

GUIDE TO R.A. 9178:

*Barangay Micro Business
Enterprises Law (BMBEs) Act*



2010 Edition

**Guide to R. A. 9178:
Barangay Micro Business
Enterprises (BMBEs) Act of 2002**

Printed 2010

PREFACE

This primer provides quick and essential information on Republic Act No. 9178, otherwise known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002.” It includes a directory of the key people who may be contacted for further information about this Act and its implementation.

The full text of R.A. 9178 and its implementing rules and regulations including the supplementary guidelines or clarifications issued by concerned agencies are also provided for ready reference.

Contents

Questions and Answers on Republic Act No. 9178	1
Republic Act No. 9178, “An Act to Promote the Establishment of Barangay Micro Business Enterprises (BMBEs), Providing Incentives and Benefits Therefor, and for Other Purposes”	8
DTI Department Administrative Order (DAO) No. 1, Series of 2003: Implementing Rules and Regulations of R.A. 9178	14
Department of Finance Department Order No. 17-04: Guidelines to Implement the Registration of Barangay Micro Business Enterprises and the Availment of Tax Incentives under R.A. 9178, Otherwise known as the “Barangay Micro Business Enterprises Act of 2002”	22
Revenue Memorandum Circular No. 40-2004: Circularizing the full text of Department Order No. 17-04, Guidelines to Implement the Registration of Barangay Micro Business Enterprises and the Availment of Tax Incentives Under R.A. 9178, Otherwise known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002”	36
Revenue Memorandum Circular No. 52-2004: Prescribing the Format of Sworn Affidavit of Department Order No. 17-04 Guidelines to Implement the Registration of Barangay Micro Business Enterprises and the Availment of Tax Incentives Under R.A. 9178, otherwise known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002”	37
Department of Labor and Employment D.O. No. 45-03, Series of 2003: Guidelines for the Implementation for Sec.8 of R.A. 9178	41
National Wages and Productivity Commission Guidelines No.01, Series of 2003: Guidelines on the Issuance of Wage Advisories for Barangay Micro Business Enterprises	43
Bangko Sentral ng Pilipinas Circular No. 374, Series of 2003: Implementing Rules and Regulations of Section 9 and the 2 nd Para. of Sec. 13 of R.A. 9178	46
Memorandum Circular No. 2003-69: Implementation of Republic Act No. 9178 entitled “ An Act to Promote the establishment of Barangay Micro Business Enterprises (BMBDs) Providing Incentives and Benefits Therefore and for Other Purpose”	49
Department of the Interior and Local Government Memorandum Circular No. 2003-172: Clarification on the Implementation of Section 8 of the Rules and Regulations implementing R.A. 9178	51
DTI Department Administrative Order No. 02, Series of 2006: Implementing Guidelines for the Administration of the BMBE Development Fund under Section 10 of Republic Act 9178, otherwise known as the Barangay Micro Business Enterprises Act of 2002	53
Sample Ordinance for Quezon City Implementing the BMBE Law	62

**Q & A on
Republic Act No. 9178
Barangay Micro Business Enterprises
(BMBEs) Act of 2002**

1) What is the law all about?

The “BMBEs Act of 2002” encourages the formation and growth of barangay micro business enterprises by granting them incentives and other benefits.

The Act was signed into law by President Gloria Macapagal-Arroyo on November 13, 2002. Its Implementing Rules and Regulations (IRR) which was issued on February 7, 2003, as DTI Department Administrative Order No. 1, Series of 2003, was published twice in the February 11 and 26, 2003 issues of the Manila Bulletin.

A **BMBE** is defined as any business enterprise engaged in production, processing, or manufacturing of products, including agro-processing, as well as trading and services, with total assets of not more than P3 million. Such assets shall include those arising from loans but not the land on which the plant and equipment are located.

For the purpose of the Act, “services” shall exclude those rendered by any one, who is duly licensed by the government after having passed a government licensure examination, in connection with the exercise of one’s profession (e.g., Accountant, Lawyer, Doctor, etc.).

The DOF Department Order No. 17-04 also provides that, an enterprise can only qualify for registration if it is not a branch, subsidiary, division or office of a large scale enterprise and its policies and business modus operandi are not determined by a large scale enterprise or by persons who are not owners or employees of the enterprise (i.e., franchises).

2) What is the objective of the law?

BMBEs are essential to the country’s economic development since they effectively serve as seedbeds of Filipino entrepreneurial talent. Thus, the Act primarily aims to integrate micro enterprises in the informal sector into the mainstream of the economy. Strengthening BMBEs would mean more jobs and livelihood, and a better quality of life for Filipinos.

3) What are the incentives that BMBEs will be receiving?

Registered BMBEs can avail of the following incentives:

- Income tax exemption from income arising from the operations of the enterprise;
- Exemption from the coverage of the Minimum Wage Law (BMBE

employees will still receive the same social security and health care benefits as other employees);

- Priority to a special credit window set up specifically for the financing requirements of BMBEs; and
- Technology transfer, production and management training, and marketing assistance programs for BMBE beneficiaries.

The LGUs are also **encouraged** to either reduce the amount of local taxes, fees, and charges imposed or exempt the BMBEs from local taxes, fees, and charges.

4) **What are the agencies mandated to provide assistance in the areas of technology transfer, production and management training, marketing assistance?**

The agencies concerned are the following:

- Department of Trade and Industry (DTI)
- Department of Science and Technology (DOST)
- University of the Philippines Institute for Small Scale Industries (UP-ISSI)
- Cooperative Development Authority (CDA)
- Technical Education and Skills Development Authority (TESDA)
- Technology and Livelihood Resource Center (TLRC)

5) **What are the funding agencies designated to set up the special credit window for registered BMBEs?**

The following government financial institutions will provide a special credit window for BMBEs:

- Land Bank of the Philippines;
- Development Bank of the Philippines;
- Small Business Guarantee and Finance Corporation;
- People's Credit and Finance Corporation;
- Quedan and Rural Credit Guarantee Corporation;
- Government Service Insurance System (for members only); and
- Social Security System (for members only)

6) **Who may avail of the special credit window for BMBEs?**

Only registered BMBEs may take advantage of the credit facility and other benefits granted under the law. This means that the enterprise must first have a Certificate of Authority which authorizes it to operate as a BMBE.

