

# GMS Flash Alert



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## Philippines – COVID-19: Enhanced Community Quarantine and Income Tax Filing Extensions

In light of the Enhanced Community Quarantine imposed by the Philippine government, measures have recently been introduced that (i) extend the quarantine in Luzon to April 30, 2020<sup>1</sup> and (ii) extend filing and payment due dates for 2019 annual income tax returns<sup>2</sup>.

### WHY THIS MATTERS

Extending the quarantining of Luzon<sup>3</sup> is likely to have considerable impact on the Philippine economy and society, but this measure, amongst others (closing non-essential business, physical distancing, etc.), is deemed necessary to curb the spread of the coronavirus. The quarantine extension will require employers to reconsider ongoing and future assignment arrangements due to travel restrictions.

On the fiscal front, there was a first step to extend the tax filing and payment deadlines from April 15, 2020 to May 15, 2020, to help taxpayers affected by the COVID-19 crisis and the disruption caused to normal business routines and processes. Now these deadlines are further extended to June 1, 2020. Taxpayers – or companies responsible for Philippine income taxes on behalf of their globally-mobile employees – are granted **more time to pay income tax and file their returns**. Global mobility teams providing tax services should take the updated timetable into account when considering assignees' tax compliance processes and related assignee communications.

The steps taken to delay the tax filing and payment deadlines generally give taxpayers some very welcome breathing room to preserve their cash-flow and take additional time to organise their financial and tax affairs in these trying times.

### Enhanced Community Quarantine Extension

The Enhanced Community Quarantine ("ECQ") currently being implemented and enforced in Luzon (which includes Metro Manila) is extended to April 30, 2020.

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All existing circulars, orders, and advisories on travel restrictions and government operations will remain effective until the end of the extended ECQ. (For prior coverage, see GMS [Flash Alert 2020-115](#), March 25, 2020.)

## Extension: Tax Filing/Payment, Fringe Benefit Tax, and April 2020 Withholding Exercise

In view of the ECQ extension, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular No. 39-2020 to further extend the filing and payment deadlines for 2019 annual income tax returns for fifteen (15) calendar days from May 15, 2020, pushing the new due date to June 1, 2020, without imposition of penalties to taxpayers.<sup>4</sup> (For prior coverage, see GMS [Flash Alert 2020-115](#), March 25, 2020.)

Moreover, the filing deadlines for the April 2020 payroll withholding which were initially extended for thirty (30) calendar days are extended again for an additional fifteen (15) calendar days, from the original deadline of April 10, 2020 to May 26, 2020.

Taxpayers registered with the Electronic Filing and Payment System (eFPS) shall electronically file their tax returns and pay the taxes due thereon based on their industry categories as follows:

Category	Original Deadline	New Deadline
eFPS Group E	April 11	May 26
eFPS Group D	April 12	May 27
eFPS Group C	April 13	May 28
eFPS Group B	April 14	May 29
eFPS Group A	April 15	June 01

Finally, the filing deadline for the first quarter for Fringe Benefit Tax (FBT) is also extended to June 15, 2020.

### FOOTNOTES:

1 See the April 7, 2020 Office of the Presidential Spokesperson press release at: <https://pcoo.gov.ph/OPS-content/palace-affirms-dutertes-decision-to-extend-ecq-in-luzon/> .

2 See more about this on the [website](#) (in English) of the BIR.

3 See the “Memorandum from the Executive Secretary On Extension of the Enhanced Community Quarantine Over the Entire Luzon Until 30 April 2020” at: <https://www.officialgazette.gov.ph/2020/04/07/memorandum-from-the-executive-secretary-on-extension-of-the-enhanced-community-quarantine-over-the-entire-luzon-until-30-april-2020/> .

4 See the [Revenue Memorandum Circular No. 39-2020](#) dated April 7, 2020.

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## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in the Philippines:



**Karen Jane S. Vergara**

**Partner**

Tel. + 632 835 4656

[kvergara@kpmg.com](mailto:kvergara@kpmg.com)



**Jozette Issel G. Dizon**

**Senior Manager**

Tel. + 632 885 7000 ext. 8581

[jgdizon@kpmg.com](mailto:jgdizon@kpmg.com)

**The information contained in this newsletter was submitted by the KPMG International member firm in the Philippines.**

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