the one-time sixty (60) day grace period may be paid by the member-borrower on a staggered basis until December 31, 2020 or as may be agreed upon by both parties.



Lastly, under the above provision of law, the parties may mutually agree to extend the mandatory grace period of sixty (60) days.



Note: On 18 September 2020, the Bangko Sentral ng Pilipinas issued BSP Memorandum No. M-2020-68. The said BSP memorandum ordered Bangko Sentral Supervised Financial Institutions (“BSFIs”) to comply with Section 4(uu) of the Bayanihan II Act. It provides that the mandatory one-time sixty (60)-day grace period applies to each loan of individuals and entities with multiple loans. Further, BSFIs are prohibited from requiring their clients to waive the application of the provisions of the Bayanihan II Act. Waivers previously executed by borrowers covering payments falling due until 31 December 2020 are not valid.



Note: On 21 September 2020, the Securities and Exchange Commission released a similar issuance requiring financing companies, lending companies, and micro-finance non-governmental organizations to comply with Section 4(uu) of the Bayanihan II Act.

NOTICE TO COMPLY WITH SECTION 4 (VV) OF REPUBLIC ACT NO. 11494, OTHERWISE KNOWN AS THE “BAYANIHAN TO RECOVER AS ONE ACT”



- Pursuant to Section 4 (vv) of Republic Act No. 11494, otherwise known as the Bayanihan to Recover As One Act, to wit:
- *“SEC. 4. COVID-19 Response and Recovery Interventions. - Pursuant to Article VI, Section 23(2) of the Constitution, the President is hereby authorized to exercise powers that are necessary and proper to undertake and implement the following COVID-19 response and recovery interventions:*



- *(vv) Directing all institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum of thirty (30)-day grace period for the payment of utilities falling due within the period of ECQ or Modified Enhanced Community Quarantine (MECQ) without incurring interests, penalties, and other charges: Provided, That after the grace period, unpaid residential, MSME and cooperatives utility bills may be settled on a staggered basis payable in not less than three (3) monthly installments, subject to the procedural requirements of the concerned regulatory agencies in the imposition of such installment plan without interests, penalties, and other charges: Provided, further, That covered institutions under this subsection may offer less onerous payment terms, with the consent of their clients subject to the approval of their respective regulators: Provided, furthermore, That in the case of the electric power sector, the minimum thirty (30)-day-grace period and staggered payment without interests, penalties and other charges shall apply to all payments due within the period of the CQ in the entire electric power value chain to include generation companies, the transmission utility, and distribution utilities,”*



All cooperatives providing electric, water, telecommunications, and other similar utilities are directed to implement a minimum of thirty (30)-day grace period for the payment of utilities falling due within the period of Enhanced Community Quarantine (ECQ) or Modified Enhanced Community Quarantine (MECQ) in favor of its member-consumers.



Interests, penalties, and other charges shall not be imposed against future payments of the member-consumers arising from the implementation of the said grace period.



It must be emphasized that in the case of the electric power sector, the minimum thirty (30)-day-grace period shall apply to all payments due within the period of the community quarantine (CQ) in the entire electric power value chain to include generation companies, the transmission utility, and distribution utilities.



After the given grace period, unpaid residential, MSME and cooperatives utility bills may be settled on a staggered basis payable in not less than three (3) monthly installments, without interests, penalties, and other charges, subject to the procedural requirements of the concerned regulatory agencies in the imposition of such installment plan.



Covered cooperatives may offer less onerous payment terms, but must be undertaken with the consent of their clients and subject to the approval of the Authority.

NOTICE TO COMPLY WITH SECTION 4 (WW) OF REPUBLIC ACT NO. 11494, OTHERWISE KNOWN AS THE “BAYANIHAN TO RECOVER AS ONE ACT”



- Pursuant to Section 4 (ww) of Republic Act No. 11494, otherwise known as the Bayanihan to Recover As One Act, to state:
- *“SEC. 4. COVID-19 Response and Recovery Interventions. - Pursuant to Article VI, Section 23(2) of the Constitution, the President is hereby authorized to exercise powers that are necessary and proper to undertake and implement the following COVID-19 response and recovery interventions:*



- *(ww) Provision of a minimum of thirty (30)-day grace period on residential rents and commercial rents of lessees not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations, falling due within the period of the CQ, without incurring interests, penalties, fees, and other charges: Provided, That all amounts due within the period of CQ shall be amortized in equal monthly installments until December 31, 2020 without any interests, penalties, and other charges: Provided, further, That no increase in rent shall be imposed during the same period: Provided, furthermore, That the minimum thirty (30)-day grace period shall be reckoned from the date of the lifting of the ECQ or MECQ,”*



lessors are mandated to provide a minimum grace period of thirty (30) days on the payment of residential and commercial rents. Hence, all cooperatives which were ordered to temporarily cease operations are covered by the said provision of law.



On the other hand, cooperatives engaged in the service of renting out properties, either for residential or commercial use, for individuals not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations, are also required to provide a minimum of thirty (30) days grace period for the payment of rents falling due within the period of community quarantine.



All amounts due within the period of community quarantine shall be amortized in equal monthly payments until December 31, 2020. Please be reminded, however, that in granting the grace period as well as in amortizing the monthly installments, no interests, penalties, fees and other charges may be imposed.



An increase in rent during the said period is likewise prohibited.

Finally, the thirty (30)-day grace period shall begin from the date of lifting of the Enhanced Community Quarantine or Modified Enhanced Community Quarantine.

THANK
YOU!