7) **How does one register as a BMBE?**

Based on the guidelines issued by the DTI under DTI DAO No. 01-03 and DOF under the DOF D.O. No. 17-04 (as amended by DO No. 31-05) any person, cooperative, or association owning an enterprise that fits the

description of a BMBE may register for the first time or renew its registration with the Office of the Treasurer of the city or municipality where the business is located.

7.1 Basic requirements for new applicants and for BMBEs applying for renewal of registration:

- a. Duly filled out application form (BMBE Form 01) in triplicate, signed by the owner or manager of the entity applying for registration; and,
- b. Three passport size ID pictures.

7.2 Additional requirements for new applicants:

- a. For those with assets worth three hundred thousand pesos (P300,000) and less –
 1. Registration as a business entity or enterprise from the appropriate government agency (e.g., Securities and Exchange Commission (SEC) registration in the case of corporation, partnership or association; Cooperative Development Authority (CDA) registration in the case of cooperative; Department of Trade and Industry (DTI) business name registration in the case of sole proprietorship); and
 2. Mayor's Permit or City/ Municipal Business Permit.
- b. For those with assets worth more than three hundred thousand pesos (P300, 000) up to three million pesos (P3, 000,000.00) –
 1. Registration as a business entity as explained above in item no.7.2a.1
 2. Taxpayer Identification Number (TIN);
 3. Certificate of Registration from the Bureau of Internal Revenue (BIR);
 4. Mayor's Permit or City/Municipal Business Permit;
 5. Sworn affidavit executed by the sole proprietor or the President of the enterprise, as the case may be, that the enterprise is barangay-based and micro-business in nature and scope;
 6. Sworn Statement of Assets and Liabilities supported by pertinent documents;
 7. Pictures of the place of business and its assets, other than cash, receivables and intangibles;
 8. Copy of Loan Contract/s, if any, and duly-notarized Certification of Amortization Payments on the Loan; and
 9. Income Tax Return (ITR).

7.3 Additional requirements for the renewal of BMBE registration:

- a. For those with assets worth three hundred thousand pesos (P300,000) and less –
 1. Documents previously listed in item 7.2a for new applicants with assets worth three hundred thousand pesos and less; and

2. Annual Information Return (for the year immediately preceding the renewal of registration) duly filed with the BIR, together with its attachments.
- b. For those with assets worth more than three hundred thousand pesos (P300,000) up to three million pesos (P3,000,000.00) –
 1. Documents previously mentioned in item 7.2b (1-8); and
 2. Annual Information Return (for the year immediately preceding the renewal of registration) duly filed with the BIR, together with its attachments.

Procedures:

- a. Accomplish BMBE Form 01 in triplicate and submit to the Office of the Municipal or City Treasurer.
- b. The Municipal or City Treasurer evaluates the application. The application shall be processed within 15 working days upon submission; otherwise, the BMBE shall be deemed registered.
- c. A registered BMBE shall be issued a Certificate of Authority as proof of registration, effective for a period of two years. The application is renewable every two years.

8) How much will it cost to register?

Registration and issuance of the Certificate of Authority of the LGU is free of charge and shall be done promptly. However, to defray the administrative costs of registering and monitoring the BMBEs, the LGUs are allowed to charge a fee not exceeding P1, 000.00.

9) How can a BMBE avail of the exemption from the coverage of the minimum wage law?

Once a BMBE is registered and issued with a Certificate of Authority by the Municipal or City Treasurer, it is automatically exempted from the minimum wage law.

10) What is the effect of the law on wages of existing/newly hired employees?

Existing employees shall continue to receive their wages, allowances, and other benefits. On the other hand, wages of employees hired by BMBEs after the latter's registration shall be exempted from the coverage of the minimum wage law. BMBE workers shall continue to be covered by applicable labor laws and regulations, including the non-diminution rule on existing wages and benefits.

11) Is the exemption from the coverage of the minimum wage law prospective in nature?

Yes. The rule is that laws shall have prospective application only. Thus, an

enterprise's exemption from the coverage of the minimum wage law can only be applied to employees hired after its registration as a BMBE.

12) How much should a BMBE worker be paid for his services?

It depends between the employer and the worker. They shall mutually agree on the acceptable wage rate.

13) What are the steps in availing of the Income Tax Exemption?

The BMBE registers with the BIR Revenue District Office (RDO) where the principal office or place of business is located and its submission of the necessary documents.

14) What are the documents to be submitted to the BIR to avail of Income Tax Exemption?

- a. Copy of the BMBE's Certificate of Authority
- b. Sworn Statement of Assets of the BMBE and/or its affiliates, supported by pertinent documents
- c. Certified list of branches, sales outlets, places of production, warehouses and storage facilities
- d. Certified list of affiliates
- e. Latest audited Financial Statement or Account Information Form or its equivalent

15) What document should be filed with BIR by an income tax exempt BMBE?

In lieu of an income tax return, an income tax exempt BMBE is required to submit an Annual Information Return. This is filed on or before the 15th day of the 4th month after the close of the taxable year with an Account Information Form, which contains data from its financial statement and Sworn Statement of Assets Owned and/or Used.

16) Is the Income Tax Exemption privilege of a BMBE irrevocable?

