

MEMORANDUM CIRCULAR NO. 20-31
Series of 2020

SUBJECT : **AMENDMENT TO THE SUPPLEMENTAL GUIDELINES ON THE CONCESSION ON RESIDENTIAL RENTS AND COMMERCIAL RENTS**

WHEREAS, paragraph 2, Section 8(2) of Resolution No. 38 dated 22 May 2020 issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID) states: "For residential and commercial rents falling due within the duration of the ECQ, MECQ, and GCQ, on residential lessees and micro-, small and medium enterprises (MSMEs) and sectors not permitted to operate during said period, a grace period of thirty (30) days from the last due date or until such time that the community quarantine is lifted, whichever is longer, without incurring interests, penalties, fees, or other charges."

WHEREAS, insofar as residential rent is concerned, the Department of Trade and Industry (DTI) reiterates the applicability of its Memorandum Circular (MC) No. 20-12, S.2020 on the subject "Guidelines of the Concessions on Residential Rent; Commercial Rents of MSMEs" issued on 04 April 2020. In particular, Sections 4 to 10 thereof remain in full force and effect.

WHEREAS, there is a need to clarify certain provisions in DTI Memorandum Circular (MC) No. 20-29, S.2020 in order to align the foregoing issuance to the above-cited IATF resolution and ensure a common understanding of when the thirty (30) day grace period shall commence.

WHEREAS, the DTI recognizes that the restrictions accompanying the imposed community quarantines have severely affected businesses, especially micro-, small and medium enterprises (MSMEs), and the introduction of mandatory health and safety protocols to address the continuing COVID-19 situation likewise impact on how businesses are conducted henceforth.

NOW THEREFORE, this Amendment to the Supplemental Guidelines on the Concession on Residential and Commercial Rent is hereby issued for the information and guidance of all concerned.

Section 1. Objective and Scope - This Memorandum Circular aims to clarify when the thirty (30) day grace period shall commence to ensure the uniform understanding and application of this concession and further reinforce the Bayanihan spirit to assist sectors affected by the pandemic.

Section 2. Concessions on Residential and Commercial Rent – Section 3 of MC 20-29 is hereby amended to read as follows:

"The concession on residential and commercial rent shall be in accordance with the following:

- 3.1 The due date of rent subject to the thirty (30)-day grace period falls within the declared community quarantine, whether ECQ, MECQ and GCQ;
- 3.2 As set forth in DTI Memorandum Circular No. 20-12, S.2020, the grant by the lessor

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of a minimum thirty (30)-day grace period for residential rent shall commence from the last due date or from the lifting of the ECQ, MECQ, and GCQ, whichever is longer, without incurring interests, penalties, fees, and other charges;

- 3.3 For commercial rents falling due upon MSMEs and sectors not permitted to operate during the ECQ, MECQ, and GCQ, the minimum thirty (30)-day grace period shall be from the last due date or from the lifting of the ECQ, MECQ, and GCQ, whichever is longer, without incurring interests, penalties, fees, and other charges;
- 3.4 The cumulative amount of residential and commercial rents stated above that fall due within ECQ, MECQ, and GCQ shall be equally amortized in six (6) months following the end of the 30-day minimum grace period, without interest, penalties, fees and other charges, which amount shall be added to the current monthly rent due;
- 3.5 Lessors are not obliged to refund residential and commercial rents paid by the lessees before or during the period of the community quarantine;
- 3.6 Notwithstanding the foregoing, and cognizant that the restrictions imposed during the community quarantine resulted to disruptions in business and the corresponding revenue streams, the DTI enjoins lessors of commercial spaces rented out to affected MSMEs to adopt any of the following in the spirit of goodwill, generosity and fair play:
 - 3.6.1 Totally or partially waive the commercial rents that are falling due during the ECQ, MECQ and GCQ;
 - 3.6.2 Grant reprieve or a reduction in the amount of rent due in the months following the ECQ, MECQ, and GCQ;
 - 3.6.3 Open for renegotiation the Lease Term Agreements with the lessees;
 - 3.6.4 Use other recourse to mitigate the impact of the ECQ, MECQ and GCQ to the MSMEs."

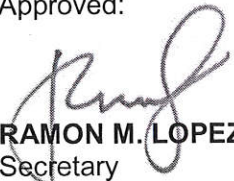
Section 3. Separability Clause - The provisions of this MC are declared to be separable and if any provision or the application thereof is held invalid or unconstitutional, the validity of other provisions shall not be affected.

Section 4. Repealing Clause – The provisions of other issuances of similar nature that are inconsistent herewith are hereby supplemented, amended or modified accordingly.

Section 5. Effectivity Clause – In view of the declared state of public health emergency, this Memorandum Circular shall take effect immediately upon its publication and filing with the Office of the National Administrative Register (ONAR) of the UP Law Center.

Issued this 4th day of June 2020 in Makati City, Philippines.

Approved:


RAMON M. LOPEZ
Secretary

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