



Republic of the Philippines  
**Department of Education**

DepEd O R D E R  
No. **003** s. 2020

**17 APR 2020**

**INTERNAL GUIDELINES ON THE IMPLEMENTATION OF SECTION 4(aa)  
OF REPUBLIC ACT NO. 11469 PERTAINING TO THE GRANT  
OF EXTENSION OR GRACE PERIOD ON PAYMENT OF LOANS  
UNDER THE DEPARTMENT'S AUTOMATIC PAYROLL  
DEDUCTION SYSTEM PROGRAM**

To: Undersecretaries  
Assistant Secretaries  
Bureau and Service Directors  
Regional Directors  
Schools Division Superintendents  
Division Chiefs  
Public Elementary and Secondary School Heads  
All Others Concerned

1. For the information and guidance of all concerned, the Department of Education (DepEd) issues the **Internal Guidelines on the Implementation of Section 4(aa) of Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act, and its Implementing Rules and Regulations (IRR)** issued by the Department of Finance. The said guidelines directs all lenders to **grant a 30-day grace period or extension of period for payment of all loans**, falling due within the enhanced community quarantine (ECQ) period, without imposing interest on interest or any additional charges and fees.
2. The internal guidelines shall provide clear and uniform rules, and ensure that the implementation of the aforementioned law by this Department shall be beneficial to borrowers from DepEd.
3. This Order shall take effect immediately and remain in force until it is repealed, amended, or rescinded.
4. For more information, please contact the **Finance Service-Employee Account Management Division**, Department of Education (DepEd) Central Office, DepEd Complex, Meralco Avenue, Pasig City through email at [fs.eamd@deped.gov.ph](mailto:fs.eamd@deped.gov.ph) or at telephone no. (02) 8633-7248.
5. Immediate dissemination of and strict compliance with this Order is directed.

  
**LEONOR MAGTOLIS BRIONES**  
Secretary

Reference: None

To be indicated in the Perpetual Index under the following subjects:

EMPLOYEES	POLICY
LEGISLATION	RULES AND REGULATIONS
PAYMENT	TEACHERS

DJP/APA/MOPC- DO Internal Guidelines on Extension of Loans under APDS  
April 19, 2020

**INTERNAL GUIDELINES ON THE IMPLEMENTATION OF SECTION 4(AA) OF  
REPUBLIC ACT (RA) NO. 11469, OTHERWISE KNOWN AS THE “BAYANIHAN TO  
HEAL AS ONE ACT” PERTAINING TO THE GRANT OF EXTENSION OR GRACE  
PERIOD ON PAYMENT OF LOANS UNDER THE DEPARTMENT’S AUTOMATIC  
PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM**

**I. RATIONALE**

1. Section 4(aa) of Republic Act No. (RA) 11469 provides the President the power to direct all banks, quasi-banks, financing companies, lending companies, and other financial institutions including the Government Service Insurance System (GSIS), and Pag-IBIG Fund, to implement a minimum of thirty (30)-day grace period for the payment of all loans, falling due within the period of the enhanced community quarantine without incurring interests, penalties, fees, or other charges.
2. On April 1, 2020, the Department of Finance (DOF) issued the Implementing Rules and Regulations (IRR) of Section 4(aa) of Republic Act No. 11469 that prescribe the guidelines and procedure for the implementation of the said provision of the law.
3. Complying with this directive, government institutions such as the GSIS and Pag-IBIG Fund likewise issued their own set of applicable moratorium policies and procedures.
4. Recognizing that the COVID-19 pandemic has greatly affected the country, and to date, causes loss of life and disruption to the economy, there is an urgent need for the Department of Education (DepEd) to partner with government and private financial institutions and other stakeholders to quickly and efficiently deliver social amelioration measures and programs, while at the same time promoting and protecting the collective interests of all borrowers enrolled in DepEd’s Automatic Payroll Deduction System (APDS).