No. The income tax exemption privilege of a BMBE may be revoked for any of the following reasons:

- a. Transfer of place of business;
- b. Value of its total assets exceeds P3M;
- c. Voluntary surrender of the Certificate of Authority;
- d. Death of the registered individual owner of the BMBE; violation or non-compliance with the provisions of R.A. 9178;
- e. Merger or consolidation with an entity which is not eligible to be a BMBE;
- f. Sale or transfer of the BMBE, if it is a sole proprietorship without prejudice to the transferee applying for registration;
- g. Submission of fake or falsified documents;
- h. Retirement from business, or cessation/suspension of operations for one year; and
- i. Making false or omitting required declarations or statements.

CONTACT PERSONS

Income Tax Exemption

Atty. Elenita Quimosing

Chief of Staff
Operations Group
Bureau of Internal Revenue
Tel. no.: (02) 981.7233
Fax no.: (02) 928.3562

Ms. Ma. Lourdes Recente

Asst. Sec., Research and Information Office
Department of Finance (RIO-DOF)

Mr. Ronnie Buenviaje

Officer-in-Charge, Research and
Liaison Division, RIO-DOF
Tel. no.: (02) 526/6968
Fax no.: (02) 526.8462

Credit and/or Guarantee Assistance

Mr. Liduvino Geron

Assistant Vice President
Land Bank of the Philippines
Tel. no.: (02) 405.7309
Fax no.: (02) 528.8545

Ms. Marissa Caparaz

Officer-In-Charge, Corporate Services
Cluster, Quedan and Rural Credit
Guarantee Corporation
Telefax : (02) 373.9712

Mr. Melvin Abanto

Vice President
Small Business Guarantee and
Finance Corporation
Tel. no.: (02) 751.1888
Fax no.: (02) 813.5720

Ms. Adelwisa Carandang

Program Supervisor
Social Security System (SSS)
for members only
Tel. no.: (02) 926.1644
Fax no.: (02) 927.8249

Ms. Julia Valdez

Vice President
People's Credit and Finance
Corporation
Tel. no.: (02) 897.8521 loc. 106
Fax no.: (02) 325.0448/49

Ms. Livia Ramos

Vice President, Investment
Management Office
Government Service Insurance System
(GSIS) -for members only
Tel. no.: (02) 891.6161 loc. 4323
Fax no.: (02) 891.6152

Mr. Jack Galvezon

Assistant Vice President
Advocacy Unit, SME Department
Development Bank of the
Philippines
Tel. no.: (02) 818.9511 loc. 2529
Fax no.: (02) 894.4927

Minimum Wage Exemption

Atty. Welma Sicangco

Division Chief
National Wages and Productivity Commission
Tel. no.: (02) 527.8012 -17 L102
Fax no.: (02) 527.5522

CONTACT PERSONS

Technology Transfer, Production & Management Training, and Marketing Assistance

Ms. Alicia Opeña

Division Chief
Bureau of Micro, Small and
Medium Enterprise Development
Department of Trade and
Industry (BMSMED-DTI)
Tel. no.: (02) 897.7596
Fax no.:(02) 896.7916

Engr. Edgar Garcia

Division Manager
Technology Application
and Promotion Institute
Department of Science and
Technology (DOST-TAPI)
Tel. no.: (02) 837.6189
Fax no.:(02) 837.6188/838.1112

Prof. Nestor O. Rañeses

Director
UP-Institute for Small
Scale Industries (UP-ISSI)
Tel. no.: (02) 920.6923
Fax no.:(02) 920.6923

Atty. Teodoro C. Pascua

Deputy Director General for Field
Operations

Mr. Ernesto A. Beltran

Executive Director for Regional
Coordination Office (External Affairs)
Technical Education and Skills
Development Authority (TESDA)
Tel. no.: (02) 888.5753
Fax no.:(02) 815.3360

Dr. Ma. Rosalinda Lacsamana

Group Manager
Livelihood Information
Dissemination Services Group
Technology Livelihood Resource
Center (TRC-LIDSG)
Tel. no.: (02) 727.6205 loc. 200
Fax no.:(02) 721.0063

Ms. Marieta Hwang

Chief, Registration Division
Cooperative Development
Authority (CDA)
Telefax: (02) 725.5510

Reportorial Requirements of LGUs

Mr. Manuel Gotis

Director
Bureau of Local Government
Development (DILG-BLGD)
Tel. no.: (02) 929.9235
Fax no.:(02) 929.9235

Ms. Ma. Lourdes Recente

Asst. Sec., Research and Information Office
Department of Finance (DOF-RIO)
Tel. no.: (02) 526/6968
Fax no.: (02) 526.8462

Ms. Ma. Presentacion Montesa

Executive Director
Bureau of Local Government Finance
Department of Finance (DOF-BLGF)
Tel. no.: (02) 527.2780
Fax no.: (02) 527.3134

REPUBLIC ACT NO. 9178

**AN ACT TO PROMOTE THE ESTABLISHMENT OF BARANGAY
MICRO BUSINESS ENTERPRISES (BMBEs), PROVIDING INCENTIVES
AND BENEFITS THEREFOR, AND
FOR OTHER PURPOSES**

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

PRELIMINARY PROVISIONS

SEC. 1. Short Title. – This Act shall be known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002”.

SEC. 2. Declaration of Policy. – It is hereby declared to be the policy of the State to hasten the country’s economic development by encouraging the formation and growth of barangay micro business enterprises which effectively serve as seedbeds of Filipino entrepreneurial talents, and integrating those in the informal sector with the mainstream economy, through the rationalization of bureaucratic restrictions, the active intervention of the government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty.

SEC. 3. Definition of Terms. – As used in the Act, the following terms shall mean:

(a) “Barangay Micro Business Enterprise,” hereinafter referred to as BMBE, refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, shall not be more than Three Million Pesos (P3, 000,000.00). The above definition shall be subject to review and upward adjustment by the SMED Council, as mandated under Republic Act No. 6977, as amended by Republic Act No. 8289.

