


Republic of the Philippines
Department of Education
 OFFICE OF THE UNDERSECRETARY FOR FINANCE

OFFICE OF THE DIRECTOR IV		Signature
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MEMORANDUM
 OUF-2020-0493

TO : ALL REGIONAL DIRECTORS
 DIRECTOR IV, BUREAU OF HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT (BHROD)
 DIRECTOR IV, INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICE (ICTS)
 ALL SCHOOLS DIVISION SUPERINTENDENTS

ATTENTION : Regional Chiefs of Administrative and Finance Divisions
 Chief, Personnel Division, BHROD
 Chief of Solutions Development Division (SDD), ICTS
 Heads of Regional Payroll Services Units
 School Heads of Implementing Unit-Secondary Schools
 Heads of Finance and Administrative Units, Schools Division Office

FROM : 
 ANNALYN M. SEVILLA
 Undersecretary

SUBJECT : REMITTANCE OF SEPTEMBER 2020 PAYROLL DEDUCTIONS

DATE : September 21, 2020

1. SEC. 4 (uu) of RA 11494 entitled "An Act Providing for COVID-19 Response and Recovery Interventions and Providing Mechanisms to Accelerate the Recovery and Bolster the Resiliency of the Philippine Economy, Providing Funds Therefor, and For Other Purposes," states that:

"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 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,

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

2. In accordance with the above provision, it is the responsibility of all lending institutions, public and private, to implement the 60-day grace period on the payment of loans.
3. A General Letter signed by Secretary Leonor M. Briones was sent to all accredited private lending institutions (PLIs) under the Department's Automatic Payroll Deduction System (APDS) Program, encouraging them to waive the collection of accrued interests for the two (2) months grace period, and to extend the maturity date of all loans in the Department's payroll program whether or not falling due on or before December 31, 2020.
4. Based on the said General Letter, to secure the most favorable terms possible in order to protect the interests of all teachers and employees, it is suggested to the PLIs that the Department will not collect and remit the amortizations in the payroll for 2 consecutive months, on the following conditions:
 - a. Termination dates of loan amortizations in the payroll shall be extended for 2 months for the resulting delay in remittances. Although maturity dates are extended for 2 months, PLIs are assured of their collections/remittances; and
 - b. The corresponding accrued interests during the sixty (60)-day grace period may not be collected from DepEd borrowers by the PLIs. DepEd borrowers, as clients, will continue to patronize the PLI especially if accrued interest during the pandemic is waived. Collection of accrued interest, if any, shall be outside APDS.
5. The Department will ensure that all PLIs will not impose interest on interest and any additional charges during the grace period of 2 months due to the said Act.
6. It is understood that in transacting with the PLIs, borrowers' work activities must not be disrupted and more importantly, must be done in accordance with the health and safety protocols.
7. Thus, while waiting for the said IRR and the confirmation from the APDS accredited PLIs, all concerned are hereby directed to **remit all payment of obligations deducted from the September 2020 salaries** of DepEd personnel, whether due to GSIS, Pag-IBIG, Land Bank of the Philippines and PLIs. Further updates and instructions shall be issued by this Office regarding the matter.
8. Compliance and immediate dissemination of this Memorandum is earnestly requested.
Thank you.