**II. SCOPE**

5. The internal guidelines shall be effective for the entire duration of the ECQ and the moratorium provided by the Government Financial Institutions (GFIs) and Private Lending Institutions (PLIs) accredited under the Department’s APDS Program, and shall apply to:
  - a. DepEd Offices and Units involved in the preparation and processing of monthly payrolls and remittances; and
  - b. DepEd teaching and non-teaching personnel with loans granted by Government Financial Institutions and APDS-accredited PLIs.

### III. DEFINITION OF TERMS

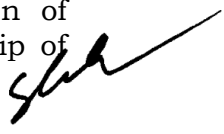
6. The following terms shall be defined as used in these guidelines:

- a. **Accrued Interest** refers to the interest earned by the lending institution but not yet paid by the borrower.
- b. **Automatic Payroll Deduction System (APDS)** refers to a mechanism of collecting payments, through salary deduction, for mandatory and non-mandatory financial **obligations** of DepEd employees, and **remittance** thereof to government and accredited private entities.
- c. **Due Date** refers to the maturity date of the principal and/or interest, including amortizations falling within the ECQ period.
- d. **ECQ Period** refers to Enhanced Community Quarantine period from March 17, 2020 to April 12, 2020 cited in Proclamation No. 929 dated 16 March 2020, which is further extended to April 30, 2020 pursuant to the Memorandum from the Executive Secretary dated 07 April 2020.
- e. **Government Financial Institutions** refers to Government Service Insurance System (GSIS), Home Development Mutual Fund (Pag-IBIG) and Land Bank of the Philippines (LBP).
- f. **Grace Period** refers to the period of time (i.e. minimum of 30 to defer-days under the IRR) wherein a certain borrower is allowed to defer payment of loan amortization/s beyond the due date.

The grace period shall be applicable during the ECQ period, such that, an extension of the ECQ shall likewise extend the grace period.

During this period, no late fees and interest on interest are charged, and this extension of time will not result as a default on the payment of loan.

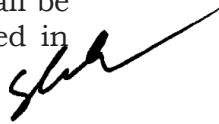
- g. **Loan Amortization** refers to a scheduled periodic payment that is applied to both loan principal and/or interest.
- h. **Private Lending Institutions (PLIs)** refers to entities such as banks, cooperatives, teacher associations, non-stock savings and loan associations, insurance companies, and other lending institutions currently and formerly accredited with the Department's APDS Program that have loan collectibles incorporated in the payroll program.
- i. **Termination date** refers to the period when the deduction of certain loan amortization will end, as reflected in the pay slip of DepEd personnel.



#### **IV. POLICY STATEMENT**

7. The Department shall adopt systems and processes to facilitate the uniform implementation of social amelioration measures by all offices and units involved in the preparation and processing of payrolls of DepEd personnel and the corresponding remittance on loans to alleviate the financial burden caused by the COVID-19 outbreak, in compliance with the IRR of Section 4(aa) of the *Bayanihan* to Heal as One Act.
8. Following the said IRR, the Department shall implement a mandatory grace period for all loan amortizations falling due within the ECQ period without incurring interest on interest, penalties, fees and other charges.
9. In line with this, DepEd hereby issues an internal guidelines to:
  - a. Harmonize different issuances with the spirit and intent of the Bayanihan Law;
  - b. Provide rules and procedures that are consistent with the intent of the law and taking into consideration the technical limitations of its payroll program;
  - c. Provide immediate and responsive guidance to DepEd implementing units for the timely implementation of the directives set forth in the law, while taking into consideration the risks that DepEd personnel in charge of payroll processing are exposed to; and
  - d. Ensure that its implementation shall be the most beneficial to all DepEd personnel (both to the DepEd's processors of payroll and remittances and to DepEd borrowers), hence, necessitates the issuance of internal guidelines for uniform application of the said provision of the law nationwide.