For the purpose of the Act, “services” shall exclude those rendered by any one, who is duly licensed by the government after having passed a government licensure examination, in connection with the exercise of one’s profession.

(b) "Certificate of Authority" is the certificate issued granting the authority to the registered BMBE to operate and be entitled to the benefits and privileges accorded thereto.

(c.) "Assets" refers to all kinds of properties, real or personal, owned by the BMBE and used for the conduct of its business as defined by the SMED Council: *Provided*, That for the purpose of exemption from taxes and fees under the Act, this term shall mean all kinds of properties, real or personal, owned and/or used by the BMBE for the conduct of its business as defined by the SMED Council.

(d) "Registration" refers to the inclusion of BMBE in the BMBE Registry of a city or municipality.

(e) "Financing" refers to all borrowings of the BMBE from all sources after registration.

REGISTRATION AND OPERATION OF BMBES

SEC. 4. *Registration and Fees.* – The Office of the Treasurer of each city or municipality shall register the BMBEs and issue a Certificate of Authority to enable the BMBE to avail of the benefits under this Act. Any such application shall be processed within fifteen (15) working days upon submission of complete documents. Otherwise, the BMBEs shall be deemed registered. The Municipal or City Mayor may appoint a BMBE Registration Officer who shall be under the Office of the Treasurer. Local government units (LGUs) are encouraged to establish a One-Stop-Business Registration Center to handle the efficient registration and processing of permits/licenses of BMBEs. Likewise, LGUs shall make a periodic evaluation of the BMBEs' financial status for monitoring and reporting purposes.

The LGUs shall issue the Certificate of Authority promptly and free of charge. However, to defray the administrative costs of registering and monitoring the BMBEs, the LGUs may charge a fee not exceeding One Thousand Pesos (P1, 000.00).

The Certificate of Authority shall be effective for a period of two (2) years, renewable for a period of two (2) years for every renewal.

As much as possible, BMBEs shall be subject to minimal bureaucratic requirements and reasonable fees and charges.

SEC. 5 *Who are Eligible to Register.* – Any person, natural or juridical, or cooperative, or association, having the qualifications as defined in Section 3(a) hereof may apply for registration as BMBE.

SEC. 6. *Transfer of Ownership.* – The BMBE shall report to the city or municipality of any change in the status of its ownership structure, and shall surrender the original copy of the BMBE Certificate of Authority for notation of the transfer.

INCENTIVES AND BENEFITS

SEC. 7. *Exemption from Taxes and Fees.* – All BMBEs shall be exempt from income tax for income arising from the operations of the enterprise.

The LGUs are encouraged either to reduce the amount of local taxes, fees and charges imposed or to exempt the BMBEs from local taxes, fees and charges.

SEC. 8. *Exemption from the Coverage of the Minimum Wage Law.* – The BMBEs shall be exempt from the coverage of the Minimum Wage Law: *Provided*, That all employees covered under this Act shall be entitled to the same benefits given to any regular employee such as social security and healthcare benefits.

SEC. 9. *Credit Delivery.* – Upon the approval of this Act, the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), the Small Business Guarantee and Finance Corporation (SBGFC), and the People’s Credit and Finance Corporation (PCFC) shall set up a special credit window that will service the financing needs of BMBEs registered under this Act consistent with the Bangko Sentral ng Pilipinas (BSP) policies, rules and regulations. The Government Service Insurance System (GSIS) and Social Security System (SSS) shall likewise set up a special credit window that will serve the financing needs of their respective members who wish to establish a BMBE. The concerned financial institutions (FIs) are encouraged to wholesale the funds to accredited private financial institutions including community-based organizations such as credit, cooperatives, non-government organizations (NGOs) and people’s organizations, which will in turn, directly provide credit support to BMBEs.

All loans from whatever sources granted to BMBEs under this Act shall be considered as part of alternative compliance to Presidential Decree No. 717, otherwise known as the Agri-Agra Law, or to Republic Act No. 6977, known as the Magna Carta for Small and Medium Enterprises, as amended. For purposes of compliance with Presidential Decree No. 717 and Republic Act No. 6977, as amended, loans granted to BMBEs under this Act shall be computed at twice the amount of the face value of the loans.

Any existing laws to the contrary notwithstanding, interests, commissions and discounts derived from the loans by the LBP, DBP, PCFC and SBGFC

granted to BMBEs as well as loans extended by the GSIS and SSS to their respective member- employees under this Act shall be exempt from gross receipts tax (GRT).

To minimize the risks in lending to the BBEs, the SBGFC and the Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) under the Department of Agriculture, in case of agribusiness activities, shall set up a special guarantee window to provide the necessary credit guarantee to BMBEs under their respective guarantee programs.

The LBP, DBP, PCFC, SBGFC, SSS, GSIS, and QUEDANCOR shall annually report to the appropriate Committees of both Houses of Congress on the status of the implementation of this provision.

The BSP shall formulate the rules for the implementation of this provision and shall likewise establish incentive programs to encourage and improve credit delivery to the BMBEs.

SEC. 10. *Technology Transfer, Production and Management Training, and Marketing Assistance.* – A BMBE Development Fund shall be set up with an endowment of Three Hundred Million Pesos (P300, 000,000.00) from the Philippine Amusement and Gaming Corporation (PAGCOR) and shall be administered by the SMED Council.

The Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), the University of the Philippines Institute for Small Scale Industries (UP ISSI), Cooperative Development Authority (CDA), Technical Education and Skills Development Authority (TESDA), and Technology and Livelihood Resource Center (TLRC) may avail of the said Fund for technology transfer, production and management training and marketing assistance to BMBEs.

The DTI, in coordination with the private sector and non-government organizations (NGOs), shall explore the possibilities of linking or matching-up BMBEs with small, medium and large enterprises, and likewise establish incentives therefor.

