

# **TMAP TAX UPDATES**

## **May 15, 2020 to June 30, 2020**

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# HIGHLIGHTS for MAY 15, 2020 TO JUNE 15, 2020

## CTA Decisions

- There is no legal basis for the argument that “direct attributability” must be established to validly claim for VAT refund. (*S&WOO Construction Philippines, Inc. v. Commissioner of Internal Revenue*, CTA Case No. 9731 dated June 1, 2020)
- In refund of excess input taxes arising from current transactions, the taxpayer must substantiate its input VAT carry-over from previous year when such input tax carry-over was the one used to pay its output tax for the period. (*Commissioner of Internal Revenue v. Chevron Holdings, Inc.*, CTA EB No. 1950 dated June 3, 2020)
- The issuance of an LOA is not subject to the prescriptive periods to assess and collect. (*Hemisphere-Leo Burnett, Inc. v. Commissioner of Internal Revenue*, CTA Case No. 9749 dated June 3, 2020)
- A withholding agent has personality to file the claim for refund on behalf of the taxpayer. (*Toledo Power Company v. Commissioner of Internal Revenue*, CTA Case No. 9465 dated June 8, 2020)
- In order to show that there was a failure to pay within the required period, the time or deadline for payment of the assessed tax must be clear. (*People of the Philippines v. Bonner Purpura Armada*, CTA Criminal Case No. O-617 dated June 8, 2020)
- In protests in the form of requests for reconsideration, the 180-day period commences from the date of filing of the protest. (*Getz Pharma (Phils.), Inc. v. Commissioner of Internal Revenue*, CTA Case No. 9245 dated June 9, 2020)

## BIR Issuances

- **Revenue Regulation No. 15-2020, June 19, 2020** – This Regulation further amends RR No. 4-2019, as amended, relative to the period and manner of availment of Tax Amnesty on Delinquencies.
- **Revenue Regulation No. 16-2020, June 25, 2020** – This Regulation further suspends the due dates in the application of the ninety (90)-day period to process Value-Added Tax (VAT) refund/claim for taxable quarters affected by the declaration of the national state of emergency.
- **Revenue Memorandum Circular No. 52-2020, May 27, 2020** – This Memorandum Circular temporarily allows the filing via email of withdrawal of protest on Assessment Notices or Appeal on FDDA for purposes of Tax Amnesty.
- **Revenue Memorandum Circular No. 60-2020, June 10, 2020** – This Memorandum Circular notifies persons conducting business through any forms of electronic media regarding their tax obligations and the registration of their business with the BIR.

- **Revenue Memorandum Circular No. 61-2020, June 15, 2020** – This Memorandum Circular further extends the deadline for availment of Tax Amnesty on Delinquencies provided under RR No. 4-2019, as amended, from June 22, 2020 to December 31, 2020.
- **Revenue Delegation Authority Order No. 2-2020, May 18, 2020** - This Order delegates to the Assistant Commissioner of Legal Service the authority to sign Certificates of Tax Exemption and Rulings on energy-related projects, in compliance with the Energy Virtual One-Stop Shop Act.
- **Revenue Memorandum Order No. 15-2020, June 3, 2020** – This Memorandum Order prescribes the updated procedures in the acceptance of property donations to the BIR pursuant to RDAO No. 4-2010, as amended by RDAO NO. 4-2019

## SEC Issuances

- **SEC Notice dated May 21, 2020** – This provides information on the online submission of requirements on the amendment, conversion and/or withdrawal of license and substitution of resident agents of foreign corporations.
- **SEC Notice dated May 21, 2020** – This advises concerned entities of the opening of the SEC Express System and the SEC Nationwide Submission (“SENS”).
- **SEC Notice dated June 11, 2020** – This encourages the adoption of debt relief measures.

## IC Issuances

- **IC Circular Letter No. 2020-60, May 15, 2020** – This provides regulatory relief on net worth requirements and guidelines on the implementation of amended Risk-Based Capital (“RBC2”) Framework for calendar year 2020 in order for insurance companies to better utilize their capital as they continue to work on their recovery vis-a-vis the Philippine economy.
- **IC Circular Letter No. 2020-61, May 15, 2020** – This provides supplemental guidelines in the Revised Framework on the selection of External Auditors (“EAs”).
- **IC Circular Letter No. 2020-63, May 18, 2020** – This provides regulatory relief from the exposure limit applied to financial assistance program of insurance companies.
- **IC Circular Letter No. 2020-66, May 21, 2020** – This provides interim guidelines on the declaration and/or distribution of dividends with the end in view of conserving capital due to the projected economic impact of the Covid-19 pandemic.
- **IC Circular Letter No. 2020-69, June 11, 2020** – This provides guidelines on the issuance of temporary license to new insurance agent during the state of public health emergency due to the Covid-19.
- **IC Circular Letter No. 2020-70, June 11, 2020** – This recognizes digital payments, including its further innovations and variations, as an integral part of Insurance Technology (“InsurTech”) and provides for its framework, and encourages its adoption in insurance transactions.
- **IC Ruling No. 2020-05, June 15, 2020** – This states that a financing company is not allowed to offer and promote the Group policy it will enter into with the insurer to its loan borrowers/customers. Otherwise, it will

be tantamount to doing or transacting insurance business thru making or proposing to make or soliciting an insurance contract.

## **BSP Issuances**

- **BSP Memorandum No. M-2020-042, May 18, 2020** – This requires lending institutions to implement a thirty (30)-day grace period for loans with principal and interest falling due within the period of MECQ, without incurring interest on interest, penalties, fees, and other charges
- **BSP Memorandum No. M-2020-045, June 1, 2020** – This Memorandum provides answers for the Frequently Asked Questions (FAQ) on the Implementing Rules and Regulations (IRR) of Section 4 (aa) of Republic Act No. 11469, otherwise known as the “Bayanihan to Heal as One Act” (Bayanihan Act).
- **BSP Memorandum No. M-2020-046, June 1, 2020** – This provides for transitory guidelines on reporting of loans to large enterprises as alternative compliance with the reserve requirements.
- **BSP Memorandum No. M-2020-047, June 1, 2020** – This provides for recognition by the BSP of Digital Banking Services.

# Significant Court of Tax Appeals Decisions

**In a claim for refund, the input VAT must only be attributable to zero-rated sales. Effectively zero-rated sales need not be paid in acceptable foreign currency and accounted for in accordance with BSP rules and regulations.**

In a claim for refund of excess input taxes, the law merely requires that the creditable input VAT should be “attributable” to zero-rated or effectively zero-rated sales. Nowhere does Section 112 (A) of the Tax Code state that the refundable creditable input VAT should be “directly attributable” to such sales.

Admittedly, the words “directly...attributed” were used under the same provision. However, the said words merely relate to a situation where the creditable input VAT cannot be “directly...attributed” to any transaction. It does not, in any way, qualify the preceding sentences of the same section which will have the effect of making the refundable input VAT as only those which are “directly attributable” to zero-rated or effectively zero-rated sales.

When the taxpayer’s zero-rated sales are effectively zero-rated on the basis of Section 108(B)(3) of the Tax Code – sales to persons or entities whose exemption under special laws effectively subjects the supply of such sales to 0%, the zero-rated sales need not be paid in acceptable foreign currency and accounted for in accordance with BSP rules and regulations. (*S&WOO Construction Philippines, Inc. v. Commissioner of Internal Revenue, CTA Case No. 9731 dated June 1, 2020*)

**In refund of excess input taxes arising from current transactions, the taxpayer must substantiate its input VAT carry-over from previous year when such input tax carry-over was the one used to pay its output tax for the period.**

In claiming excess or unutilized input VAT from zero-rated transactions, it is the excess over the output VAT which should be refunded to the taxpayer or credited against other internal revenue taxes. Hence, it is important for the taxpayer to prove that it has enough prior year’s excess input VAT credits with proper support to cover its output VAT liability for the current taxable year.

Considering that the taxpayer failed to present its VAT invoices or official receipts to prove the existence of its input VAT carried over from previous year, the same cannot be validly applied against its output VAT.