#### **V. GENERAL GUIDELINES**

10. All deductions made from the salaries of DepEd personnel for the payroll month of March 2020 shall be remitted to the BIR, PhilHealth, GSIS, Pag-IBIG, DepEd Provident Fund, Land Bank of the Philippines (LBP) and Private Lending Institutions (PLIs).
  11. For the payroll month of April 2020, however, all loan amortizations already deducted from the payroll shall be refunded to the concerned DepEd personnel, effective immediately.
  12. With the refund, the termination date of their loan amortizations shall be automatically extended for one (1) month and, accordingly, adjusted in the payroll database.
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13. Only the loan amortizations deducted from the April 2020 salaries shall be refunded to the borrowers. Deductions for insurance premia and membership contributions shall be remitted to the appropriate entities.
14. No interest on interest, penalty, fees and other charges shall be imposed on the loan amortizations not deducted from the salaries of DepEd personnel during the grace period. Billing of the resulting accrued interest, if any, on loans to be charged due to non-deduction of loan amortizations from the payroll during the ECQ period shall not be collected under the APDS.
15. In case the ECQ is extended by the President because of the increasing number of COVID-19 cases in the country, the grace period shall also be extended. No loan amortizations shall be deducted from the salaries of DepEd personnel during the ECQ period.
16. All loan amortizations not deducted during the implementation of the grace period shall automatically be moved to the "Undeducted Obligations" portion of the Pay Slip of DepEd personnel. These undeducted loan amortizations for the extension period shall be the first priority in the queue consistent with the First-In-First Served queuing system of the APDS.
17. Applications for renewal or new loans shall be subject to the usual verification process. Bumping off of loan payments already being deducted from the current payroll to accommodate those for the renewal or new loans, is prohibited.
18. DepEd borrowers shall not be constrained from paying over-the-counter the loan amortization/s not deducted from his/her salary should he/she opts to settle the loan earlier.
19. Remittance of deductions through intra- or interbank fund transfer shall be encouraged. The PLI shall coordinate with the remitting DepEd office for the procedure in setting up the payment process thru bank to bank fund transfer. The PLI shall shoulder the service charge, if any.
20. All necessary adjustments in the payroll program under these guidelines shall be developed by the Solutions Development Division, Information and Communication Technology Service (ICTS).

## **VI. PROCEDURAL GUIDELINES**

21. The following shall be done at the central, regional and schools division offices as well as Implementing Unit -Secondary schools:

### **21.1 Processors of Remittances:**

- 21.1.1 **For March 2020 payroll** – process all payments deducted from the salaries of DepEd personnel and remit such payments to BIR, PhilHealth, GSIS, Pag-IBIG Fund, LBP, DepEd Provident Fund and Private Lending Institutions (PLIs)

and other entities accredited under the Department's APDS; and refund overpayments due to DepEd.

21.1.2 **For April 2020 payroll** - process and remit the deductions made for mandatory contributions, insurance premia, membership/mutual aid system contributions and refund of overpayments due to DepEd, BIR, PhilHealth GSIS, Pag-IBIG, and APDS accredited private entities. All loan payments deducted/collected shall be refunded to the borrowers.

21.1.3 **For May and June 2020 payroll:**

- a. Process and remit the deductions made for mandatory contributions, insurance premia, membership/mutual aid system contributions and refund of overpayments due to DepEd, BIR, PhilHealth GSIS, Pag-IBIG, and APDS accredited private entities.
- b. **Withhold the remittances for loans due to Pag-IBIG, LBP and PLIs** and wait for further instruction from the Undersecretary for Finance as to whether or not the loan amortizations deducted from the payroll will be remitted to the above-mentioned GFIs and PLIs. This is without prejudice on the directive of the President of the Philippines should the ECQ period be further extended or should expanded loan relief be offered by the above-mentioned financial/lending entities.

## **21.2 Processors of Payrolls:**

21.2.1 **For April 2020 payroll:**

- a. Prepare and process special payroll for refund of loan amortizations (for PLIs, GSIS, Pag-IBIG Fund, LBP, and DepEd Provident Fund) already deducted from the salaries of DepEd personnel to be credited back to their ATM Payroll account.
- b. Distribute to DepEd personnel the Pay Slips generated and printed for the payroll month;
- c. Generate, print and distribute to the recipient DepEd personnel the separate Pay Slip for the refund, with the following notations:

### **REMINDERS:**

1. *These loan payments are refunded in accordance with RA 11469. Termination period of these loans shall correspondingly extended by one month.*
2. *For Past Due loans with GSIS, Pag-IBIG Fund and LBP, please pay the amortization over-the-counter at their*

*nearest branch office after the ECQ period, to avoid penalties and accrued interests.*

3. *Borrowers may opt to settle their loan/s to PLIs/GFIs in advance thru over-the-counter payment.*

d. Ensure that the termination dates of all loan amortizations are extended for one (1) month in the payroll database.

