

**MEMORANDUM CIRCULAR NO. 20-59**  
Series of 2020

**SUBJECT : PROVIDING THE RULES ON GYM/FITNESS CENTER AND SPORTS FACILITY ROYALTY FEES AND MEMBERSHIP FEES DURING THE PERIOD THE ESTABLISHMENTS WERE TEMPORARILY NOT ALLOWED TO OPERATE DUE TO THE COVID-19 PANDEMIC**

**WHEREAS**, with Presidential Proclamation No. 922, Series of 2020, declaring a State of Public Health Emergency throughout the Philippines in view of the Coronavirus Disease 2019 (COVID-19), Luzon was placed under an Enhanced Community Quarantine (ECQ) starting 17 March 2020<sup>1</sup> and selected areas in Luzon, Visayas and Mindanao on 23 April 2020,<sup>2</sup> and only essential industries were allowed to operate;

**WHEREAS**, pursuant to the Omnibus Guidelines, the Department of Trade and Industry (DTI) Memorandum Circular (MC) No. 22, Series of 2020 categorized gyms, fitness centers, and sports facilities under Category IV and were not allowed to operate in areas under ECQ and General Community Quarantine (GCQ);

**WHEREAS**, beginning 01 August 2020, DTI MC No. 44, Series of 2020, recategorized gyms, fitness centers, and sports facilities from Category IV to Category III and were allowed to reopen at thirty (30%) percent operational capacity in areas under GCQ, and fifty (50%) percent operational capacity in areas under Modified General Community Quarantine (MGCQ), subject to the mandatory minimum health standards protocols;

**WHEREAS**, Section 2 of Republic Act (RA) No. 6977, as amended by RA Nos. 8289 and 9501, or the Magna Carta for Micro, Small and Medium Enterprises (MSMEs), declares that it is *“the policy of the State to promote, support, strengthen and encourage the growth and development of MSMEs in all productive sectors of the economy particularly rural/agri-based enterprises,”* and that the State shall *“undertake to promote entrepreneurship, support entrepreneurs, encourage the establishments of MSMEs and ensure their continuing viability and growth;”*


**WHEREAS**, Article 2 of RA No. 7394 or the Consumer Act of the Philippines declares the State’s policy *“to protect the interests of the consumer, promote his general welfare and to establish standards of conduct for business and industry;”*

**WHEREAS**, Articles 3 and 48 of the same Act further provide that *“the best interest of the consumer shall be considered in the interpretation and implementation of the provisions therein, including its implementing rules and regulations;”* and *“the State shall promote and encourage fair, honest and equitable relations among parties in consumer transaction and protect the consumers against deceptive, unfair and unconscionable sales acts and practices,”* respectively;

<sup>1</sup> Presidential Proclamation 929, Series of 2020  
<sup>2</sup> IATF Resolution No. 28, Series of 2020

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JOEL R. CRUZ  
Director, HRAS  
Department of Trade & Industry

**WHEREAS**, RA No. 11494 or the Bayanihan to Recover As One Act declares the policies to “*promote and protect the collective interests of all Filipinos in these challenging times, and “accelerate the recovery and bolster the resilience of the Philippine economy through measures grounded on economic inclusivity, and collective growth through fiscal sustainability;*”

**WHEREAS**, the DTI had been receiving several reports and requests for interventions on royalty fee payments of MSMEs to gym/fitness center franchisors, as well as the collection of gyms/fitness centers and sports facilities membership fees during the period the said establishments were not allowed to operate;

**WHEREAS**, while recognizing the freedom of contract, our jurisdiction has consistently upheld public policies on (1) interest and general welfare of consumers for the protection of the good of the community, and (2) promotion of entrepreneurship, especially of MSMEs;

**NOW, THEREFORE**, for the general welfare of the consumers and interest of the public, and as allowed by Title X, Book IV of the Administrative Code of 1987 and Chapter I, Title III of the Consumer Act of the Philippines, this Guidelines is hereby promulgated for the information, guidance and compliance of all concerned.

**SEC. 1. Scope and Period of Coverage.** This Guidelines shall apply to --

- (1) Royalty fees of MSME gyms/fitness centers and sports facilities franchisees not allowed to operate due to COVID-19 pandemic; and
- (2) Membership fees of consumers accrued during the period the establishment was not allowed to operate due to the COVID-19 pandemic.

**SEC. 2. Waiver of Royalty Fees.** Franchisors of MSME gyms/fitness centers and sports facilities franchisees are encouraged to waive royalty fees, including any penalties and/or charges, during the period the establishments were not allowed to operate due to the COVID-19 pandemic.

**SEC. 3. Waiver of Membership Fees and/or Extension of Membership Period.** Gyms/fitness centers and/or sports facilities are encouraged to waive membership fees, including any penalties or charges, if any, and/or extend the validity of membership in proportion to the period when the establishment was not allowed to operate due to the COVID-19 pandemic.

Advance membership fee payments may be applied to the succeeding months upon the resumption of the establishment’s operations.

**SEC. 4. No Denial of Access or Use Due to Late Payment or Non-Payment of Membership Fees.** Members shall be allowed continued use and enjoyment of their membership and shall not be denied access or use of gyms/fitness centers and sports facilities based only on late payment or non-payment of membership fees accrued during the closure of the gyms/fitness centers and sports facilities.

**SEC. 5. Consumer Complaints.** The pertinent provisions of the Consumer Act of the Philippines and its Implementing Rules and Regulations shall apply in case of violation of this Guidelines.

All feedback and complaints from the general public may be coursed through the DTI

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JOEL R. CRUZ  
Director, HRAS  
Department of Trade & Industry



Consumer Care Hotline 1-384.

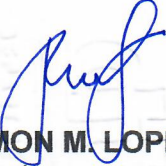
**SEC. 5. Repealing Clause.** Provisions of relevant Memorandum Circulars that are inconsistent with this Guidelines are hereby superseded or amended accordingly.

**SEC. 6. Separability Clause.** If for any reason, any part or provision of this Guidelines be declared invalid, any part or provision not affected thereby, shall remain in full force and effect.


**SEC. 7. Effectivity.** Given the presence of a public health emergency, this Guidelines shall take effect immediately upon its filing and publication.

Be guided accordingly.

20 November 2020.

  
**RAMON M. LOPEZ**  
Secretary

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**JOEL R. CRUZ**  
Director, HRAS  
Department of Trade & Industry