Consequently, the output VAT must be paid out of the input taxes for the current period and the amount of claim will therefore be affected. (*Commissioner of Internal Revenue v. Chevron Holdings, Inc., CTA EB No. 1950 dated June 3, 2020*)

**The issuance of an LOA is not subject to the prescriptive periods to assess and collect.**

The taxpayer argues that the BIR’s LOA dated November 21, 2017 for the examination of the taxpayer’s books for all internal revenue taxes for the period from January 1, 2012 to December 31, 2012 was issued beyond the three (3)-year prescriptive period to make a tax assessment. Hence, the same is null and void *ab initio*.

The CTA did not rule in its favor and held that the issuance of an LOA is not governed by the prescriptive periods to assess under Sections 203 and 222 of the Tax Code. A careful reading of the said provisions would reveal that what is being governed therein is the issuance of a tax assessment or the filing of an action in court without an assessment for the collection of taxes, within a certain period of time. In both provisions, nothing has been said about the issuance of an LOA. (*Hemisphere-Leo Burnett, Inc. v. Commissioner of Internal Revenue, CTA Case No. 9749 dated June 3, 2020*)

**In refund of excess input taxes, it must be shown that the foreign currency inward remittance pertains to payment for the zero-rated sales during the period for which the refund is being claimed.**

Taxpayer, in support of its claim for refund, argues that the acceptable foreign currency exchange proceeds from its export sales have been duly accounted for in accordance with the rules and regulations of BSP. In support of its claim, taxpayer presented the Certification issued by BDO Unibank, Inc., which shows that the payment is in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP.

Upon examination of the evidence presented, however, the taxpayer did not provide a reconciliation of its reported zero-rated sales *vis-à-vis* schedule of inward remittances. Accordingly, the Court was unable to trace the sales invoice amounts to the certification of inward remittances. The taxpayer, therefore, failed to establish whether the remittances actually correspond to the zero-rated sales for the period covered by the present claim. Consequently, the CTA cannot determine with certainty whether the payment for the zero-rated sales were indeed “accounted for in accordance with the rules and regulations of the BSP.”

Since the taxpayer failed to fulfill an essential requisite under the law for the successful prosecution of the refund claim, the same must be denied. (*Carmen Copper Corporation v. Commissioner of Internal Revenue*, CTA Case No. 9726 dated June 5, 2020)

**A withholding agent has personality to file the claim for refund on behalf of the taxpayer.**

The person entitled to claim a tax refund is the taxpayer. However, in case the taxpayer does not file a claim for refund, the withholding agent may file the claim. Furthermore, a withholding agent may file a claim for refund, even if the said withholding agent is not a wholly owned subsidiary of the principal taxpayer. Nevertheless, the withholding agent is obligated to remit to the said taxpayer the amount recovered as taxes erroneously or illegally collected. (*Toledo Power Company v. Commissioner of Internal Revenue*, CTA Case No. 9465 dated June 8, 2020)

**In order to show that there was a failure to pay within the required period, the time or deadline for payment of the assessed tax must be clear.**

In this case, the taxpayer argues that he did not commit the offense charged against him as he did not willfully fail to pay the tax deficiency. Although the FAN had become final, executory and demandable, the same did not indicate a deadline for payment. Hence, there was no willful failure on his part to pay the tax.

The CTA ruled in his favor. Accordingly, in order to sustain a conviction for willful failure to pay tax, the BIR must prove beyond reasonable doubt that accused failed to pay the deficiency taxes within the time required by law and such failure is willful. To show whether there was a failure to pay within the required period, the time or deadline for payment of the assessed tax must be clear. Since the deadline for payment was not indicated in the FAN, it is impossible for the CTA to construe the taxpayer’s failure to pay his actual deficiency tax liabilities within the time required.

Owing to the absence of the deadline, there could not be any finding that the taxpayer willfully failed to pay the deficiency taxes. Considering that the BIR was not able to prove beyond reasonable doubt that the taxpayer was made fully aware of his obligation to pay taxes and when to pay the same, it could not be established that the taxpayer’s failure to pay his deficiency taxes was willful on his part. (*People of the Philippines v. Bonner Purpura Armada*, CTA Criminal Case No. O-617 dated June 8, 2020)

**In protests in the form of requests for reconsideration, the 180-day period commences from the date of filing of the protest.**

In protests in the form of requests for reconsideration, the 180-day period for the BIR to act on such protests commences from the date of filing of the protest.

In this case, the protest filed by the taxpayer clearly stated the nature thereof, *i.e.*, it is a “request for reconsideration.” Hence, the BIR had 180 days from filing of the protest on February 25, 2015, or until August 25, 2015, to act on the protest. Correspondingly, this case should have been filed with the CTA within thirty (30) days from the BIR’s inaction on August 25, 2015, or not later than September 23, 2015. Considering that this case was filed only on January 20, 2016, the CTA is clearly without jurisdiction to entertain the same. (*Getz Pharma (Phils.), Inc. v. Commissioner of Internal Revenue, CTA Case No. 9245 dated June 9, 2020*)

### **Proof of actual remittance is not a condition to claim for a refund of unutilized tax credits.**

In this case, the CTA ruled that proof of actual remittance is not a condition to claim for a refund of unutilized tax credits. The law provides that it is the payor-withholding agent, and not the payee-refund claimant who is vested with the responsibility of withholding and remitting income taxes. Further, the withholding of income tax and the remittance thereof to the BIR is the responsibility of the payor and not the payee. Hence, the payee-refund claimant should not be prejudiced by the acts of the payor-withholding agent.

Thus, proof of actual remittance is not indispensable. (*Tullet Prebon (Philippines), Inc. v. Commissioner of Internal Revenue, CTA Case No. 9804 dated June 15, 2020*)

### **It is the registry receipt issued by the mailing office and the affidavit of the person mailing which proves service made through registered mail.**

In case the taxpayer denies receipt of the assessment notices from the BIR, the latter has the burden to prove by competent evidence that the required notices were actually received by the taxpayer. It is the registry receipt issued by the mailing office and the affidavit of the person mailing which proves service made through registered mail.

In this case, while the registry return receipt as well as the certification issued by the Postmaster were presented by the BIR as evidence, the Postmaster who issued the same was not the person who actually served the PAN. The server of the letter neither executed a judicial affidavit nor was he presented before the CTA. Hence, the return receipt and certification are not sufficient to prove that the taxpayer actually received the PAN.

Therefore, the assessment is void because the taxpayer’s due process rights were violated. (*Ruben U. Yu v. Commissioner of Internal Revenue, CTA Case No. 9595 dated June 15, 2020*)

## **BIR Issuances**

### **Revenue Regulation No. 12-2020, May 21, 2020 - This repeals the 15-day further extension of tax deadlines under RR No. 11-2020.**

The 15-day further extension for filing and submission (in the event of an extension of the quarantine period) under RR No. 11-2020 has been repealed. The defined extended due dates under RR No. 11-2020 shall remain in effect regardless of any extension or modification of quarantine.

### **Revenue Regulation No. 13-2020, May 27, 2020 - This prescribes the rules and regulations to implement Republic Act (“RA”) No. 10699, otherwise known as the “National Athletes and Coaches Benefits and Incentives Act”.**



Qualified National Athletes and Coaches shall be entitled to twenty percent (20%) sales discount, on sales amount exclusive of VAT, on transportation services, hotels, resorts and other similar lodging establishments, restaurants, recreation centers, medicine and drug purchases, sports equipment purchase, and admission fees charged by places of culture, leisure and amusement. However, National Athletes and Coaches who are at the same time a senior citizen or a Persons with Disability can only claim single 20% discount on a particular sale transaction.

Establishments granting sales discounts to National Athletes and Coaches on their sale of goods and/or services shall be entitled to deduct the said sales discount from their gross income.

**Revenue Regulation No. 14-2020, May 28, 2020 - This amends the pertinent provisions on Cash Conversion of Unutilized TCC under RR No. 5-2000.**

Amendments were introduced to RR No. 5-2000 wherein any TCC which remains unutilized for more than one (1) year at any given interval of time during its validity shall be converted into cash with prior written notice by the BIR, subject to the availability of funds in accordance with the procedural requirements that will be issued by the BIR for this purpose.

Also, all TCCs which are already expired upon the effectivity of RR No. 14-2020 shall be automatically cancelled by the BIR, except those TCCs which are with the BIR, for purposes of utilization thru Tax Debit Memo, conversion or revalidation, before the expiration of their respective dates of validity.