**21.2.2 For May 2020 payroll:**

a. Using the adjusted April 2020 payroll with one month extended termination date on loans, prepare and process payroll for the month of May 2020;

b. Effect the temporary stoppage of loan deductions due to: 1) GSIS; and 2) DepEd Provident Fund. This is due to the extended moratorium on loans issued by the said institutions; deduct loan amortizations and hold remittances for Pag-IBIG, LBP and PLIs until further notice;

c. Ensure the following;

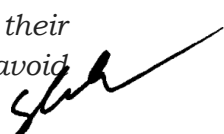
1. GSIS and DepEd Provident Fund loan amortizations shall be marked with "X" and moved to "Undeducted Obligations" portion of the pay slip. Their termination dates shall also be automatically extended for one (1) month.

2. The messages to DepEd personnel are reflected in the pay slip as follows:

**REMINDERS:**

1. *These loan amortizations with "X" are temporarily suspended in accordance with the moratorium provided by GSIS and DepEd Provident Fund. Termination period of these loans shall correspondingly extended by 1 month.*

2. *For Past Due loans with GSIS, Pag-IBIG Fund and LBP, please pay the amortization over-the-counter at their nearest branch office after the ECQ period, to avoid penalties and accrued interests.*



3. *Borrowers may opt to settle their loan/s to PLIs/GFIs in advance thru over-the-counter payment at their nearest branch.*

- d. Scrutinize billings to be submitted by the PLIs and include them in the “Undeducted Obligations” portion of the pay slip; return to PLI if billing for accrued interest and penalty are included thereof, as a result of the non-deduction of loan amortizations in April payroll.

**21.2.3 For June payroll:**

- a. Using the May 2020 payroll with one month extended termination date on loans, prepare and process payroll for the month of June 2020;
- b. Effect the temporary stoppage of loan deductions due to DepEd Provident Fund.
- c. Ensure the following;
  - 1. DepEd Provident Fund loan amortizations shall be marked with “X” and moved to “Undeducted Obligations” portion of the pay slip. The termination date shall also be automatically extended for one (1) month.
  - 2. The messages to DepEd personnel are reflected in the pay slip as follows:

***REMINDERS:***

- 1. *These loan amortizations with “X” are temporarily suspended in accordance with the moratorium provided by DepEd Provident Fund. Termination period of this loan shall correspondingly extended by 1 month.*
- 2. *For Past Due loans with GSIS, Pag-IBIG Fund and LBP, please pay the amortization over-the-counter at their nearest branch office after the ECQ period, to avoid penalties and accrued interests.*
- 3. *Borrowers may opt to settle their loan/s to PLIs/GFIs in advance thru over-the-counter payment at their nearest branch.*
- d. Scrutinize billings to be submitted by the PLIs and include them in the “Undeducted Obligations” portion of the pay slip; return to PLI if billing for accrued interest and penalty are included



thereof, as a result of the non-deduction of loan amortizations in April and May payrolls.

### **21.3 Solutions Development Division, ICTS**

- 21.3.1 Develop payroll program for the refund of loan amortizations deducted from the April 2020 salaries of DepEd personnel.
- 21.3.2 Prepare necessary adjustments in the payroll program based on instructions under paragraph 21.2, to wit:
  - a. Put/mark "X" all loan amortizations in the "Deducted Obligations" that will be moved to "Undeducted Obligations" portion of the pay slips;
  - b. Extend by one (1) month all termination dates of loan amortizations in the "Undeducted Obligations" portion of the pay slips for April, May and June;
  - c. Prohibit the bumping off of loan amortizations/deductions that were stopped in the payroll;
  - d. First-In-First Served queuing shall be strictly observed;
  - e. No "Undeducted Obligations" shall move to Deducted Obligations of the pay slip due to the resulting increase in Net Take Home Pay of DepEd personnel during the ECQ;
  - f. Queue all new deductions billings received by RPSUs in the "Undeducted Obligations" of the pay slip of DepEd personnel; and
  - g. Incorporate the Reminders specified under paragraphs 21.2.1 (c), 21.2.2 (d) and 21.2.3 (c).
- 21.3.3 Provide instructions to the Regional Payroll Services Units on the adjusted payroll programs developed.

