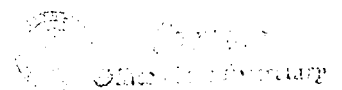


EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



20 APR 16 10 36

SENATE
S.B. No. 1431

SENATOR _____
[Signature]

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT
ESTABLISHING AN ECONOMIC RECOVERY PACKAGE TO BUSINESSES IN
THE HARDEST HIT SECTORS BY THE CORONAVIRUS DISEASE 2019
(COVID-19), APPROPRIATING FUNDS THEREFOR,
AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Article II Section 9 of the 1987 Constitution provides that the State "*will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.*" Section 20 of the same article further states that, "*the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments*".

The World Health Organization declared a pandemic in 11 March 2020. Following the declaration, the entire Luzon was placed under an enhanced community quarantine (ECQ) to contain the transmission of the virus on 16 March 2020. The ECQ restricted the movement of the population by suspending public transport, mandating a skeletal workforce, and temporary closures of "*non-essential*" businesses. Essential businesses allowed to operate were limited to hospitals, drug stores, groceries, food, utilities, financial institutions, and media.

The ECQ severely hampered the economic activity of Luzon, which is responsible for 70% of the economic activity of the country. On the labor sector, about seven million daily wage earners are economically displaced by the temporary shutdown of the economy. On the business sector, many "*non-essential*" businesses generated no revenue but incurred payroll costs as they continue to pay their employees. Based on the Labor Force Survey (LFS), the total payroll cost for these workers amount to Php 3 billion per day or Php 63 billion per month.

Certain sectors were so severely hit by the economic fall-out of the pandemic that their future recovery has been put into serious doubt. For example, tourism is among those sectors directly and hardest hit by COVID-19. The Department of Tourism (DOT) estimated that the tourism industry would lose Php 42.9 billion in revenue for the next three months due to a 1.42 million reduction in tourist arrivals. The Air Carriers Association of the Philippines (ACAP) lost Php 3 billion for flight refunds alone due to the travel ban resulting in the cancellation of 32 routes before the ECQ. Given the linkages of the tourism sector to travel, hotel, restaurant and other sectors of the economy and its indirect effect on almost one-third of the workers in the Philippine economy, government assistance, in one way or another, has been urgently sought.

Through R.A. No. 11469, also known as the "*Bayanihan to Heal as One Act*", the President has been given the full gamut of funding sources, great budget flexibility and full enforcement powers. What this bill seeks is the planning and programming of those funds and powers for the utmost benefit and universal welfare of the youth and the Filipino people. The bill seeks to propose an economic recovery package to support businesses in retaining their employees in this time of crisis by providing a direct wage subsidy of 75% of actual payroll cost to employees of affected businesses which are in the hardest hit sectors, as may be determined by the IATF, in coordination with the local government units (LGUs). It also attempts a wide-ranging review of industrial policy and maximum regulatory forbearance, all to be monitored and overseen weekly by Congress.

Given the abovementioned health and economic emergencies, the immediate passage of this bill is earnestly sought.


IMEE R. MARCOS

20 APR 16 A9:16

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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled.

1 Section 1. *Short Title.* – This Act shall be known as the “*Economic Recovery*
2 *Act of 2020.*”

3
4 Section 2. *Declaration of Policy.* – It is hereby declared a policy of the State to
5 support businesses and workers affected by the COVID-19 pandemic with the
6 objective of supporting employment, minimizing economic losses, and renewing
7 business confidence by carrying out an economic recovery package.

8
9 Section 3. *Implementation and Supervision.* – The economic protection and
10 recovery package shall be under the Office of the President of the Philippines, in
11 coordination with the Inter-Agency Task Force (IATF).

12
13 Section 4. *Labor Retention and Business Protection.* – The economic recovery
14 package shall contain a direct wage subsidy of 75% of actual payroll cost to
15 employees of affected businesses which are in the hardest hit sectors, as may be
16 determined by the IATF, in coordination with the local government units (LGUs).

17

1 Section 5. *Industrial Policy Measures* - Industrial policies that impede the
2 responses of businesses in coping with the economic effects of COVID-19 shall be
3 revised accordingly, including, but not limited to, the immediate adoption of zero
4 tariff rates on essential imported raw materials, which shall be facilitated by the IATF
5 and in coordination with the Department of Trade and Industry (DTI), Tariff
6 Commission, and the National Economic and Development Authority (NEDA). The
7 DTI shall identify the raw materials that will be subject to zero tariff. Such tariff
8 reduction shall be deemed temporary until the DTI recommends the permanent
9 adoption of zero rates. *Provided that*, the DTI, in consultation with the Anti-Red
10 Tape Authority (ARTA), shall review existing industrial policies and will recommend
11 the removal or revision of rules and regulations that do not support the goal of
12 business continuity post COVID-19.

13
14 Section 6. *Exercise of Regulatory Forbearance*. - The IATF, in coordination
15 with the Bureau of Internal Revenue (BIR), Securities and Exchange Commission
16 (SEC), Philippine Competition Commission (PCC), and other relevant regulatory
17 agencies shall direct to suspend deadlines for all payments and submissions due
18 within the ECQ period and extend due dates accordingly. For the Fiscal Year 2020,
19 businesses may file all tax payments with the BIR until six (6) months after the
20 lifting of the ECQ with no penalty. *Provided that*, the IATF shall streamline the
21 process for new businesses applying for registration after the enactment of this Act,
22 including reducing timelines for requirements and reducing the permits necessary
23 before the commencement of operations.

24
25 Section 7. *Confirmation of Business Listings by Local Government Units*. - The
26 list of qualified businesses shall be prepared and listed by the LGUs, in coordination
27 with the IATF. The IATF shall be provided copy of the list of approved business
28 establishments to receive the wage subsidy for verification.

29
30 Section 8. *Monitoring of Economic Impact and Long-term Planning for*
31 *Economic Resilience*. - The IATF shall continue to estimate and monitor the impact

1 of COVID-19 on the economy, in order to ensure the proper use of funds, and,
2 thereafter, submit a weekly report to Congress.

3
4 The IATF shall further submit to Congress a long-term plan for building
5 economic resilience, not later than six (6) months after the lifting of the ECQ. The
6 plan shall include a strategy for measuring and monitoring economic resilience and
7 identification of structural reforms needed to increase the ability of the economy to
8 withstand shocks such as the COVID-19 pandemic.

9
10 Section 9. *Confidentiality of Business Information.* - Information concerning
11 operations, production, sales, shipments, purchases, transfers, identification of
12 customers, inventories, research and development, or amount or source of any
13 income, profits, losses, or expenditures submitted by entities in order to apply
14 and/or avail for the services under this Act shall not, in any manner, be directly or
15 indirectly disclosed, published, transferred, copied, or disseminated.

16
17 Section 10. *Implementing Rules and Regulations* – The rules and regulations
18 necessary for the implementation of this Act shall be issued within fifteen (15) days
19 upon the implementation of this Act by the IATF.

20
21 Section 11. *Repealing Clause.* – All provisions of existing laws, orders, rules
22 and regulations or parts thereof which are in conflict or inconsistent with the
23 provisions of this Act are hereby repealed, amended or modified accordingly.

24
25 Section 12. *Separability Clause.* - If any provision of this Act is declared
26 unconstitutional or invalid, the remainder of the provisions thereof not affected shall
27 remain in force and effect.

28
29 Section 13. *Effectivity Clause.* – This Act shall take effect immediately upon its
30 publication in a newspaper of general circulation or in the Official Gazette.

31
32 Approved,