**Revenue Regulation No. 15-2020, June 19, 2020 - This further amends RR No. 4-2019, as amended, relative to the period and manner of availment of Tax Amnesty on Delinquencies.**

The period for availment of the Tax Amnesty on Delinquencies (“TAD”) is further extended until December 31, 2020. However, the said date may be extended if the circumstances warrant an extension such as in case of country-wide economic or health reasons.

The procedures to avail of the TAD under Section 5 (C) of RR No. 4-2019, as amended, is further amended to require the concerned BIR Office receiving the request for Certificate of Delinquencies/Tax Liabilities shall issue said Certificate of Delinquencies/Tax Liabilities to the taxpayer within three (3) working days from the date of the request and should the concerned BIR Office find that said Certificate of Delinquencies/Tax Liabilities cannot be issued, said BIR Office must state in writing the legal and factual basis for its denial.

The concerned RDO/LTD/LTCED shall also endorse duly accomplished TAR and APF within one (1) working day from receipt of complete documents.

Submission of the duly accomplished TAR with the RDO/LTD/LTCED shall be within the availment period set forth in Section 3 of RR 4-2019 in which case the availment of the Tax Amnesty shall be considered fully complied with.

- **Revenue Regulation No. 16-2020, June 25, 2020 –** This further suspends the due dates in the application of the ninety (90)-day period to process Value-Added Tax (VAT) refund/claim for taxable quarters affected by the declaration of the national state of emergency.

**Revenue Regulation No. 16-2020, June 25, 2020 – This further suspends the due dates in the application of the ninety (90)-day period to process Value-Added Tax (VAT) refund/claim for taxable quarters affected by the declaration of the national state of emergency.**

The filing of claims for VAT refund for the following taxable quarters shall be until the specified due dates:



Calendar Quarter ending March 31, 2018 - July 15, 2020  
Fiscal Quarter ending April 30, 2018 - July 31, 2020  
Fiscal Quarter ending May 31, 2018 - August 15, 2020  
Calendar Quarter ending June 30, 2018 - August 31, 2020

Said due dates do not apply to areas not yet declared to be in a general community quarantine state. In which case, the deadline shall be thirty (30) days from the lifting of the Enhanced Community Quarantine (ECQ) or modified ECQ in the affected areas of taxpayer-claimant or the above stated deadlines, whichever comes later.

The 90-day period of processing VAT refund claims shall be suspended in areas where the ECQ or modified ECQ is still in force.

**Revenue Memorandum Circular No. 48-2020, May 22, 2020 - This prescribes the manner of accepting payment of internal revenue taxes until June 14, 2020.**

The leniency in filing of returns and payment of taxes due as provided under RMC No. 43-2020 in relation to the tax amnesty program is extended until June 14, 2020.

Concerned taxpayers may:

1. file the tax return and pay the internal revenue taxes at the nearest Authorized Agent Banks ("AAB"), notwithstanding RDO jurisdiction; or
2. file the tax return and pay the corresponding tax due thereon to the concerned Revenue Collection Officers ("RCO") of the nearest Revenue District Office ("RD"), even in areas where there are AABs.

Provided that payment of internal revenue taxes in cash should not exceed P20,000, while those for check payment will have no limitation if the same is made with RCO in the district office until June 14, 2020; Provided further that all checks shall be made payable to BIR (with or without "IFO Name and TIN of the taxpayer" written on the check as previously required) and that the name and branch of the receiving AAB may no longer be indicated therein.

**Revenue Memorandum Circular No. 49-2020, May 22, 2020 - This provides additional options in the acceptance and processing of the filed 2019 Income Tax Returns.**

Taxpayers may opt to submit the filed 2019 Income Tax Returns ("ITR") and its required attachments through the RCOs nearest them, notwithstanding the RDO jurisdiction, or through the online Electronic Audited Financial Statement ("eAFS") System.

For ITRs with payments made through the online payment facility of the AAB, the RCOs/COs shall stamp "Received" the returns and its attachments on the page of the Balance Sheet, Income Statement and Audit Certificate, if applicable. The other pages of the financial statements and its attachments need not be stamped "Received".

In case of corporations and other juridical persons, at least two (2) extra copies of the Audited Financial Statements (for filing with Securities and Exchange Commission) should be stamped "Received". The RCOs/COs shall batch the returns and their respective attachments and forward the same to the concerned Document Processing Division of the Revenue Region.

For ITRs filed electronically, the RCOs/COs shall accept and stamp "Received" only the copies of the Filing Reference Number generated from the eFPS/e-mail confirmation from the eBIRForms System and the Financial Statements following the abovementioned procedures.

For accepted out-of-district returns and required attachments, the RCOs shall forward the documents to the concerned RDOs.

Taxpayers may also submit their filed ITR and its required attachments thru the eAFS System that can be accessed through the BIR Website (www.bir.gov.ph). The required attachments will be grouped into three (3) document files specified in the Circular. Taxpayers must scan the documents and save them in PDF files (named accordingly) before uploading them in the eAFS.

The eAFS will acknowledge successful submission of the documents by issuing a system generated Transaction Reference Number and by sending an email to the system user. The Transaction Reference Number shall serve as the proof of submission by the taxpayer, in lieu of the manual “Received” stamping. Provided that the taxpayer shall keep the original copies of the digitally submitted documents and the same shall be presented, upon request, to the BIR.

**Revenue Memorandum Circular No. 50-2020, May 27, 2020 - This is issued to reassure the tax incentives granted under RA No. 7686, otherwise known as the “Dual Training System Act of 1994”.**

The BIR reassures that the tax incentives granted under Republic Act No. 7686 or the Dual Training System Act of 1994. Likewise, the BIR clarified that Sections 29 (h) and 94 (a) (3) of the National Internal Revenue Code (NIRC), as amended, respectively mentioned in subparagraphs (2) and (3) of Section 3 of Revenue Regulations No. 10-96 are now Sections 34 (H) and 101 (A) (2) of the NIRC of 1997.

**Revenue Memorandum Circular No. 52-2020, May 27, 2020 - This temporarily allows the filing via email of withdrawal of protest on Assessment Notices or Appeal on FDDA for purposes of Tax Amnesty.**

The BIR temporarily allowed the filing of the withdrawal of the protest on Final Assessment Notice (“FAN”)/Formal Letter of Demand (“FLD”) or appeal on Final Decision on Disputed Assessment (“FDDA”) via electronic mail (e-mail) for purposes of tax amnesty with the following guidelines:

1. The softcopy of the letter of withdrawal of the protest or appeal must be in PDF format, individually attached to the e-mail, signed by the taxpayer or his/her duly authorized representative, and shall contain the scanned copy of the first page of the protest or appeal sought to be withdraw, bearing the stamp “received” of the appropriate BIR Office and marked as Annex A of the said letter.
2. The said e-mail shall use the format prescribed in the Circular and shall be addressed to the appropriate BIR Offices specified in the Circular.
3. The document shall be deemed to have been filed on the date and time of receipt of the e-mail. In such case, the e-mail and the letter withdrawal of the protest or the appeal shall be printed and attached to the docket accordingly by the BIR personnel/processor.
4. The regular filing of papers or pleadings in connection with the protest or appeal pursuant to existing rules and revenue issuances shall resume as soon as the Enhanced Community Quarantine or the General Community Quarantine is lifted, and the option for online filing of withdrawal of any protest or appeal before the concerned BIR Offices shall no longer be allowed.

**Revenue Memorandum Circular No. 53-2020, May 27, 2020 - This circularizes Joint Memorandum Circular No. 002-2020 regarding the amendment to the Guidelines for the Availment of the SBWS Measure.**

The application for the SBWS was extended until May 19, 2020 for (1) those who have appealed for pre-qualification with the BIR on or before April 30, 2020 and have records that are found compliant with the BIR rules; and (2) those that were already able to successfully submit applications with SSS within the May 8, 2020 deadline but have employees who lack or have invalid credentials (pre-payout) and are classified under non-essential industries in regions with the highest concentration of employer applicants.

The Secretary of Finance was given the power to extend the payout periods upon recommendation of the SBWS Program Task Force and under highly justifiable circumstances.

