



10 Essential Things You Should Know About DTI Memorandum Circular No. 20-12

Guidelines on the Concessions on Residential Rents & Commercial Rents of MSMEs



1) What concessions/allowances are given to the payment of both residential and commercial rents?

- A 30-day grace period without incurring interests, penalties, fees, and other charges
- Equal amortization of cumulative rents in the six months following the ECQ period
- No eviction for failure to pay rent due within the ECQ

2) How is the 30-day grace period determined?

It is counted as 30 calendar days following the last due date of the rent which fell due within the ECQ.

3) What kinds of rents are covered by this circular?

1. Residential rents
2. Commercial rents of MSMEs that have ceased operations due to the Enhanced Community Quarantine (ECQ)

4) What are considered MSMEs?

MSMEs pertain to “any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated.” They are categorized as:

- *Micro:* not more than P3,000,000
- *Small:* P3,000,001 – P15,000,000
- *Medium:* P15,000,001 – P100,000,000

(Sec. 3, Republic Act No. 6977, as amended)



5) Are lessors obligated to refund residential and commercial rents already paid by the lessees during the ECQ?

No. Lessors are not obligated to refund residential and commercial rents already paid by lessees during the ECQ. However, lessors must grant a minimum 30-day grace period from the next due date of residential and commercial rents without interests and other penalties.

6) What other possible concessions/allowances may be extended by the lessors?

The following concessions are recommended, but are not mandatory on lessors:

1. Total or partial waiver of commercial rents that fall due during the ECQ;
2. Reprieve or discounted amount of commercial rents due after the ECQ;
3. Renegotiation of the Lease Term Agreement with the lessees; and
4. Other ways that will mitigate the impact of the ECQ to the MSMEs

Lessors should consider the liquidity and capability of MSMEs to pay rent in negotiating assistance to be granted. MSMEs may present evidence to support their financial condition.

7) Where can a person complain in case of violation of this circular?

Complaints of violations of the MC can be brought to DTI in person or electronically by emailing the agency, either through the Fair Trade and Enforcement Bureau (FTEB) through FTEB@dti.gov.ph or with the regional offices. Lessors who violate these guidelines will need to submit a written reply to the Notices of Violations issued by DTI within 5 working days from receipt of notice.



8) What information must be found in the Complaint for violation of this circular?

1. Complete name, residence address, and contact number of the lessor and the lessee;
2. Complete address of the residential or commercial unit concerned;
3. Date when the rental payment became due;
4. Narration of the relevant and material facts; and
5. Submission of documentary evidence, if any

9) What should appear in the reply to the Notice of Violation?

1. An explanation why or how the violation occurred or, if contested, the basis for disputing the violation;
2. Corrective actions that have been taken and the results achieved;
3. The date/s of when corrective action/s was/were fully achieved; and
4. Corrective actions to be taken to prevent recurrence

10) What is the penalty imposed to lessors who refuse to provide the 30-day grace period to their lessees?

"As provided under Section 6(e) of RA 11469...*imprisonment* of not less than two (2) months or a *fine* of not less than ten thousand pesos (Php 10,000.00), or *both*, such imprisonment and fine, at the discretion of the court

[Note: refusal under Sec. 6(e) of the Bayanihan Act or R.A. No. 11469 appears only to be limited to residential rents since concessions for commercial rents are not mandatory under the Sec. 4(bb) of the said Act]



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