The DTI, in behalf of the DOST, UP ISSI, CDA, TESDA and TLRC shall be required to furnish the appropriate Committees of both Houses of Congress a yearly report on the development and accomplishments of their projects and programs in relation to technology transfer, production and management training and marketing assistance extended to BMBEs.

SEC. 11. *Trade and Investment Promotion.* – The data gathered from business registration shall be made accessible to and shall be utilized by

private sector organizations and non-government organizations for purposes of business matching, trade and investment promotion.

INFORMATION DISSEMINATION

SEC. 12. *Information Dissemination.* – The Philippine Information Agency (PIA), in coordination with the Department of Labor and Employment (DOLE), the DILG and the DTI, shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries specifically in the barangay level.

PENALTY

SEC. 13. *Penalty.* – Any person who shall willfully violate any provision of this Act or who shall in any manner commit any act to defeat any provision of this Act shall, upon conviction, be punished by a fine of not less than Twenty-five Thousand Pesos (P25,000.00) but not more than Fifty Thousand Pesos (P50,000.00) and suffer imprisonment of not less than six (6) months but not more than two (2) years.

In case of non-compliance with the provisions of Section 9 of the Act, the BSP shall impose administrative sanctions and other penalties on the concerned government financial institutions, including a fine of not less than Five Hundred Thousand Pesos (P500, 000.00).

MISCELLANEOUS PROVISIONS

SEC. 14. *Annual Report.* – The DILG, DTI, and BSP shall submit an annual report to the Congress on the status of the implementation of the Act.

SEC. 15. *Implementing Rules and Regulations.* – The Secretary of the Department of Trade and Industry, in consultation with the Secretaries of the DILG, DOF, and the BSP Governor shall formulate the necessary rules and regulations to implement the provisions of this Act within ninety (90) days after its approval. The rules and regulations issued pursuant to this section shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

SEC. 16. *Separability Clause.* - – If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC.17. *Repealing Clause.* – Existing laws, presidential decrees, executive orders, proclamations or administrative regulations that are inconsistent with

the provisions of this Act are hereby amended, modified, superseded or repealed accordingly.

SEC. 18. Effectivity. – The Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,

(Sgd.) JOSE DE VENECIA JR. (Sgd.) FRANKLIN M. DRILON
Speaker of the House of Representative *President of the Senate*

This Act, which is a consolidation of Senate Bill No. 1855 and House Bill No. 4871 was finally passed by the Senate and the House of Representatives on October 24, 2002 and October 23, 2002, respectively.

(Sgd.) ROBERTO P. NAZARENO (Sgd.) OSCAR G. YABES
Secretary General House of Representatives *Secretary of the Senate*

Approved: November 13, 2002

(Sgd.) GLORIA MACAPAGAL-ARROYO
President of the Philippines

(Published in Manila Times & Today, November 19, 2002 and in the
Official Gazette January 27, 2003)



DEPARTMENT ADMINISTRATIVE
ORDER NO. 01
Series of 2003.

**SUBJECT: Implementing Rules and Regulations of R.A. 9178,
Otherwise known as the “Barangay Micro Business
Enterprises (BMBEs) Act of 2002”**

Pursuant to Sec. 15 of R.A. 9178, otherwise known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002”, and after consultation with the Department of the Interior and Local Government (DILG), the Department of Finance (DOF) and the Bangko Sentral ng Pilipinas (BSP), and other concerned agencies, the following rules and regulations governing BMBEs are hereby prescribed for the compliance, information and guidance of all concerned.

I. PRELIMINARY PROVISIONS

Sec. 1. Declaration of Policy. – As stated in Sec. 2 of R.A. 9178, it is the policy of the State to hasten the country’s economic development by encouraging the formation and growth of barangay micro business enterprises which effectively serve as seedbeds of Filipino entrepreneurial talents, and integrating those in the informal sector with the mainstream economy, through the rationalization of bureaucratic restrictions, the active intervention of the government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty.

Sec. 2. Definition of Terms. – When used herein, the term:

- a. **Act-** shall refer to the “Barangay Micro Business Enterprises Act of 2002”.
- b. **Barangay Micro Business Enterprise (BMBE)** – as defined in Sec. 3a of the Act, shall refer to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, shall not be more than Three Million Pesos (P3,000,000.00) subject to review and upward adjustment by the SMED Council, as mandated under Republic Act 6977, as amended by Republic Act 8289. A BMBE shall include any individual owning such business entity/enterprise, partnership, cooperative, corporation, association or other entity incorporated and/or organized and existing

under Philippine laws; and registered with the office of the treasurer of a city or municipality in accordance with this implementing rules and regulations.

“Services” shall exclude those rendered by any one, who is duly licensed by the government after having passed a government licensure examination, in connection with the exercise of one’s profession as stated in Paragraph 2 Sec. 3(a), R.A. 9178.

- c. **Certificate of Authority (CA)** – shall refer to the certificate issued to an applicant authorizing the same to operate as a BMBE and to be entitled to the benefits and privileges accorded to a registered BMBE.
- d. **Assets** – shall refer to all kinds of properties, real or personal, owned by the BMBE and used for the conduct of its business as defined by the SMED Council: *Provided*, That for the purpose of exemption from taxes and fees under the Act, this term shall mean all kinds of properties, real or personal, owned and/or used by the BMBE for the conduct of its business as defined by the SMED Council.
- e. **Registration** – shall mean the inclusion of a BMBE in the BMBE Registry of a city or municipality.
- f. **Financing** – shall refer to all borrowings of the BMBE from all sources after registration.

II. REGISTRATION OF BMBE

Sec. 3. Place of Registration. – The Office of the Treasurer of each city or municipality shall register BMBEs and issue a Certificate of Authority (CA) to enable the BMBE to avail of incentives under the Act; *Provided*, That only one Certificate of Authority shall be issued for each BMBE and only by the Office of the Treasurer of the city or municipality that has jurisdiction over the principal place of business of the BMBE.

