REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

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September 14, 2020

REVENUE REGULATIONS NO. 24-2020

SUBJECT: Implementing Section 4(uu) of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act", On Exemption from Documentary Stamp Tax (DST) of Loans Extended or Credits Restructured

TO: All Internal Revenue Officers and Others Concerned

SECTION 1. SCOPE. – Pursuant to the provisions of Section 244 of the National Internal Revenue Code (NIRC), as amended, the following Regulations are hereby promulgated to implement Section 4(uu) of Republic Act (RA) No. 11494, otherwise known as the "Bayanihan to Recover As One Act", to wit:

"SEC. 4. COVID-19 Response and Recovery Interventions. xxx xxx

xxx xxx xxx

(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

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related party transaction restrictions, and (v) non-inclusion in the bank's or NBFI's 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.***

It is understood that this provision shall not apply to interbank loan and bank borrowings;"*(Emphasis supplied)*

SECTION 2. COVERAGE. – These Regulations shall cover all extensions of payments and/or maturity periods of all loans, 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, falling due, or any part thereof, on or before December 31, 2020 contemplated under Section 4(uu) of RA No. 11494, including the extension of maturity periods that may result from the grant of grace periods for these payments, whether or not such maturity period originally fall due on or before December 31, 2020.

These Regulations shall also cover credit restructuring, micro-lending including those obtained from pawnshops, and extensions thereof made on or before December 31, 2020.

SECTION 3. DEFINITION OF TERMS. – For purposes of these Regulations and to ensure effective implementation of Section 4(uu) of the Bayanihan to Recover As One Act, the following words and phrases shall have the meaning indicated below:

3.1 ***Covered institutions*** shall mean all lenders, including but not limited to 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 under the supervision of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), and the Cooperative Development Authority (CDA), public and private, including the Government Service Insurance System (GSIS), the Social Security System (SSS) and Home Development Mutual Fund (Pag-IBIG Fund).

3.2 ***Loan Amortization*** means a scheduled periodic payment that is applied to both loan principal and/or interest

3.3 ***Due date*** means the maturity date of the principal and/or interest, including amortizations falling on or before December 31, 2020

3.4 ***Interbank loan*** shall include, among other things, (a) interbank call loan (IBCL) transactions; (b) borrowings evidenced by deposit substitute instruments; (c) purchases of receivables with recourse. It shall not include funds borrowed by banks from trust departments of banks or investment houses.[1]

SECTION 4. EXEMPTION FROM DOCUMENTARY STAMP TAX (DST) PURSUANT TO RELIEF FROM LOANS FALLING DUE ON OR BEFORE

[1] BSP Circular No. 689, S. 2010.

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DECEMBER 31, 2020. – No additional DST, including those imposed under Section 179, 195 and 198 of the NIRC, as amended, shall apply to term extensions and credit restructuring, micro-lending including those obtained from pawnshops and extensions thereof granted by covered institutions for loans falling due, or any part thereof, on or before December 31, 2020.

SECTION 5. INTERBANK LOANS AND BANK BORROWINGS. – Interbank loans and bank borrowings shall be subject to the DST imposed under Section 179, 195 and 198 of the NIRC, as amended.

SECTION 6. REPEALING CLAUSE. – All revenue rules and regulations and other revenue issuances or parts thereof, which are inconsistent with these Regulations are hereby repealed or modified accordingly.

SECTION 7. EFFECTIVITY. – These Regulations shall take effect upon its publication in the Official Gazette or in a newspaper of general circulation.

CARLOS G. DOMINGUEZ
Secretary of Finance

SEP 28 2020

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

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