**Revenue Memorandum Circular No. 54-2020, May 28, 2020 - This announces the availability of PayMaya for the payment of internal revenue taxes.**

The mobile application facility of PayMaya Philippines, Inc. is now available for the acceptance of electronic/online payment of internal revenue taxes. All payments made through the said mobile application will be settled by PayMaya with the Development Bank of the Philippines (“DBP”), an AAB of the BIR, for remittance to the Bureau of the Treasury.

Taxpayers are required to file their corresponding tax returns using the electronic filing facilities of eBIRForms System and/or Electronic Filing and Payment System (“eFPS”).

**Revenue Memorandum Circular No. 56-2020, June 2, 2020 – This further clarifies the manner of filing of returns and payment of internal revenue taxes until June 14, 2020**

Concerned taxpayers may file their tax return and pay the internal revenue taxes at the nearest Authorized Agent Banks (AABs), notwithstanding Revenue District Office (RDO) jurisdiction. They may also file and pay the same to the concerned Revenue Collection Officers (RCOs) of the nearest RDO, even in areas where there are AABs. Provided, that payment of internal revenue taxes in cash should not exceed ₱20,000.00 while check payment will have no limitation if the same is made with the RCO in the district office until June 14, 2020. Provided further, that all checks shall be made payable to Bureau of Internal Revenue (with or without “IFO Name and TIN of the taxpayer” written on the check, as previously required), and that the name and branch of the receiving AAB may no longer be indicated therein.

Taxpayers may also file their tax return through the eBIRForms facility and use the following payment options:

- a. Over-the-Counter payment through AABs;
- b. Revenue Collection Officers in areas where there are no AABs; and
- c. Electronic/Online Payment
  - i. LandBank of the Philippines’ (LBP) Link.Biz Portal - for taxpayers who have ATM account with LBP and/or for holders of Bancnet ATM/Debit/Prepaid Card and taxpayer utilizing PesoNet facility (depositor of RCBC and Robinsons Bank)
  - ii. Development Bank of the Philippines' (DBP) Pay Tax Online - for holders of Visa/Mastercard Credit Card and/or Bancnet ATM/Debit Card
  - iii. Union Bank Online Web and Mobile Payment Facility - for taxpayers who have an account with the Union Bank of the Philippines
  - iv. Mobile Payment (GCash/Paymaya)

Taxpayers who are enrolled in the eFPS shall continue to file through the system and settle their tax liabilities with the AABs where they are enrolled. Those who are not mandated to file and pay electronically has the option to use the eBIRForms facility or to file their tax returns manually. Filing of “no payment returns” shall also be made through the eBIRForms facility.

In case of unavailability of internet connection to electronically file such returns, taxpayers shall manually file the returns to the nearest RDO. In case of the unavailability of the BIR’s electronic filing facilities, taxpayers shall manually file the returns and pay the corresponding taxes due thereon through the abovementioned payment venues.

**Revenue Memorandum Circular No. 57-2020, June 9, 2020 – This prescribes the updated policy and revised checklist of documentary requirements on business registration and other types of applications.**

The requirements for registering a new business with the BIR have been streamlined by removing the Mayor’s Permit as one of the mandatory requirements when the BIR Citizen’s Charter 2019 was published in the BIR Website.

The BIR shall not process applications or requests with deficient or incomplete documentary requirements and shall process only those applications or requests with complete documentary requirements (pursuant to Rule VII, Section 2(b) of the Implementing Rules and Regulations of Republic Act No. 11032 or Ease of Doing Business and Efficient Government Delivery Act of 2018).

**Revenue Memorandum Circular No. 59-2020, June 9, 2020 – This amends the provisions of RMC No. 47-2020 relative to the temporary measures adopted by taxpayers on the receipting/invoicing requirements pursuant to “Bayanihan to Heal as One Act”**

All taxpayers who adopted the said workaround procedures/temporary measures during the periods of ECQ and MECQ are required to submit their Summary of Temporary Receipts/Invoices Issued (format is in Annex “A” of RMC No. 47-2020) within ninety (90) days from the date of lifting of ECQ and/or MECQ. The workaround procedures provided in the said Circular shall be applicable to taxpayers registered in areas under ECQ and MECQ.

Business entities covered under GCQ and/or MGCQ shall discontinue the use of the temporary measures allowed in RMC No. 47-2020. The use of the same during the said periods shall be considered a violation of the receipting/invoicing requirements.

**Revenue Memorandum Circular No. 60-2020, June 10, 2020 – This notifies persons conducting business through any forms of electronic media regarding their tax obligations and the registration of their business with the BIR.**

Persons doing business online with no Tax Identification Number (TIN) yet must register in the RDO having jurisdiction over the place where the Head Office of the business is located or over the place of residence of the individual taxpayer.

Individuals who already have TINs but their business are not yet registered, must register their business using BIR Form 1901 with the RDO having jurisdiction over their place of business, if with physical establishment, or with the RDO having jurisdiction over their place of residence. The concerned RDO shall effect the update of taxpayer classification and include the business activity of online selling. Non-individuals who already have TINs must update their business registration using BIR Form 1905, and include the additional business activity of online selling.

The Certificate of Registration (COR) shall be issued to those engaged in business upon compliance with the requirements prescribed in Annex A of the Circular. Aside from the COR, the taxpayer shall receive a copy of the BIR-received Form 1901 or 1903, Notice to Issue Receipt/Invoice, Bureau of Internal Revenue Printed Receipt/Invoice or Authority to Print (per taxpayer’s choice), and the proof of payment of registration fee.

All those who will register their business activity and/or update their registration status not later than July 31, 2020 shall not be imposed with penalty for late registration but are encouraged to voluntarily declare their past transactions subject to pertinent taxes, and pay the taxes due thereon, without corresponding penalty, when declared and paid on or before the said date.

The newly-registered business entities, including the existing registrants, are advised to comply with the provisions of the Tax Code, as amended, and other applicable tax revenue issuances, particularly on the following:

- a. Issuance of registered Sales Invoice or Official Receipt for every sale of goods or services to clients/customers/buyers;
- b. Keeping of registered Books of Accounts and other accounting records of business transactions;
- c. Withholding of taxes, as applicable;
- d. Filing of required tax returns; and
- e. Payment of correct taxes due on time

**Revenue Memorandum Circular No. 61-2020, June 15, 2020 - This further extends the deadline for availment of Tax Amnesty on Delinquencies provided under RR No. 4-2019, as amended, from June 22, 2020 to December 31, 2020.**

The deadline for availment of Tax Amnesty on Delinquencies provided under RR No. 4-2019, as amended, is extended from June 22, 2020 to December 31, 2020.

**Revenue Delegation Authority Order No. 2-2020, May 18, 2020 - This delegates to the Assistant Commissioner of Legal Service the authority to sign Certificates of Tax Exemption and Rulings on energy-related projects, in compliance with the Energy Virtual One-Stop Shop Act.**

The authority to sign Certificates of Tax Exemption and Rulings on energy-related projects, in compliance with the requirement under RA No. 11234, otherwise known as the “*Energy Virtual One-Stop Shop Act*” is delegated to the Assistant Commissioner of Legal Service.

**Revenue Memorandum Order No. 15-2020, June 3, 2020 - This prescribes the updated procedures in the acceptance of property donations to the BIR pursuant to RDAO No. 4-2010, as amended by RDAO NO. 4-2019**

Upon receipt of communication from the donor signifying its desire to donate property/ies to the BIR, the user or intended beneficiary, through the Assistant Commissioner concerned (for National Office)/Regional Director concerned (for Regional Office) shall follow the procedures in the acceptance of property donations specified in the Order.

The signatory of the Deed of Donation is the CIR for donation of real properties and other assets above 12 million pesos. For other assets with value of 12 million pesos and below, the Deputy Commissioner for Information Systems Group shall be the signatory for IT-related donations while for non-IT equipment/properties, the Deputy Commissioner for Resource Management Group shall be the signatory.

## SEC Issuances

**SEC Notice dated May 19, 2020 - This advises concerned entities of the opening of SEC payment facilities.**

The SEC opened the SEC Main Office – Cashier and the SEC Ortigas – Cashier starting Tuesday, 26 May 2020. However, the cashiers in SEC Satellite Offices remain closed until further notice.

