Annex "A"

SOCIAL SECURITY SYSTEM

REPUBLIC OF THE PHILIPPINES

JOINT MEMORANDUM CIRCULAR NO. 001.2020

GUIDELINES FOR THE AVAILMENT OF THE SMALL BUSINESS WAGE SUBSIDY MEASURE

Consistent with the declared policy in Section 3 of Republic Act (RA) No. 11469, otherwise known as the "*Bayanihan to Heal As One Act*", to urgently respond to the socioeconomic impact of the Coronavirus Disease 2019 (COVID-19) pandemic that has greatly affected the Philippines and has caused, and is continuing to cause, the loss of lives and significant disruption to the economy, the State recognizes the urgent need to undertake programs for recovery and rehabilitation, including providing for safety nets to all affected sectors, and partner with the private sector and other stakeholders to deliver these measures and programs quickly and efficiently.

On April 14, 2020, pursuant to the provisions of RA No. 11469 and upon recommendation the Department of Finance (DOF), along with the Social Security System (SSS) and the Bureau of Internal Revenue (BIR), the President of the Philippines approved the "Small Business Wage Subsidy" measure (SBWS). The SBWS, to be publicly known as the "Small Business Wage Subsidy Program," aims to provide a wage subsidy to complement the social amelioration programs under the "*Bayanihan to Heal as One Act*" by providing targeted support to formal sector employers and their employees.

As approved by the President of the Philippines, and by virtue of the authority granted, the DOF, together with the BIR and the SSS, based on the authorities vested in them by pertinent laws, hereby issues the following guidelines:

I. COVERAGE AND SCOPE

The SBWS covers small business employers and their eligible employees, employed as of March 1, 2020, affected by the enhanced community quarantine or other forms of quarantine, imposed in Luzon and other parts of the country to address the COVID-19 public health emergency. A wage subsidy of Five thousand pesos (P5,000) to Eight thousand pesos (P8,000) (largely based on the regional minimum wage) shall be given in two (2) tranches: *Provided, That,* employees who have received benefits from the Department of Labor and Employment's (DOLE) COVID-19 Adjustment Measures Program (CAMP) and other similar programs may be eligible under the SBWS, but the wage subsidy for the second tranche under the SBWS shall be net of any amount received from the said programs and subject to conditions provided in this Circular.

II. DEFINITION OF TERMS

For purposes of this Circular, the following terms are defined as follows:

1. *Employees* refer to persons employed by an employer, whether regular, probationary, regular seasonal, project-based, or fixed-term, in accordance with the provisions of Presidential Decree (PD) No. 442 otherwise known as the "*Labor Code of the Philippines*," as amended and renumbered.

2. *Employers* refer to persons, natural or juridical, employing the services of an employee in accordance with the provisions of PD No. 442 of 1974, as amended and renumbered.

3. *Non-essential* refer to sectors or firms that are forced to temporarily close or suspend operations due to the enhanced community quarantine and other forms of quarantine, imposed in Luzon and other parts of the country. Subject to conditions as may hereinafter be determined, which shall include the following, as classified using the 1994 Philippine Standard Industrial Classification (PSIC) Codes:

Industry	PSIC Code 1994
Non-food raw materials /Non-essential manufacturing	5, 10, 11, 20, 21, 22, 24 to 29, 34, 35, 36, 39
Tobacco	16
Construction	45
Airlines	62
Non-essential services	91, 93, 95
Hotels and restaurants	55
Rental and leasing of personal goods	71
Entertainment	92

4. *Quasi-essential* refer to sectors or firms that may operate but under alternative or flexible work arrangements, as provided in DOLE Labor Advisory No. 9-2020, due to the enhanced community quarantine and other forms of quarantine, imposed in Luzon and other parts of the country. Subject to conditions as may hereinafter be determined, which shall include the following, as classified using the 1994 PSIC Codes:

Industry	PSIC Code 1994
Textiles, wearables, and leather for export	17, 18, 19
Electronics manufacturing	30, 31, 32
Retail trade	50 to 52
Public transportation/trucking and cargo handling (food and non-food)	60, 61, 63, 64
Business process outsourcing	68, 70, 72, 73, 74
Banks	65, 66
Personal service and domestic activities (salons, laundry, funeral, domestic help, others)	96

5. *Small businesses* refer to a sole proprietorship, or a corporation or partnership not under the jurisdiction of the BIR Large Taxpayers Service.