### **21.4 DepEd personnel/borrower**

- 21.4.1 For Past Due loans with GSIS, HDMF & LBP, settle the amortization/s over-the-counter or online to avoid penalties and accrued interests;
- 21.4.2 Pay over-the-counter to the PLI the loan amortization/s not deducted from his/her salary should he/she opts to settle the loan earlier; and
- 21.4.3 In case the borrower opted to pay the loan amortization/s that was/were stopped, a written request to adjust the termination date, duly supported with Official Receipt/s indicating the month/s paid, must be submitted to the payroll processor, for appropriate action.

## **VII. MONITORING AND EVALUATION**

22. Monitoring the compliance of all concerned with these internal guidelines including addressing issues that arise in its implementation shall be undertaken by the Regional APDS Task Forces which shall then report to the Central Office APDS Task Force, through the Employee Account Management Division, the APDS Secretariat, at e-mail address fs.eamd@deped.gov.ph.

## **VIII. FINAL PROVISIONS**

### **A. REPEALING CLAUSE**

23. All other rules, regulations and issuances, which are inconsistent with these guidelines are hereby repealed or modified accordingly.

### **B. ADMINISTRATIVE PROVISIONS/PENAL SANCTIONS**

24. It shall be the duty of those involved in the preparation of payroll and remittances on loans to comply with the requirements of these guidelines. Failure or refusal to do so without justifiable cause shall constitute a ground for administrative sanction.

### **C. EFFECTIVITY**

25. These guidelines shall take effect immediately.

### **D. INTERPRETATION**

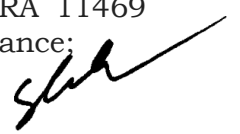
26. These internal guidelines shall be liberally construed to carry out the objectives of the *Bayanihan* to Heal as One Act and the DOFs' IRR and that the Undersecretary for Finance is authorized by the DepEd Secretary to engage with concerned PLLs to enter into terms and arrangements, such as but not limited to expanded loan reliefs, for the welfare of DepEd personnel.

### **E. SUPPLEMENTARY APPLICATION OF THE DOF IRR**

27. These internal guidelines shall primarily govern in the implementation of the moratorium and mandatory grace period of loan amortizations enrolled in the APDS. The provisions of the DoF IRR, however, shall apply in a supplementary character.

## **IX. REFERENCES/ENCLOSURES**

- a. Republic Act No. 11469, otherwise known as the *Bayanihan* to Heal as One Act;
- b. Implementing Rules and Regulations of Section 4 (aa) of RA 11469 signed by Secretary Carlos G. Dominguez, Department of Finance;



- c. Pag-IBIG Fund Circular No. 432: Guidelines on the Grant of Moratorium on Short Term Loan (STL) Amortization and Housing Amortization/Installment Payments to Pag-IBIG Fund Borrowers/Buyers Affected by the Management of the Corona Virus Disease (COVID-19);
- d. BSP Memorandum Circular No. M-2020-018: Frequently Asked Questions (FAQ) on the Implementing Rules and Regulations (IRR) of Section 4(aa) of Republic Act (R.A.) No. 11469, Otherwise Known as the “Bayanihan to Heal as One Act”;
- e. GSIS Memorandum Circular No. 015 s. 2020: Moratorium on All Loan Payments of GSIS Members and Pensioners affected by COVID-19;
- f. Land Bank of the Philippines FAQs on COVID-19 60-day Extension to Salary Loan Borrowers; and
- g. Memorandum dated April 6, 2020 Approving the Grant of Three-Month Moratorium on DepEd Provident Fund Loan Without Imposing Additional Interest.