**SEC Notice dated May 21, 2020 - This advises concerned entities of the resumption of manual operations of the Company Registration and Monitoring Department (“CRMD”).**

The CRMD will resume its manual operations in the Securities and Exchange Commission’s Main Office immediately until further pronouncements from the lifting of MECQ. The schedule for the manual operations will be Mondays to Thursdays from 9:00 am to 4:00 pm. The manual operations of the CRMD shall cater to the applications that have already been assessed and approved through online processing.

**SEC Notice dated May 21, 2020 - This provides information on the online submission of requirements on the amendment, conversion and/or withdrawal of license and substitution of resident agents of foreign corporations.**



Due to the implementation of MECQ, the Securities and Exchange Commission is accepting online applications for the Amendment, Conversion or Withdrawal of SEC License and Substitution of Resident Agent of Foreign Corporations. The monitoring and the amendment requirements may be submitted through [crmd\\_amend\\_foreign@sec.gov.ph](mailto:crmd_amend_foreign@sec.gov.ph). The Signed and Notarized/Consularized/Apostilled hardcopies of the application documents may be submitted within thirty (30) days from the lifting of the Enhanced Community Quarantine.

**SEC Notice dated May 21, 2020 – This advises concerned entities of the opening of the SEC Express System and the SEC Nationwide Submission (“SENS”).**

The SEC will open the following services to the public starting June 1, 2020:

1. SEC Express System – for the request of SEC Documents (Plain/Authenticated copy) online and through Call Center
2. SEC Express Nationwide Submission (SENS) – for the submission of SEC reportorial requirements through Courier and/or Philippine Postal Corp.

Submission of reportorial requirements (AFS and GIS) in hard copy must be in three (3) sets through SENS. Filers will not be allowed to go to SEC Head Office or Satellite Offices to file their reports.

Companies with principal office address near any of the SEC Extension Offices (EO), shall file their reports to the nearest EO. The Satellite Offices of the SEC, on the other hand, will be temporarily closed for receipt of reports since all submissions shall be through SENS. Lastly, the submission of reports (AFS/GIS) through electronic mail (email) is allowed.

**SEC Notice dated June 3, 2020 – This provides for the implementation of online applications for the Company Registration and Monitoring Department.**

The SEC will implement the use of online platform applications through specified links/electronic mail gateways for online applications to the Company Registration and Monitoring Department. Only those applications that have been assessed and approved for payment through online processing will be entertained at the CRMD premises.

**SEC Notice to All Non-Stock Corporations - This provides for the guidelines in the filing or submission of the Mandatory Disclosure Form (“MDF”).**

Among others, the notice provides that Non-Stock Corporations who have not yet submitted their MDFs online are advised to do so on or before July 15, 2020. Additionally, printed and notarized copy of the MDF may be submitted by means of Courier Services, Registered Mail, or Electronic Mail. The public is urged not to personally come to the SEC Main Office to submit the MDFs, however, the same may be accepted and received at the SEC-Extension Offices (EOs). Lastly, the deadline for submission of the printed and notarized copy of the MDFs shall be on July 31, 2020.

**SEC Notice dated June 9, 2020 – This encourages corporations to increase their cybersecurity measures.**

Corporations are encouraged to assess their current cyber risks and prepare the appropriate cybersecurity measures. In particular, corporations should ensure that their board and senior management, who have oversight over the risks or threats of a corporation, be made aware of the cyber risks and craft the appropriate policies and measures for the corporation’s cybersecurity.

**SEC Notice dated June 11, 2020 – This encourages the adoption of debt relief measures.**

The SEC is strongly encouraging financing companies (FCs), lending companies (LCs), and microfinance NGOs (MF-NGOs) to adopt measures that will help ease their borrowers' financial burn such as, but not limited to, lowering interest rates, waiver or reduction of penalties, charges and other fees, payment holiday, debt consolidation, extending the term of loans, and provision of flexible payment schedules.

**SEC Advisory dated May 20, 2020 – This is a reiteration of the directive to comply with Section 4(aa) of the Bayanihan To Heal As One Act, its implementing rules and regulations, and other applicable laws, rules and regulations.**

The SEC reiterated its Advisory dated 16 April 2020 reminding financing companies and lending companies to strictly comply with Section 4(aa) of the Bayanihan Act, its IRR, and all other laws, rules, and regulations being implemented by the SEC.

## IC Issuances

**IC Circular Letter No. 2020-60, May 15, 2020 – This provides regulatory relief on net worth requirements and guidelines on the implementation of amended Risk-Based Capital (“RBC2”) Framework for calendar year 2020 in order for insurance companies to better utilize their capital as they continue to work on their recovery vis-a-vis the Philippine economy.**

Net worth requirements and guidelines on the implementation of amended Risk-Based Capital (“RBC2”) Framework for calendar year 2020, as follows:

1. All insurance companies already compliant with the net worth requirements as of December 31, 2019 under Section 194 of the Amended Insurance Code before the declaration of ECQ and adversely affected by the crisis are:
  - a. Relieve from the quarterly compliance of the net worth requirements of Php900,000,000.00; and
  - b. Required to comply with CL No. 2016-68 (Amended Risk-based Capital Framework) and revised regulatory intervention (RBC ratio) as follows:

RBC Ratio (Y)	Event	Action
100% and above		No regulatory action needed.
75% </- Y < 100%	Trend Test	Company required to submit linear extrapolation of the RBC ratio for the next period. If the RBC ratio falls below 75%, move to Company Action Event.
50% </- Y < 75%	Company Action	Company required to submit RBC plan and financial projections and implement the plan accordingly.
25% </- Y < 50%	Regulatory Action	IC authorized to issue Corrective Orders



Y < 25%	Authorized and Mandatory Control	IC authorized and required to take control of the company.

2. All insurance companies which are not compliant with the net worth requirements as provided in Section 194 of the Amended Insurance Code before the declaration of the ECQ are required to make fulfil their respective commitments to the IC to put up additional funds to cover the net worth deficiency before availing the relief as discussed in (1) above.
3. Submission of 2020 RBC2 reports for the following periods shall be required.

Period Covered	Submission Date
As of June 30, 2020	August 31, 2020
As of September 30, 2020	November 30, 2020
As of December 31, 2020	April 30, 2021

**IC Circular Letter No. 2020-61, May 15, 2020 – This provides supplemental guidelines in the Revised Framework on the selection of External Auditors (“EAs”).**

Supplemental guidelines in the Revised Framework on the selection of EAs are as follows:

1. All reportorial requirements as required in Section 4 of CL No. 2019-39 shall be submitted to the IC's Financial Examination Group on or before January 31 of the following year.
2. The accredited EAs shall submit a report containing the following:
  - a. EA's IC-regulated Client List which contains, at a minimum, the following:
    - i. Name of IC-regulated clients
    - ii. Name of the engagement partner/s in case of Auditing Firms
    - iii. Number of years of engagement/assignment in case of signing partners, if any;
  - b. Copy of each engagement contracts in compliance with Section 4.2 of CL No. 2019-39;
  - c. Matter/s discovered that adversely affect the financial condition of the regulated entity as enumerated under Section 4.3 of CL No. 2019-39, if any; and
  - d. Summary of external auditor's clients that have pre-terminated engagement contracts during the audit period stating the reasons of such pre- termination.

The documents shall be submitted in a digital/ electronic format together with a signed certification provided in "Annex A."

**IC Circular Letter No. 2020-62, May 18, 2020 – This provides for the amendment of Section 1 of Circular Letter No. 2018-69 deferring IFRS 17 implementation.**

Amendment is made to Section 1 of CL No. 2018-69 wherein full implementation of IFRS 17 for life and non-life insurance industries is deferred to two (2) years after its effective date as decided by the IASB.

All other provisions of CL No. 2018-69 and Section 2 of CL No. 2019-66 disclosure requirements shall remain effective.

**IC Circular Letter No. 2020-63, May 18, 2020 – This provides regulatory relief from the exposure limit applied to financial assistance program of insurance companies.**

Financial assistance is granted to officers, employees and sales assistants of all insurance companies authorized to do business in the Philippines by adjusting the threshold from six percent (6%) to twelve percent (12%) of the net worth of the company as shown in its latest approved synopsis.

