Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
National Office
Quezon City

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April 3, 2020

REVENUE MEMORANDUM CIRCULAR NO. 36-2020

SUBJECT: **Further Clarification on the Exemption from Documentary Stamp Tax (DST) Relief for Qualified Loans pursuant to Revenue Regulations No. 8-2020 dated April 1, 2020 and Revenue Memorandum Circular No. 35-2020 dated April 2, 2020**

To: **All Internal Revenue Officers and Others Concerned**

A. BACKGROUND

In line with the national policy articulated in Republic Act (R.A.) No. 11469, otherwise known as the "Bayanihan to Heal as One Act" to mitigate the transmission of COVID-19, mobilize assistance in the provision of basic necessities to affected persons, undertake a program for recovery and rehabilitation, ensure sufficient, adequate and readily available funding and promote and protect the collective interests of all Filipinos in these challenging times, among others, and the power granted to the President to direct all banks, quasi-banks, financing companies, lending companies, and other financial institutions, public and private, including the Government Service Insurance System, Social Security System and Pag-IBIG Fund, to implement a minimum of a thirty (30)-day grace period for the payment of all loans, including but not limited to salary, personal housing, and motor vehicle loans, as well as credit card payments, falling due within the period of the Enhanced Community Quarantine (ECQ) without incurring interest, penalties, fees, or other charges, this Circular is hereby promulgated to suspend the imposition of charges as provided in the Rules and Regulations Implementing Section 4(aa) in relation to Section 4(n) of the "Bayanihan to Heal as One Act."

B. TAX TREATMENT

Subject to the provisions of Section 199(d) of the Tax Code, as amended, there shall be no additional DST to be imposed under Sections 179, 195 and 198 of the same Code, on credit extensions and credit restructuring, micro-lending including those obtained from pawnshops and extensions thereof during the ECQ Period. The new loan principal shall not be subject to DST.

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The same tax treatment shall apply to all extensions of payment and/or maturity periods of all pre-existing loans, including but not limited to salary, personal, housing, and motor vehicle loans, falling due within the ECQ Period contemplated by Section 4(aa) of R.A. No. 11469, including the extension of maturity periods that may result from the grant of grace periods for these payments, whether or not such maturity periods originally fall due within the ECQ.

Further guidance on the above exemption from DST shall be as follows:

1. Credit extensions:

   a. Those pertaining to pre-existing loans that fall due during the ECQ Period where interest is paid but the principal is converted into a new loan with a new maturity date. The said new loan principal and the renewal or extension of the loan's mortgage, pledge or deed of trust (collateral documentation) shall be exempt from DST.

   b. Those pertaining to pre-existing loans that fall due during the ECQ Period where interest is paid but the principal is rolled-over or renewed as a new loan principal in accordance with a pre-agreed roll-over arrangement and collateral documentation thereof prior to the COVID-19 situation shall remain subject to DST.

2. Credit restructuring:

   a. Those pertaining to pre-existing loans that fall due during the ECQ Period where both the principal and interests are not paid but are consolidated and converted into a new loan principal with a new maturity date and the renewal or extension of the loan's mortgage, pledge or deed of trust (collateral documentation) shall be exempt from DST.

   b. Those pertaining to pre-existing loans that fall due during the ECQ Period where there is payment of interest and partial payment of principal on maturity while the remaining unpaid principal is converted into a new loan principal with a new maturity date and the renewal or extension of the loan's mortgage, pledge or deed of trust (collateral documentation) shall be likewise exempt from DST.

3. Fresh loan availments, top-up to existing loans and new loan drawdowns during the ECQ Period and its collateral documentation remain subject to DST, as applicable.

C. REPORTORIAL REQUIREMENTS

Covered Institutions, but not limited to banks, quasi-banks, financing companies, lending companies, and other financial institutions, public and private, including the Government

Service Insurance System, Social Security System and Pag-IBIG Fund shall submit in hard and soft copy, a summary listing of all pre-existing loans, pledges and other instruments as of March 17, 2020 (commencement date of ECQ) which were granted extension of payment and/or maturity periods based the following format:

Name of Taxpayer
Summary Listing of Pre-existing Loans, Pledges and Other Instruments with Granted Extension of Payment and/or Maturity Periods
As of March 17, 2020

Type of Instrument	Date of Loan Agreement/ Promissory Note, Pledge, etc.	Document Reference Number (Account ID/Reference ID, as applicable)	Original Payment Deadline Maturity Period	Extended Payment Deadline/ Maturity Period	Amount of Loan/Pledge

The above-mentioned summary listing shall be submitted to the Revenue District Office/Large Taxpayers Service/Large Taxpayers District Office where the taxpayer is registered within sixty (60) days from the lifting of the ECQ. The hard copy of the above summary listing together with photocopies of the documents evidencing the credit extensions and credit restructuring shall be made under oath as to the completeness, truth and accuracy thereof by a duly authorized officer or representative of the taxpayer.

D. PENALTIES

In case of failure to submit the summary listing required on the date prescribed therefor, there shall upon notice and demand by the Commissioner, be paid by the Covered Institution, the additional DST that should have imposed on the instrument during the ECQ as imposed under the Tax Code, as amended, plus administrative penalties incident to such failure.

All Internal revenue officials and employees are hereby enjoined to give this Circular as wide a publicity as possible.

This Circular shall take effect immediately.

CAESAR R. DULAY
Commissioner of Internal Revenue

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