AN ACT
TO REVIVE THE RESTAURANT INDUSTRY FOR A POST-COVID19 ECONOMY
AND ENSURE THEIR TRANSITION TO A BETTER NORMAL

EXPLANATORY NOTE

The outbreak of the novel corona virus has not only created a global health crisis, but has severely affected the global and domestic economies. One of the sectors crippled by the rapid spread of COVID-19 is the restaurant industry. The pandemic has changed the restaurant industry landscape, affecting its business operations, retail to customers, and logistics service.

In a 2017 Annual Survey of the Philippine Business and Industry (ASPBI) released by the Philippine Statistics Authority (PSA), accommodation and food service activities sector generated an estimated of Php545.9 Billion total income and the restaurants and mobile food service industry accounted for the biggest share in the total income amounting to Php360.3 billion. The industry also employed the highest number of workers with 64.7% of the total workers hired by the accommodation and food service activities sector or 292,721 employees in 2017 alone.¹

However, due to the imposition of community quarantines during the pandemic, the restaurant and similar food establishments have had to cease business operations. It has been a challenge for them to sustain their businesses all, sacrificing sales revenue, balancing their remaining cash flows to cover rental and other fees, taxes, while ensuring that they can still provide daily wages to their employees. Majority of them suffered from foregone dine-in sales and the new complex requirements of supply chains thus resulting in closures and unprecedented mass lay-offs.

According to the Department of Labor and Employment (DOLE), as of the first week of August 2020, a total of 16,134 workers have lost their jobs from 944 establishments after they downsized or ceased operations, bringing the total number of unemployed workers to 157,705 from 7,759 businesses due to retrenchment or permanent closure.

¹ https://psa.gov.ph/content/2017-annual-survey-philippine-business-and-industry-aspbi-accommodation-and-food-service-0
To help the restaurant industry cope with the economic crisis brought by the pandemic, this bill seeks to provide economic measures to the restaurant industry to ensure that they are able to provide jobs, prevent their closure through the creation of payment extensions and bridge funding, assist them in the transition to a better normal that would reduce food wastage, sustain biodiverse agriculture and prevent the spread of diseases in their business establishments.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

LOREN B. LEGARDA
AN ACT
TO REVIVE THE RESTAURANT INDUSTRY FOR A POST-COVID19 ECONOMY
AND ENSURE THEIR TRANSITION TO A BETTER NORMAL

Be it enacted in the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Title. — This Act shall be known as “Restaurant Industry Revival Act of 2020.”

SEC. 2. Policy Declaration. It is the policy of the State to assist the restaurant industry that was hit hard by the quarantine restrictions, through economic measures that will ensure that they keep as many of their employees on payroll as possible, prevent their closure through the creation of payment extensions and bridge funding, assist them in the transition to a better normal that would reduce wastage, sustain biodiverse agriculture and prevent non communicable diseases and the spread of communicable diseases.

SEC. 3. Restaurants in a Better Normal. The following incentives shall be provided to restaurants as they transition to a better normal. The Department of
Trade and Industry shall issue rules and regulations for the implementation of these incentives:

a. That all local government fees and charges shall not be due and demandable within the year 2020 and that only 50% of what would have been assessed during the year will be chargeable to succeeding years in a restaurant-owner proposed payment scheme approved by the local government of the area where the establishment is located; Provided, that the local government may check the financial status of the restaurant in determining whether the proposal has merit;

b. Commercial spaces where the restaurants are established, upon a showing that the tenant has endeavored to stay open and retain at least ¾ of their staff, shall not be taxed for the year 2020 for rentals paid;

c. That for restaurants paying percentage taxes on their income, the 20% burden from senior citizen and PWD discounts borne by the restaurants shall be counted as deductions in the computation of the income taxes, and for those paying value added tax (VAT), such burden shall be counted as input VAT;

d. That for restaurants with mandated payments to the government or to government-owned and -controlled corporations (GOCCs) such as taxes, employee insurance and benefits, permit fees and the like, the owners may propose a reasonable payment plan that is spread
out over 24 months, and the government entity or GOCC shall, upon
a finding that denial will cause the closure of the restaurant within
2020 or 2021, grant the request or negotiate for reasonable terms of
payment with the objective of letting the business recover their
investments as well as overcome the economic hardship caused by
the pandemic; and,

e. That no government agency, local government unit or GOCC shall
apply any penalties for failure to pay any of the fees enumerated in
d. herein.

SEC 4. Restaurant Industry Bridge Fund. There shall be a Restaurant Industry
bridge fund in the amount of thirty billion pesos (P30,000,000,000.00) to be set up to
grant loans and bridge funds in order for restaurants to continue to operate and keep
operating past the year 2020. The funds shall be sourced from programs and
projects under the General Appropriations Act for Fiscal Years 2019 and 2020 which
have been withheld, suspended or otherwise not implemented due to the imposition
of community quarantines caused by the COVID-19 pandemic including, but not
limited to, infrastructure projects in the tourism and transportation sectors.

SEC 5. Suppletory Effect. – All republic acts, executive orders, rules and
regulations, and other issuances, or parts thereof, that are inconsistent with the
provisions of this Act are hereby repealed or modified accordingly.

SEC 6. Non-impairment Clause. – Nothing in this Act shall be construed as to
diminish, impair, or repeal rights recognized, granted, or available to marginalized or
basic sectors under existing laws including but not limited to Republic Act Nos.
SEC 7. Separability Clause. – If for any reason or reasons, any part or provision of this Act shall be declared or held to be unconstitutional or invalid other parts or provisions hereof, which are not affected thereby shall continue to be in full force and effect.

SEC 8. Effectivity and Sunset Clause. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) national newspapers of general circulation. It shall be automatically repealed in three (3) years from effectivity unless amended or extended before then.

Approved,