III. ELIGIBILITY CRITERIA FOR EMPLOYERS

Eligible employers are small business employers belonging to an industry classified as Non-essential or Quasi-essential in view of the enhanced community quarantine and other forms thereof, imposed in Luzon and other parts of the country, registered in the BIR and have complied with tax obligations in the past three years, up to January 2020, and also registered in the SSS and have paid SSS contributions in the past three years, up to January 2020.

IV. ELIGIBILITY CRITERIA FOR EMPLOYEES

Eligible employees are those employed by an eligible small business employer under Item III herein as of March 1, 2020, and has been prevented from performing work for at least two weeks, due to suspension of work, temporary closure, or the adoption of flexible work arrangement by his employer, in view of the enhanced community quarantine and other forms thereof, imposed in Luzon and other parts of the country.

The following employees are disqualified from availing of the SBWS:

1. Employees working from home or part of the skeleton force;

2. Employees on leave for the entire duration of the enhanced community quarantine and other forms thereof, whether with or without pay; and

3. Employees who are recipients of SSS unemployment benefits and/or have unsettled or in-process SSS final claims.

Employees who have received a subsidy from the DOLE's CAMP and other similar programs may be eligible for the SBWS, but the wage subsidy for the second tranche under the SBWS shall be net of any amount received under the said programs.

The employer, upon application with the SSS, shall certify that the employee has met all the eligibility requirements and none of the disqualifications.

V. ADDITIONAL CONDITIONS FOR THE GRANT

1. The small business employer must maintain the employment status of all employee beneficiaries before the enhanced community quarantine and other forms thereof and throughout the SBWS period: *Provided, that* non-compliance with this condition shall result in the employer refunding to the government the wage subsidy amount; and

2. Employee beneficiaries cannot resign during the period of enhanced community quarantine and other forms thereof, imposed in Luzon and other parts of the country: *Provided, that* non-compliance with this condition shall result in the employee refunding to the government the wage subsidy amount.

VI. GENERAL GUIDELINES

1. The BIR shall pre-qualify small business employers based on the eligibility requirements in Item III (Eligibility Criteria for Employers) above, based on the BIR registration and taxpayer compliance databases, in consultation with the DOF and the SSS. For this purpose, the BIR shall notify pre-qualified small business employers through the BIR website (www.bir.gov.ph).

2. The pre-qualification conducted by the BIR shall not immediately entitle the small business employers and their employees to the SBWS.

3. The pre-qualified small-business employers shall apply for the SBWS through the "My.SSS", accessible in the SSS website (www.sss.gov.ph), unless notified otherwise by SSS through email. In which case, the pre-qualified small business employer shall apply by submitting the documentary requirements to sbwscertifications@sss.gov.ph.

   Applications shall be accepted until May 8, 2020. Applications submitted manually or through other means not sanctioned shall not be entertained.

4. The small business employers shall include in their application the eligible employees based on Item IV (Eligibility Criteria for Employees) above. The small business employers shall certify to the truthfulness, accuracy and completeness of the information provided. Employers who misrepresent in their applications the fact of payment of wages or other material facts relevant to the eligibility of their employees, shall be liable for refunding the government the amount of the wage subsidy granted.

5. The SSS shall process and determine the eligibility of the employers based on Item III (Eligibility Criteria for Employers) and the employees based on Item IV (Eligibility Criteria for Employees) above, in consultation with the DOF and the BIR.

6. The preferred mode of wage subsidy payout is through direct deposit to employee's bank account. Thus:

   a. For employees with no SSS-registered bank accounts: the employee must first enroll his/her bank account or e-wallet details with SSS via the member My.SSS account. Employers will make a reasonable effort to help employees open bank or e-wallet accounts.
   b. For employees with no existing bank account or e-wallet account: wage subsidy can be done through cash pick up arrangement in remittance transfer companies through an SSS authorized government depository bank. In order to avail of this option, the employee must first enroll his/her mobile number with SSS via the member My.SSS account.

   c. For employees with SSS-registered bank accounts, no further action is required.

7. The SBWS shall be paid out in two-tranches. The first tranche (representing the first month) shall be paid out from April 29 to May 15, 2020, while the second tranche (representing the second month) shall be paid out from May 16 to 31, 2020: *Provided, that* employees who have received benefits from the DOLE's CAMP and other similar programs may be eligible under SBWS but the wage subsidy for the second tranche under the SBWS shall be net of any amount received under the said programs.

