

**CLIENT ADVISORY BULLETIN NO. 2020-001C**  
(Guidelines on Small Business Wage Subsidy [SBWS] Program)

May 6, 2020

Gentlemen/Mesdames,

Please be informed that the Department of Finance (DOF), along with the Social Security System (SSS) and the Bureau of Internal Revenue (BIR) has issued **Joint Memorandum Circular No. 001-2020<sup>1</sup>**, providing for the guidelines on the availment of the **Small Business Wage Subsidy (SBWS) Program**.

For reference and convenience, we have taken the liberty of highlighting the relevant portions of said guidelines:

- 1. Coverage and Scope.** The SBWS shall cover small business employers and their eligible employees, employed as of March 1, 2020, affected by the Enhanced Community Quarantine (ECQ). A wage subsidy of Five Thousand Pesos (₱5,000.00) to Eight Thousand Pesos (₱8,000.00), based on the prevailing regional minimum wage shall be given in two (2) tranches: *Provided, That*, employees who have received benefits from the DOLE-CAMP will only be eligible for the second tranche of the subsidy, net of any amount received from said programs.
- 2. Eligibility Criteria for Employers.** All small business employers belonging to an industry classified as **Non-Essential or Quasi-Essential<sup>2</sup>**, registered in the BIR and have complied with tax obligations in the past three (3) years, up to January 2020 and also registered in the SSS and have paid SSS contributions in the past three (3) years up to January 2020.
- 3. Eligibility Criteria for Employees.** Those employed by an eligible small business employer, as of March 1, 2020, and has been **prevented from performing work for at least two (2) weeks**, due to suspension of work, temporary closure, or the adoption of flexible work arrangement by his employer. The following are, however, disqualified from availing of the SBWS:

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<sup>1</sup>[https://www.bir.gov.ph/images/bir\\_files/internal\\_communications\\_1/Advisory/posted%20while%20under%20quarantine%20march%202020/RMC%2045-2020%20-%20Circularizing%20JMC%20No.%20001-2020%20Annex%20A%203.pdf](https://www.bir.gov.ph/images/bir_files/internal_communications_1/Advisory/posted%20while%20under%20quarantine%20march%202020/RMC%2045-2020%20-%20Circularizing%20JMC%20No.%20001-2020%20Annex%20A%203.pdf)

<sup>2</sup> Please refer to list of Non-Essential or Quasi-Essential businesses, attached as **Annex “A”**.

- (a) Employees working from home or part of the skeleton force;
- (b) Employees on leave for the entire duration of the ECQ, whether with or without pay;
- (c) Employees who are recipients of SS unemployment benefits and/or have unsettled or in-process SSS final claims.

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

4. **Additional Conditions for the Grant.** The small business employer must maintain the employment status of all employee beneficiaries before the ECQ and throughout the SBWS period and, at the same time, the employee beneficiaries cannot resign during the ECQ. Non-compliance with this condition shall result in the employer or employee, as the case may be, refunding the wage subsidy amount.

5. **General Guidelines.**

- (a) The BIR shall pre-qualify small business employers based on the eligibility requirements, and shall notify pre-qualified small business employers through the BIR website ([www.bir.gov.ph](http://www.bir.gov.ph));
- (b) The pre-qualified small-business employers shall apply for the SBWS through the “My.SSS”, accessible in the SSS website ([www.sss.gov.ph](http://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](mailto:sbwscertifications@sss.gov.ph);
- (c) Applications shall be accepted until May 8, 2020;
- (d) The small business employer shall include in the application the eligible employees and shall certify to the truthfulness, accuracy and completeness of the information provided. Employers who misrepresent in their application shall be liable for refunding the government the amount of the wage subsidy granted;
- (e) The SSS shall process and determine the eligibility of the employers and the employees, in consultation with the DOF and the BIR;
- (f) The preferred mode of wage subsidy payout is through direct deposit to the employee’s SSS-registered bank account. For those with no existing bank account or e-wallet account, wage subsidy can be done through cash pick-up in remittance transfer companies through an SSS authorized government depository bank;

(g) The SBWS shall be paid out in two (2) tranches, with 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 may be eligible under SBWS but the wage subsidy for the second tranche shall be net of any amount received under said program; and

(h) 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<sup>3</sup>.

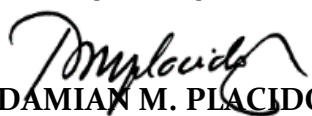
6. **Wage Subsidy.** Eligible employees shall be given a wage subsidy for two (2) months under the following schedule:

Region	Wage Subsidy
NCR, III, IV-A (CALABARZON)	₱8,000.00
VI, VII, X, XI	₱6,000.00
CAR, I, II	₱5,500.00
IV-B, V, VIII, IX, XII, CARAGA, BARMM	₱5,000.00

In keeping with our commitment of providing our clients and the public with the best possible service we can, we will continue to provide you with relevant updates on issuances made by the various government agencies during the period of ECQ.

Keep safe.

Thank you very much.

  
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<sup>3</sup> Section 4(z) of Republic Act No. 11469.

## ANNEX “A”

### CLASSIFICATION OF EMPLOYERS

#### NON-ESSENTIAL<sup>4</sup>

Non-food Raw Materials/  
Non-essential Manufacturing

Tobacco

Construction

Airlines

Non-essential services

Hotels and Restaurants

Rental and Leasing of  
Personal Goods

Entertainment

#### QUASI-ESSENTIAL<sup>5</sup>

Textiles, Wearables and  
Leather for Export

Electronics Manufacturing

Retail Trade

Public Transportation/Trucking and  
Cargo Handling

Business Process Outsourcing

Banks

Personal Service and Domestic  
Activities

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<sup>4</sup> Sectors or firms that are forced to temporarily close or suspend operations due to the ECQ.

<sup>5</sup> 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 ECQ.