Sec. 4. Who are eligible to register. – Any person, natural or juridical, cooperative or association, having the qualifications herein below enumerated, may apply for registration as BMBE:

- a. Have an asset size of not more than three million pesos (P3,000,000.00) excluding land, before applying for BMBE registration; and
- b. Engaged in the business activities as defined in Sec. 2(b) of this IRR.

Sec. 5. Requirements for Registration. The applicant for BMBE registration shall submit the duly filled up application (BMBE Form 01) in triplicate, signed by the owner or manager of the entity applying for registration.

Sec. 6. *Procedures for Registration.* The following are the procedures when applying for registration as BMBE:

- a. An applicant for BMBE shall go to the Office of the Municipal or City Treasurer where the business is located;
- b. The applicant shall accomplish BMBE Form 01 in triplicate and submit to the Office of the Municipal or City Treasurer;
- c. The Municipal or City Treasurer evaluates the application. Application shall be processed within fifteen (15) working days upon submission of complete documents. Otherwise, the BMBEs shall be deemed registered; and
- d. A registered BMBE shall be issued a CA as proof of registration, which will be effective for a period of two (2) years, renewable for a period of two (2) years for every renewal.

Sec. 7. *Fees and Charges.* – The LGUs shall issue the CA promptly and free of charge. However, to defray the administrative costs of registering and monitoring the BMBEs, the LGU may charge a fee not exceeding One Thousand Pesos (P1,000.00).

Sec. 8. *Transfer of Ownership.* – The BMBE shall report to the city or municipality of any change in the status of its ownership structure, and shall surrender the original copy of the BMBE Certificate of Authority for notation of the transfer.

III. INCENTIVES AND BENEFITS

Sec. 9. *Exemption from taxes and fees.* – All BMBEs shall be exempted from income tax for income arising from the operation of the enterprise.

The Local Government Units (LGUs) are encouraged either to reduce the amount of local taxes, fees and charges imposed or to exempt the BMBE from local taxes, fees and charges.

Sec. 10. *Exemption from the Coverage of the Minimum Wage Law.* – The BMBEs shall be exempt from the coverage of the Minimum Wage Law: *Provided*, That all employees covered under the Act shall be entitled to the same benefits given to any regular employee such as social security and healthcare benefits.

Sec. 11. *Credit Delivery.* – As stated in Sec. 9 of the Act, the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), Small Business Guarantee and Finance Corporation (SBGFC), and People's

Credit and Finance Corporation (PCFC) shall set up a special credit window that will service the financing needs of BMBEs registered under the Act consistent with the BSP policies, rules and regulations. The Government Service Insurance System (GSIS) and Social Security System (SSS) shall likewise set up a special credit window that will serve the financing needs of their respective members who wish to establish a BMBE. The concerned financial institutions (FIs) are encouraged to wholesale the funds to accredited private financial institutions including community-based organizations such as cooperatives, non-government organizations (NGOs) and people's organizations, which will in turn, directly provide credit support to BMBEs.

All loans from whatever sources granted to BMBEs under the Act shall be considered as part of alternative compliance to Presidential Decree No. 717, otherwise known as the Agri-Agra Law, or to Republic Act No. 6977, otherwise known as the Magna Carta for Small and Medium Enterprises, as amended. For purposes of compliance with Presidential Decree No. 717 and Republic Act No. 6977, as amended, loans granted to BMBEs under the Act shall be computed at twice the amount of the face value of the loans.

Any existing laws to the contrary notwithstanding, interests, commissions and discounts derived from the loans by the LBP, DBP, PCFC and SBGFC granted to BMBEs as well as loans extended by the GSIS and SSS to their respective member- employees under the Act shall be exempt from gross receipts tax (GRT).

To minimize the risks in lending to the BMBEs, the SBGFC and the Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) under the Department of Agriculture, in case of agribusiness activities, shall set up a special guarantee window to provide the necessary credit guarantee to BMBEs under their respective guarantee programs.

The LBP, DBP, PCFC, SBGFC, SSS, GSIS, and QUEDANCOR shall annually report to the appropriate Committees of both Houses of Congress on the status of the implementation of this provision.

The BSP shall formulate the rules for the implementation of this provision and shall likewise establish incentive programs to encourage and improve credit delivery to the BMBEs.

Sec. 12. *Technology Transfer, Production and Management Training, and Marketing Assistance.* – BMBEs can avail of technology transfer, production, management training programs and marketing assistance of the DTI, DOST, UP-ISSI, CDA, TESDA, TLRC and other concerned agencies.

Sec. 13. *BMBE Development Fund.* – As stated in Sec. 10 of the Act, a BMBE Development Fund shall be set up with an endowment of Three Hundred Million Pesos (P300, 000,000.00) from the PAGCOR and shall be administered by the SMED Council.

The DTI, DOST, UP ISSI, CDA, TESDA, and TLRC may avail of the said Fund for technology transfer, production and management training and marketing assistance to BMBEs.

Sec. 14. *Trade and Investment Promotion.* – The data gathered from business registration shall be made accessible to and shall be utilized by private sector organizations and non-government organizations for purposes of business matching, trade and investment promotion.

Sec. 15. *One-Stop Business Registration Center.* – LGUs are encouraged to establish a One- Stop Business Registration to handle the efficient registration and processing of permits/licenses of BMBEs.

IV. INFORMATION DISSEMINATION

Sec. 16. *Information Dissemination.* – The Philippine Information Agency (PIA) in coordination with the concerned agencies (DOLE, the DILG, and the DTI) shall ensure the proper and adequate information dissemination of the contents and benefits of the Act to the general public especially to its intended beneficiaries in the barangay level.