8. Other sectors not enumerated in the definition under this Circular may also be covered under the SBWS, upon recommendation of the SBWS Program Task Force and approval by the Secretary of Finance.

9. Pursuant to Section 4(z) RA No. 11469, the wage subsidy given to employees under the SBWS shall not be considered as part of the gross income and therefore not subject to income tax.

VII. WAGE SUBSIDY

Eligible employees shall be given a wage subsidy for two months under the following schedule and subject to the conditions under this Circular:

Region	Monthly wage subsidy per worker (pesos)	Region	Monthly wage subsidy per worker (pesos)
NCR	8,000	VII	6,000
CAR	5,500	VIII	5,000
I	5,500	IX	5,000
II	5,500	X	6,000
III	8,000	XI	6,000
IV-A	8,000	XII	5,000
IV-B	5,000	CARAGA	5,000
V	5,000	BARMM	5,000
VI	6,000		

VIII. SBWS PROGRAM TASK FORCE

The SBWS Program Task Force is hereby constituted with the designated DOF representative as the Chairperson, and the duly designated representatives of the BIR and SSS, as members.

IX. ROLES AND RESPONSIBILITIES

For purposes of the full implementation of the SBWS, apart from the inherent functions in their respective charters, the following government agencies are mandated to perform the hereunder roles and responsibilities:

A. Department of Finance

1. Provide policy and technical guidance and coordination for the proper implementation of the SBWS, through the SBWS Program Task Force;

2. The Secretary of Finance shall designate the DOF's representative to the SBWS Program Task Force;

3. Subject to the execution of a Data Sharing Agreement, the DOF shall receive from the DOLE the list of CAMP applicants with the following details: name of establishment, workers paid under CAMP, workers of said establishments who applied for CAMP but were not paid, to determine the qualification of employees under the SBWS, for the purpose of measuring the effectiveness of the SBWS and the socio-economic impact thereof;

4. Subject to the execution of a Data Sharing Agreement, receive from the SSS the SBWS report with the following details: name of employers whose employees benefited, name of employees of benefited, name of employees disapproved and reason for the disapproval, DOLE CAMP applicant indicator per SSS database, for the purpose of measuring the effectiveness of the SBWS and the socio-economic impact thereof;

5. Monitor, study the impact, and report the progress of the SBWS to the President of the Philippines.

B. Bureau of Internal Revenue

1. Generate the list of pre-qualified small business employers in the BIR databases, using the eligibility criteria in Item III (Eligibility Criteria for Employers) above, in consultation with the DOF and the SSS;

2. Notify small business employers that they are pre-qualified to avail of the SBWS for their employees. The primary mode of notifying taxpayers shall be through the BIR website (https://www.bir.gov.ph). The BIR may also inform taxpayers through email when such email addresses of taxpayers are available from their records;

3. Pursuant to the Data Sharing Agreement, provide the SSS with the list of pre-qualified small business employers with their business name, taxpayer identification number, category, region, sector/industry code and their assigned alphanumeric passcodes for the purpose of validating pre-qualified small business employers;

4. Pursuant to the Data Sharing Agreement/s, receive from the SSS the list of small business employers who availed of the benefits under the SBWS with their taxpayer identification number, name of employees granted the subsidy and their employees' TIN, for the purpose of monitoring the number of employers availing versus those pre-qualified for the SBWS;

5. Answer queries and decide on requests from employers for pre-qualification based on factual claims within three (3) working days from receipt of the query, and within five (5) working days from receipt of the request for pre-qualification, subject to rules recommended by the Commissioner and approved by the SBWS Program Task Force;

6. Forward to the SBWS Program Task Force issues, which require policy guidance or direction, or those that do not relate to the functions and operations of the BIR, and to SSS, issues on the eligibility of employees;

7. Monitor and report the progress of the above-mentioned functions to the SBWS Program Task Force; and

8. Other tasks which may be assigned by the Secretary of Finance or the SBWS Program Task Force.

C. *Social Security System*

1. Accept and process applications for the wage subsidy;

2. Determine the eligibility of small business employers and their employees through the application forms submitted through My.SSS and by other means sanctioned, in consultation with the DOF and the BIR;