This is only allowed for financial reporting periods covering the year 2020, unless extended or changed as deemed necessary by the IC.

**IC Circular Letter No. 2020-65, May 20, 2020 – This directs the discontinuance of certain appropriated programs, projects, or activities (“P/A/Ps”) in the FYs 2019 and 2020 General Appropriations Act (“GAAs”), including unreleased appropriations and unobligated released allotments.**

Various P/A/Ps are to be discontinued amounting to Twelve Million Four Hundred Eighty-Three Thousand One Hundred Two Pesos and 20/100 (Php 12,483,102.20), or 10.16% of its allotment for Maintenance and Other Operating Expenses (“MOOE”) and Capital Outlay (“CO”) for FY 2020 in accordance with the instructions of the DBM under NBC No. 580.

Said regulated entities and stakeholders may refer to the enclosed Certification of P/A/Ps for Proposed Discontinuance per DBM National Budget Circular No. 580 attached to this Circular Letter and made an integral part hereof as Annex "A" for information on the particular P/A/Ps for proposed discontinuance and the amount of proposed estimated savings per P/A/P.

**IC Circular Letter No. 2020-66, May 21, 2020 – This provides interim guidelines on the declaration and/or distribution of dividends with the end in view of conserving capital due to the projected economic impact of the Covid-19 pandemic.**

This provides interim guidelines on the declaration and/or distribution of dividends with the end in view of conserving capital due to the projected economic impact of the Covid-19 pandemic, as follows:

All regulated entities authorized to do business in the Philippines shall meet the following regulatory measures at all times, without regulatory relief, before declaration and/or distribution of dividends out of the unrestricted retained earnings:

*For insurance and professional reinsurance companies*

1. Unimpaired paid-up capital stock;
2. The net worth requirements as prescribed by Circular Letter (CL) No. 2015-02-A and Section 194 of the Amended Insurance Code;
3. The solvency requirements defined by Section 200 of the Amended Insurance Code;
4. In the case of life insurance companies, the legal reserve fund required by Section 217;
5. In the case of corporations other than life, the legal reserve fund required by Section 219; and
6. A sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

*For pre-need companies*

1. Unimpaired paid-up capital stock;
2. Unimpaired trust fund;
3. The reserve liability and liquidity reserve requirements required by Sections 35 and 37, respectively, of the Pre-Need Code; and
4. A sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

*For HMOs*

1. The minimum paid-up capital, risk-based capitalization and net worth requirements as prescribed by CL No. 2016-41;
2. The liquidity requirement as prescribed by CL No. 2016-41; and
3. A sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

All regulated entities authorized to do business in the Philippines that will declare and/or distribute dividends for the year 2020 shall be required to secure prior approval from the Commission together with the following documents subject for evaluation, to wit:

1. Approved Annual Statement as of 31 December 2019;
2. Interim unaudited financial statements certified under oath by the President and Finance Officer;
3. Notarized Secretary's Certificate of the Board resolution as of the reversal of restricted retained to unrestricted retained earnings, if applicable; and
4. Notarized Secretary's Certificate of no pending case of intra-corporate dispute;

Additional requirement in case of cash dividend:

1. List of assets to be converted, in case of insufficient cash available for distribution, certified under oath by the Treasurer;

Additional requirements in case of stock dividend:

1. List of stockholders with their respective subscribed capital stock together with the allocation of stock dividend certified under oath by the Corporate Secretary; and
2. Analysis of Capital Structure certified under oath by the Treasurer;

Additional requirements in case of property dividend:

1. List of stockholders with their respective subscribed capital stock together with the allocation of property dividend certified under oath by the Corporate Secretary;
2. Detailed Schedule of the property account appearing in the Annual Statement; and
3. Certification by the President that the property/ies for dividend declaration is/are no longer needed in the operation of the company.

**IC Circular Letter No. 2020-68, May 22, 2020 – This further extends the period to comply with Section 29 of CL No. 2019-65 and submit duly accomplished and certified under oath AML and CTF compliance questionnaire under CL No. 2020-08.**

This further extends the period to comply with Section 29 of CL No. 2019-65 and submit duly accomplished and certified under oath AML and CTF compliance questionnaire under CL No. 2020-08, as follows:

Regulatory Requirement	Old Deadline	New/Extended Deadline
Making of Necessary Form and System Changes and Updating of the Regulated Entities' Money Laundering and Terrorism Financing Prevention Programs ("MTPPs") under Section 29 of CL No. 2019-65	June 30, 2020	July 30, 2020
Submission of Duly Accomplished and Certified Under Oath AML and CTF Compliance Questionnaire under CL No. 2020-08	June 30, 2020	July 30, 2020

**IC Circular Letter No. 2020-69, June 11, 2020 – This provides guidelines on the issuance of temporary license to new insurance agent during the state of public health emergency due to the Covid-19.**

The guidelines are as follows:

1. The scope covers the process in applying for, and the criteria for the grant of, a temporary license for individual agents during the implementation of community quarantine, social distancing, or "mass or work gatherings" rules and regulations imposed by the President or authorized government agencies;
2. Applicants should possess all qualifications under the Insurance Code, as amended by Republic Act No. 10607 and the existing rules and regulations issued by the Insurance Commission without the need to take and pass the qualifying insurance agent's examinations;
3. All applications must be electronically submitted to the Insurance Commission by the sponsoring insurance company which the applicant wishes to represent through the Enhanced Licensing System by uploading the following:
  - a. Duly accomplished application form accompanied by a Documentary Stamp Tax; and
  - b. Certification from the sponsoring insurance company to be signed by an officer with a position of at least Vice-President;
4. The licensing fee in the amount of Php 1,515.00 for the individual agent's license shall be paid by the applicant to the sponsoring insurance company. The sponsoring insurance company shall remit the applicant's license fee on behalf of the applicant to the Insurance Commission;
5. All temporary licenses issued will be valid until December 31, 2020 and shall automatically expire on such date; provided that, it shall automatically expire once the applicant passes or fails the qualifying insurance agent's examination or fails to take the said examination once Section 1 of IC CL No. 2020-12 is lifted;
6. Individuals issued with temporary insurance agent license must be under the supervision of a duly licensed agent who will oversee his/her work and conduct thru the utilization of Information and Communication Technology, such as but not limited to, teleconferencing, video conferencing, computer conferencing, or audio conferencing;
7. A license issued is subject to cancellation or revocation if the licensee violates the insurance laws or if the interests of the insured or the public are endangered;
8. In the performance of their fiduciary duties and responsibilities, all temporary licensee shall become liable to all the duties, requirements, liabilities and penalties to which an insurance agent is subject;
9. A temporary agent's license may be converted to a regular agent's license by completion of all requirements and after the passing of qualifying insurance agent's examinations. All applications for regular license must be submitted through the Enhanced Licensing System. The regular license's validity period shall be reckoned from the date of the issuance of the temporary agent's license and no additional license fee shall be required.

**IC Circular Letter No. 2020-70, June 11, 2020 – This recognizes digital payments, including its further innovations and variations, as an integral part of Insurance Technology (“InsurTech”) and provides for its framework, and encourages its adoption in insurance transactions.**

This recognizes digital payments, including its further innovations and variations, as an integral part of InsurTech and provides for its framework, and encourages its adoption in insurance transactions, as follows:

1. This applies to Insurance, Pre-Need and HMO providers and its agents (the Company).

2. The process is:

- a. The customer-originator will make digital payment/s to the company-addressee through the use of services provided by an intermediary;
- b. If the addressee requires that it should first receive the payment from the intermediary before any payment (full/partial) made by the originator can be completed, such addressee or the intermediary acting on behalf of such addressee must inform the originator that payment is on pending status. In such a case, the originator may still cancel the payment and whatever the originator has already paid, the same must be reimbursed to him in full.

Digital payment shall be deemed complete upon receipt by the originator of notice from the addressee that payment has been accepted/completed.

- c. The intermediary or the addressee must place within the digital payment system platform an option available to the originator to cancel a completed digital payment within 24 hours, if the originator did not intend to make such digital payment. The acceptable reasons for the cancellation of the completed digital payment made by the originator shall be, but not limited to, the following:

c.1. Accidentally clicking/tapping on the option of making an electronic payment.

c.2. The originator erroneously/accidentally paid for the wrong product/service.