V. PENALTY

Sec. 17. *Penalty.* – Any person who shall willfully violate any provision of the Act or who shall in any manner commit any act to defeat any provision of the Act shall, upon conviction, be punished by a fine of not less than Twenty-five Thousand Pesos (P25, 000.00) but not more than Fifty Thousand Pesos (P50, 000.00) and suffer imprisonment of not less than six (6) months but not more than two (2) years.

In case of non-compliance with the provisions of Section 9 of the Act, the BSP shall impose administrative sanctions and other penalties on the concerned government financial institutions, including a fine of not less than Five Hundred Thousand Pesos (P500, 000.00).

VI. MISCELLANEOUS PROVISIONS

Sec. 18. *Annual Report.* – The DILG, DTI, and BSP shall submit Annual Reports to Congress on the status of the implementation of the Act.

Sec. 19. Effectivity. – These rules shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

APPROVED: 07 February 2003.


Secretary of Trade and Industry

(Published in Manila Bulletin February 11 and 26, 2003)

**APPLICATION FOR REGISTRATION AS
BARANGAY MICRO BUSINESS ENTERPRISES
(BMBE)
UNDER R.A. 9178**



BMBE Form 01 (To be accomplished in triplicate)

Date Application Filed: _____

Application No. _____

New Renewal

Name of Business Enterprises

Name of Owner or Head of Enterprise

Male

Female

(Last Name)

(First Name)

(Middle Name)

Business Address _____ Tel. No.: _____

Fax. No.: _____

Owner's Business' Tax Identification Number _____

Type of Business Organization Single Proprietorship Partnership Corporation Cooperative
 Association Others _____

Status of Business New Existing

Principal Business Activity Production Processing Manufacturing Trading
 Services Others _____

Product Lines/Services _____

Total Assets (To the Nearest Thousand Pesos) _____

Total Number of Employees _____ (No of Males _____ No of Females _____)

For Partnership Corporation/Cooperatives/Associations

Partners/Directos/Officers	Address

Branches, if any

Address/es	Tel. No.

I/We hereby declare that all information supplied in this application are true and correct to the best of my belief and knowledge, and any false or misleading information supplied, or production of materially false or misleading documents to support this application shall be a ground for the appropriate criminal, civil and/or administrative action against our enterprise

I/We undertake to advise the Office of the Treasure of the Municipality/City of any change in the status of its structure and shall surrender the original copy of the BMBE Certificate of Authority for notation of the transfer

Applicant's/Authorized Representative's Signature
Over Printed Name

REPUBLIC OF THE PHILIPPINES

(City/Municipality)

BMBE Certificate of Authority

(Registered Barangay Micro Business Enterprises)

THIS CERTIFICATE, which is effective for two (2) years, entitles the registered Barangay Micro Business Enterprises (BMBE) to all benefits and incentives, subject to the terms and conditions, of Republic Act No. 9178, signed by President Gloria Macapagal-Arroyo on 13 November 2002, and the implementing rules and regulations thereof issued by Secretary of Trade and Industry Mar Roxas on 07 February 2003. This certificate will expire on _____.

Granted to:

Name of Enterprise

Owner/Manager: _____

Address: _____

IN TESTIMONY WHEREOF, I have set my hand and caused the seal of the Municipality/City to be affixed at _____ this _____ day of _____ in the year of our Lord, twenty hundred and _____.

Attested:

City/Municipal Treasurer

Mayor

Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Vito Cruz, Manila

Department Order No. 17-04

**GUIDELINES TO IMPLEMENT THE REGISTRATION OF BARANGAY
MICRO BUSINESS ENTERPRISES AND THE AVAILMENT OF TAX
INCENTIVES UNDER R.A. 9178, OTHERWISE KNOWN AS THE
“BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs)
ACT OF 2002”**

**RULE 1.
PRELIMINARY PROVISIONS**

Section 1. Declaration of Policy. As stated in Section 2 of R.A. 9178 (the “Act”), it is the policy of the State to hasten the country’s economic development by encouraging the formation and growth of barangay micro business enterprises which effectively serve as seedbeds of Filipino entrepreneurial talents, and integrating those in the informal sector with the mainstream economy, through the rationalization of bureaucratic restrictions, the active intervention of the government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty.

Sec. 2. Supplementary Rules and Regulations. Pursuant to Section 15 of the Act, the Secretary of Trade and Industry issued Department Administrative Order No. 01, Series of 2003, prescribing the Rules and Regulations Implementing the Act (the “Implementing Rules”). Among others, the Implementing Rules provide:

“Sec. 3. Place of Registration. – The Office of the Treasurer of each City or Municipality shall register BMBEs and issue a Certificate of Authority (CA) to enable the BMBE to avail of incentives under the Act; Provided that only one Certificate of Authority shall be issued for each BMBE and only by the Office of the Treasurer of the City or Municipality that has jurisdiction over the principal place of business of the BMBE.”

x x x

“Sec. 9. Exemption From Taxes and Fees. – All BMBEs shall be exempted from income tax for income arising from the operation of the enterprise.”

Interest, commissions and discounts derived from the loans by the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP),

People's Credit and Finance Corporation (PCFC) and Small Business Guarantee and Finance Corporation (SBGFC) granted to BMBEs as well as loans extended by the Government Service Insurance System (GSIS) and Social Security System (SSS) to their respective member-employees under the Act shall also be exempt from gross receipts tax ("GRT").

Sec. 3. Objective. The Office of the Treasurer and the Bureau of Internal Revenue are under the supervisory authority of the Department of Finance. Accordingly, this Department Order is hereby issued to provide guidelines and procedures in:

- (a) The registration of barangay micro business enterprises (BMBEs) by the Office of the Treasurer of each city or municipality and the issuance of a Certificate of Authority;
- (b) The periodic evaluation of the BMBEs' financial status for monitoring and reporting purposes;
- (c) The exemption from income tax of BMBEs for income arising from the operations of the enterprise; and
- (d) The exemption from gross receipts tax (GRT) of interests, commissions and discounts derived from the loans by the LBP, DBP, PCFC and SBGFC granted to BMBEs as well as loans extended by the GSIS and SSS to their respective member-employees who wish to establish BMBEs.