3. Create a secure online platform within the My.SSS system for those applying for the SBWS;

4. Prepare the payment file and facilitate the payout through any of the means indicated in Item VI.6 of this Circular;

5. Inform the small business employers and their employees of the status of the payouts;

6. Pursuant to the Data Sharing Agreement, receive from the BIR the list of pre-qualified small business employers with their business name, taxpayer identification number, category, region, sector/industry code and their assigned alphanumeric passcodes, for the purpose of validating pre-qualified small business employers;

7. Pursuant to the Data Sharing Agreement/s, provide the BIR with the list of small business employers who availed of the benefits under the SBWS with their taxpayer identification number, name of employees granted the subsidy and their employees' TIN, for the purpose of monitoring the number of employers availing versus those pre-qualified for the measure;

8. Subject to the execution of a Data Sharing Agreement, provide the DOF with the following for the purpose of measuring the effectiveness of the measure and the socio-economic impact thereof:

   a. SBWS report with the following details: name of employers whose employees benefited, name of employees of benefited, name of employees disapproved and reason for the disapproval, DOLE CAMP applicant indicator per SSS database; and

b. daily report on aggregate and anonymized data on the following: number of SBWS employer applicants, number of employers whose employees benefitted, number of employees benefitted and amount of subsidies granted.

9. Subject to the execution of a Data Sharing Agreement, receive from the DOLE the list of CAMP applicants with the following details: name of establishment, workers paid under CAMP, workers of said establishments who applied for CAMP but were not paid, to validate pre-qualified small business employers;

10. Subject to the execution of a Data Sharing Agreement, provide the DOLE with the SBWS report with respect to the CAMP list, with the following details: name of employers whose employees benefited, name of employees benefitted, name of employees disapproved and reason for disapproval, for the purpose of having an inventory of the final list of CAMP applicants who benefitted from SBWS;

11. Answer queries and decide on appeals from employees for qualification based on factual claims within three (3) working days from receipt of the query, and within five (5) working days from the receipt of appeals, subject to rules recommended by the SSS and approved by the SBWS Program Task Force;

12. Forward to the SBWS Program Task Force issues, which require policy guidance or direction, or those that do not relate to the functions and operations of the SSS, and to BIR, issues on the pre-qualification of employers;

13. Submit daily reports to the SBWS Program Task Force on the number of employers and employees have applied, are pending, and approved, and the amounts actually paid. Monitor and report the progress of the above-mentioned functions to the SBWS Program Task Force; and

14. Other tasks which may be assigned by the Secretary of Finance or the SBWS Program Task Force.

D. SBWS Program Task Force

1. Decide on issues requiring policy guidance or direction, and inter-agency coordination, or those that do not relate to the functions and operations of the BIR or SSS;

2. Recommend to the Secretary of Finance the inclusion in the coverage of the SBWS Non-essential and Quasi-essential sectors not otherwise included in the definition under this Circular.

3. Assign tasks necessary to implement the SBWS Program;

4. Submit to the Secretary of Finance a report on the implementation of the SBWS Program; and

5. Perform such other tasks which may be assigned by the Secretary of Finance.

X. FUNDING

The Department of Budget and Management (DBM) shall release through the Bureau of the Treasury (BTr) funds, inclusive of administrative expenses, to the SSS chargeable against available funds that the DBM may identify pursuant to the provisions of RA No. 11469. For this purpose, the BTr is authorized to perform such acts as may be reasonable and necessary, including, but not limited to, entering into a Memorandum of Agreement (MOA) with the SSS.

XI. SEPARABILITY CLAUSE

In the event that any provision or part of this Circular is declared unenforceable or rendered invalid by any court of law or competent authority, those provisions not affected by such declaration shall remain valid and effective.

XII. REPEALING CLAUSE

All administrative issuances, circulars and memoranda inconsistent with this Circular are hereby withdrawn, repealed and/or revoked accordingly.

XIII. EFFECTIVITY

This Circular shall take effect immediately following its complete publication in a newspaper of general circulation or the Official Gazette.

The Office of the National Administrative Registrar of the UP Law Center shall be provided three (3) certified copies of this Circular.

Adopted this ___ day of April, 2020 in Manila, Philippines.

CARLOS G. DOMINGUEZ III
Secretary, Department of Finance

APR 28 2020

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