3. The prohibited acts are as follows:

- a. The addressee/intermediary shall have no authority to modify or alter the content of the electronic data message or electronic document received or to make any entry therein on behalf of the originator, any third party who shall retain the electronic document or as necessary for the purpose of delivering the product/service.
  - b. Denial of the legal effect of payment for the sole reason that it is not in physical form of payment.
  - c. Making any provision in the terms and conditions to be accepted by the originator before proceeding to digital payment which shall have the effect of a waiver of the any of the prohibited acts in this Circular.
4. A digital platform must have in place measures prior to entering into a contract with the company to secure the data and money stored and processed by them, and must be compliant with the requirements set forth under R.A. No.1 0173 or the "Data Privacy Act" and its Implementing Rules and Regulations.
  5. The digital platform partner of the company must comply with the Know-Your-Customer (KYC) requirements under R.A. No. 9160 or the "Anti-Money Laundering Act" (AML) and other pertinent AMLA requirements as issued by the SSP, and as may be applicable.
  6. The company has the duty to monitor the compliance of any of their digital partner with the requirements under this Circular.

**IC Circular Letter No. 2020-71, June 13, 2020 – This promulgates the Revised Code of Corporate Governance for Insurance Commission Regulated Companies ("ICRCs").**

This promulgates the Revised Code of Corporate Governance which is intended to raise the corporate governance standards of ICRCs to a level at par with its regional and global counterparts. The latest G20/Organisation for Economic Cooperation and Development Principles of Corporate Governance, the Association of Southeast Asian Nations Corporate Governance Scorecard and the Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission (SEC) were used as key reference materials in the drafting of this Code.

**IC Circular Letter No. 2020-72, June 13, 2020 - This mandates all ICRCs to submit an Annual Corporate Governance Report ("ACGR") which aims to assess ICRCs' observance of different principles and recommendations of the Insurance Commission's Code of the Corporate Governance.**

This mandates all ICRCs to submit an ACGR subject to the following:

1. All ICRCs shall submit two (2) copies of a fully accomplished and certified under oath ACGR to the Corporate Governance Unit of the Commission. Initial submission shall be on or before May 30, 2021 based on the ICRC's 2020 operations. Subsequent submission of the fully accomplished and certified under oath ACGR to the IC shall be on or before May 30 of each year.
2. The ACGR shall cover all relevant information from January to December of the given year.
3. Copies of the ACGR that will be submitted shall be duly notarized and shall bear the original signatures of the following signatories: (a) Chairman of the Board; (b) President or Chief Executive Officer; (c) All Independent Directors; (d) Corporate Governance Compliance Officer; and (e) Corporate Secretary.
4. All ICRCs shall maintain a company website. The ACGR with accessible links, including copies of supporting documents to ACGR responses, shall be posted to the ICRCs' respective website within five (5) business days from submission to the IC.
5. All non-life insurance and professional reinsurance companies are mandated to provide additional information on the companies' policies and programs on its participation in the Philippine Catastrophe Insurance Facility, if applicable.

**IC Circular Letter No. 2020-73, June 14, 2020 - This provides guidelines on the adoption of a Regulatory Sandbox Framework for InsurTech Innovations.**

This provides guidelines on the adoption of a regulatory sandbox framework for InsurTech innovations, as follows:

1. No Regulatory Sandbox that involves the doing an insurance business or the performance of any act that will require licensing and/or regulation by the Insurance Commission shall be adopted and implemented unless approved by this Commission.
2. Natural or juridical persons who intend to participate in a Regulatory Sandbox but whose businesses are not regulated by the Insurance Commission and whose collaboration will require the performance of acts that will result in business or transactions that will require licensing, regulation or approval by the Insurance Commission, *i.e.* Fintech start-ups, etc., the same must first comply with existing regulations issued by the Insurance Commission, insofar as applicable, before submitting any application for participation in a Regulatory Sandbox.



3. A Regulatory Sandbox shall be operated in Experimentation Cycle/s that will be implemented one at a time and subsequently evaluated and finalized first before commencing any subsequent Experimentation Cycle/s.
4. The Experimental Cycle, if approved by the Insurance Commission, shall last for a maximum period not exceeding one (1) year but such can be extended for a period not exceeding six (6) months, provided that the Applicant shall submit a written justification.
5. Any person/s intending to apply for participation in a Regulatory Sandbox shall submit a formal proposal and shall submit the required documents to the Insurance Commission's Regulation, Enforcement, and Prosecution Division ("REPD"), whether in hard copy, flash drive or compact disc.
6. The REPD shall receive any and all applications under this Circular Letter and determine whether or not the required documentation is complete and whether the applications exhibit the parameters provided in this Circular Letter. The REPD may require additional information or documents for clarificatory matters only, if needed.
7. If the Insurance Commissioner is satisfied with the recommendations of the REPD, the latter shall issue a letter of approval ("Approval") to the successful Applicants. The successful Applicant will be allowed to operate and proceed with live testing or experiments within the period stated in this Circular Letter.
8. The successful Applicants shall mandatorily submit a monthly written report to this Commission, through the REPD.
9. At the end of the Experimentation Cycle, or if the successful Applicants achieve the results desired earlier than the end of the Experimentation Cycle, the successful Applicant shall submit a written Completion Report to the REPD.
10. Any information in the custody of or within the knowledge of the Insurance Commission pertaining to the Applicants' participation in a Regulatory Sandbox, including its successful launching, shall be considered as trade secrets in accordance with applicable intellectual property laws of the Philippines.

**IC Ruling No. 2020-04, May 22, 2020 - This provides that in case the date for filing of Audited Financial Statements ("AFS") in the IC comes first before the SEC deadline, the company may file a soft copy of its AFS "without stamp" to the IC on the filing date, in lieu of the AFS with stamped "Received" by the SEC.**

In case the date for filing of AFS in the IC comes first before the SEC deadline, the IC will still accept the submission of the AFS, provided that the company will file the soft copy of its AFS "without stamp" to the IC on the filing date. The AFS with stamped "Received" can be submitted 15 days after the submission to the SEC and BIR, whichever comes later.

**IC Ruling No. 2020-05, June 15, 2020 - This states that a financing company is not allowed to offer and promote the Group policy it will enter into with the insurer to its loan borrowers/customers. Otherwise, it will be tantamount to doing or transacting insurance business thru making or proposing to make or soliciting an insurance contract.**

A financing company is not allowed to offer and promote a credit personal accident insurance protection under the Group policy it will enter into with the insurer to its loan borrowers/customers. If it will promote or offer the group policy, it will be tantamount to doing or transacting insurance business thru making or proposing to make or soliciting an insurance contract. That said act will necessitate the application and issuance of license to transact as an agent.



# BSP Issuances

**BSP Memorandum No. M-2020-042, May 18, 2020 - This requires lending institutions to implement a thirty (30)-day grace period for loans with principal and interest falling due within the period of MECQ, without incurring interest on interest, penalties, fees, and other charges**

The mandatory grace period shall still apply to all loans extended by all covered financial institutions, irrespective of their place of operation, while under MECQ. Hence, lending institutions shall implement a 30-day grace period for loans with principal and interest falling due within the period of MECQ, without incurring interest on interest, penalties, fees, and other charges.

The mandatory grace period as stated above shall apply only if there are still areas in the country under ECQ or MECQ. Its application shall cease once the ECQ and MECQ are lifted in the entire country.

**BSP Memorandum No. M-2020-043, May 18, 2020 - This extends the temporary measures implemented in the BSP Rediscount Facilities.**

Under Monetary Board (MB) Resolution No. 647 dated May 14, 2020, the following are extended for an additional sixty (60) days or until July 17, 2020, subject to further extensions as may be approved by the MB:

1. Reduction of the term spread on Peso rediscounting loans relative to the BSP's overnight lending rate to zero, regardless of maturity; and
2. Acceptance of the following eligible credit instruments for rediscounting to the BSP:
  - a. United States Dollar (USD) and Japanese Yen (JPY)-denominated credit instruments to end-user borrowers operating during the ECQ, related to the economic activities enumerated in Department of Trade and Industry MC No. 20-08 dated March 20, 2020, provided they are booked under the regular bankint unit of the rediscounting bank and are compliant with the requirements on eligible papers and collaterals under Section 282 of the MORB, except for loans to banks and capital markets.
  - b. USD and JPY- denominated credit instruments and Credit instruments compliant with the requirements on eligible papers and collaterals under Section 282 of the MORB, which were granted mandatory 30-day grace period pursuant to Memorandum No. M-2020-017, subject to submission of the required certification by authorized officer of the bank.

**BSP Memorandum No. M-2020-044, May 29, 2020 - This provides for the extension of PhilPaSS arrangements under the GCQ over the NCR until June 11, 2020.**

The original extended date under Memorandum No. M-2020-041 dated May 15, 2020, is until May 29, 2020, considering that NCR was under MECQ that time.

In view of the GCQ in the NCR, the arrangements of the PhilPaSS under the following guidelines are extended until June 11, 2020:

Operating timelines and cut-off times	PhilPaSS Advisory No. BPU-2020-048 dated March 17, 2020
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Procedures for submission of documents to the Payments and Settlements Office	PhilPaSS Advisory No. BPU-2020-041 dated April 13, 2020
Temporary waiver of fees	PhilPaSS Advisory No. BPU-2020-027 dated April 21, 2020

**BSP Memorandum No. M-2020-045, June 1, 2020 – This provides answers for the Frequently Asked Questions (FAQ) on the Implementing Rules and Regulations (IRR) of Section 4 (aa) of Republic Act No. 11469, otherwise known as the “Bayanihan to Heal as One Act” (Bayanihan Act).**

FAQs on the IRR of the Bayanihan to Heal as One Act:

1. The 30-day mandatory grace period under the Bayanihan Act shall no longer apply effective June 1, 2020, due to placing of majority of provinces and cities under General Community Quarantine (GCQ) or modified GCQ. Therefore, all loan payments with principal and interest falling due from June 1, 2020 onwards shall be due and demandable.

The termination of the grant of the 30-day grace period is premised on the lifting of the restrictions on economic activities in majority of the provinces and cities in the country.

2. The 30-day mandatory grace period under the Bayanihan Act shall continue to apply to loan and/or interest payments falling due until May 31, 2020, even if the new due dates will fall on or after June 1, 2020.
3. Borrowers that were granted 30-day grace period on all their loan payments in March, April and May 2020 are not required to pay in June 2020. Effective June 1, 2020, the borrower shall only pay the amount of the loan principal and/or interest that is effectively due in June 2020 or for one month following the application of the 30-day grace period. The last payment due date of the loan is effectively extended by a period equivalent to the grace period granted for the duration of the Enhanced Community Quarantine (ECQ). For accrued interest in March, April and May 2020, the borrower may pay it in lumpsum in June 2020 or on a staggered basis over the remaining term of the loan.
4. Borrowers have the option to pay the interest accrued during the mandatory grace period in lumpsum on the next payment due date or on a staggered basis over the remaining life of the loan. But covered institutions may offer less onerous payment arrangements that include setting new payment due dates for interest accrued during the mandatory grace period.
5. Further, no Documentary Stamp Tax (DST) shall be imposed on credit extension and credit restructuring, micro-lending including those obtained from pawnshops and extensions thereof during the ECQ period.

**BSP Memorandum No. M-2020-046, June 1, 2020 – This provides for transitory guidelines on reporting of loans to large enterprises as alternative compliance with the reserve requirements.**

Pursuant to Circular No. 1087 dated May 27, 2020, loans to large enterprises that are utilized as alternative compliance with the reserve requirements shall be reported under the accounts set forth below:

BSP Supervised Financial Institution	Report	Account
Universal/Commercial Banks	Consolidated Daily Report of Condition (CDRC)	f. Investments in Bonds and Other Debt Instruments – Govt. (eligible as reserves)

		1. Government Securities - Circular No. 10 dated 12/29/93 (Rec. No. 71)
Thrift Banks	CDRC	d. Investments in Bonds and Other Debt Instruments - Govt. (eligible as reserves) 1. Government Securities - Circular No. 10 dated 12/29/93 (Rec. No. 71)
Rural/Cooperative Banks	Weekly Report on Required and Available Reserves (WRRAR)	B. Additional Information 2. IBODI for Legal Reserves a. Bangko Sentral Certificates if Indebtedness (Rec. 250)
Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs)	Consolidated Report on Required and Available Reserves (CRRAR)	F. Available Reserves 4. Others (Specify) (Rec. No. 66) - Loans to Qualified Large Enterprises
Trust Departments of Banks/NBQBs	Special Financing and Weekly Reserve Report on Trust and Other Fiduciary Accounts (TOFA)	II. Available Reserves B. Eligible Government Securities (Rec. No. 110)

Loans granted by NBQBs to Micro, Small and Medium Enterprises (MSMEs) that are utilized as alternative compliance with the reserve requirements shall temporarily be reported under the accounts set forth below:

BSP Supervised Financial Institution	Report	Account
NBQBs	CRRAR	F. Available Reserves 4. Others (Specify) (Rec. No. 65) - Loans to MSMEs

**BSP Memorandum No. M-2020-047, June 1, 2020 – This provides for recognition by the BSP of Digital Banking Services.**

For purposes of providing clarity, the BSP reiterates that no distinct “digital banking” license is issued to institutions that have pursued a digital-centric business model. Instead, institutions offering digital-centric financial services are either an existing universal, commercial, thrift or rural bank or have applied either as a universal, commercial, thrift or rural bank, in accordance with the existing bank licensing regime.

While the BSP encourages supervised institutions to actively offer digital solutions, BSP-Supervised Financial Institutions (BSFIs) are reminded to exercise caution when publicly promoting themselves as digital banks, in the absence of a separate licensing framework for a full-fledged digital bank for now. Pending formal issuance of such a framework, BSFIs should refrain from making representations that could generate ambiguities in the current state of licensing regime for banks.

**BSP Memorandum No. M-2020-048, June 5, 2020 – This Memorandum provides for the extension of temporary relief measure on the transactions with Philippine Payment and Settlement System (PhilPaSS).**

In recognition of the effects of the corona virus pandemic situation to the Philippine economy as it strives to recover, the temporary waiver of fees of fund transfer transactions made through the PhilPaSS under the BSP Memorandum M-2020-027 dated 21 April 2020 is hereby extended until the last business day of year 2020.

The BSP strongly encourages the participants of PhilPaSS to disseminate to the public the available automated clearing houses and PhilPaSS as facilities to electronically transfer funds, thereby providing Filipinos a wide range of digital payment channels.

**BSP Memorandum No. M-2020-049, June 9, 2020 – This provides for the additional operational relief for all BSFIs affected by the measures to manage the Corona Virus Disease 2019 (COVID-19) situation and its health and safety risks.**

The Monetary Board approved the relaxation in the regulations governing the submission of reports and other documents to the BSP-Financial Supervision Sector (FSS). The submission of required reports for BSP-FSS that fall due within the months of March to June 2020 is suspended until further notice, except for the submission of the Financial Reporting Package for Banks (FRP), the Consolidated Foreign Exchange (FX) Position Report, event driven report requirements and reserve requirement-related reports.

**BSP Memorandum No. M-2020-050, June 15, 2020 – This provides for regulatory relief through temporary relaxation of the maximum borrowing limit of pawnshops.**

The Monetary Board approved the grant of regulatory relief for Pawnshops through the relaxation of their maximum borrowing limit by increasing the allowed percentage of their total borrowings to pledge loans from fifty percent (50%) to seventy percent (70%) until December 31, 2020.

**BSP Circular No. 1087, May 27, 2020 – This amends MORB and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) by providing Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs).**

Subject to certain requirements provided by the MORB, the following alternative compliance with the required reserves against deposit and deposit substitute liabilities shall be allowed:

1. Peso-denominated loans that are granted to micro-, small-, and medium enterprises (“MSME”), excluding banks and NBQBs that meet the definition of a small and medium enterprise;
2. Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs that meet the definition of a large enterprise.

The required reserves and the alternative modes of compliance with the required reserves in the current period shall be computed based on the corresponding levels of deposit substitute liabilities of the prior week.