RULE 2. REGISTRATION OF BMBES

Sec.1. Who Can Register as a BMBE – One can register as a BMBE if it is a business entity or enterprise, whether operated as a sole proprietorship or a corporation, partnership, cooperative or association, organized/incorporated and existing under Philippine laws:

- (a) Engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, and which activities are barangay-based and micro-business in nature and scope: *Provided*, That "services" shall exclude those rendered by (i) natural persons who are duly licensed by the government after having passed a government licensure examination in connection with the exercise of one's profession, and (ii) juridical persons such as partnerships or corporations engaged in consultancy, advisory and similar services where the performance of such services are essentially carried out through licensed professionals; and

- (b) Whose total assets, real or personal, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos (P3,000,000.00) or as may be adjusted by the Small and Medium Enterprises Development (SMED) Council as mandated under R.A. 6977 as amended by R.A. 8289: *Provided*, That for the purpose of registering as a BMBE, the assets must be owned and used for the conduct of its business as such BMBE.

A business enterprise shall be considered "barangay-based" if (i) the majority of its employees are residents of the municipality where its principal place of business is located; or (ii) its principal activity consists in the application/use of a particular skill peculiar to the locality or of raw materials predominantly sourced from the area; or (iii) its business operations are confined within the territorial jurisdiction of the municipality or LGU in which its principal place of business is located: *Provided, however*, That the enterprise may establish warehouses, buying stations, sales outlets, and booking or administrative offices anywhere in the Philippines, subject to pertinent rules and registration requirements of the concerned LGUs and other government agencies where such warehouses, outlets, stations or offices are established.

It shall be considered "micro-business in nature and scope" if: (i) its principal activity is primarily for livelihood, or determined by the SMED Council or DTI as a priority area for development or government assistance; (ii) the enterprise is not a branch, subsidiary, division or office of a large scale enterprise; and (iii) its policies and business modus operandi are not determined by a large scale enterprise or by persons who are not owners or employees of the enterprise.

Sec. 2. Valuation of Assets – Cash consisting of Philippine currency shall be valued at actual currency value; if in foreign currency, it shall be valued at the official exchange rate as prescribed by the Bangko Sentral ng Pilipinas. Other assets shall be generally valued at acquisition or historical cost, net of a reasonable amount for depreciation as determined under GAAP if the asset is depreciable, or book value, whichever is higher. Real property shall be valued at acquisition cost, net of depreciation; however, if no sufficient proof is submitted as to its acquisition cost, the same shall be valued at current zonal value as established by the BIR.

Sec. 3. Documents to be Submitted by the Applicant-Business Entity or Enterprise – To determine the value of the assets of the business entity or enterprise applying for registration as a BMBE, the Office of the City or Municipal Treasurer shall require the submission of the following documents, together with the duly-accomplished Application for Registration or BMBE Form 01:

(a) For a new applicant:

1. Registration as a business entity or enterprise from the appropriate government agency [e.g., Securities and Exchange Commission (SEC) registration in the case of corporation, partnership or association; or Cooperatives Development Authority (CDA) registration in the case of cooperative; Department of Trade and Industry (DTI) business name registration in the case of sole proprietorship];
2. Taxpayer Identification Number (TIN);
3. Certificate of Registration from the Bureau of Internal Revenue (BIR);
4. Mayor's Permit or City/Municipal Business Permit;
5. Sworn affidavit executed by the sole proprietor or the President of the enterprise, as the case may be, that the enterprise is barangay-based and micro-business in nature and scope, in substantially the form attached as Annex "A";
6. Sworn Statement of Assets and Liabilities showing the values of assets owned and to be used in the conduct of business, which shall be supported by pertinent information such as the date of acquisition, acquisition cost and depreciated value. In case of asset acquired during the year of registration, it shall be supported by any of the following:
 - I) invoice
 - II) official receipt
 - III) contract document or deed
7. Pictures of the place of business and its assets, other than cash, receivables and intangibles;
8. Copy of Loan Contract/s, if any, and Duly-Notarized Certification of Amortization Payments on the Loan; and
9. Income Tax Return (ITR) with proof that it has been duly filed with the BIR, including attachments, if any, (for an existing business only).

(b) For renewal of registration:

1. Documents listed in Section 3(a)(1) to (8), inclusive; and
2. Annual Information Return (for the year immediately preceding the renewal of registration) duly filed with the BIR, together with its attachments.

The application for registration shall not be processed by the Office of the Treasurer until all documentary requirements as above set forth have been submitted.

Sec. 4. *Verification of Qualifications.* – The City or Municipal Treasurer must conduct a verification of the physical existence of the business and the true amount of its assets. A sworn certification that such a verification has been conducted shall be executed by the Treasurer and shall form part of the records of each application for registration.

Sec. 5. *Issuance of Certification of Authority* – After determining the eligibility of the business entity or enterprise, the Office of the City or Municipal Treasurer shall register the business entity or enterprise as a BMBE and issue a Certificate of Authority using BMBE Form 02. The CA shall be effective for a period of two (2) years, subject, however, to Sec. 8 of this Rule, and renewable for a period of two (2) years for every renewal. The Treasurer shall indicate in the CA the date when the registration of the BMBE commences.

The Office of the Treasurer shall issue the CA promptly and free of charge, unless a fee therefore, not exceeding One Thousand Pesos (P1,000.00), is imposed by the LGU concerned through a properly enacted ordinance.

Sec. 6. *List of Registered BMBEs to be Furnished to the BIR.* – The Office of the City or Municipal Treasurer shall furnish the Revenue District Officer/s of the Bureau of Internal Revenue (BIR) in the locality concerned, on a quarterly basis, using a form prescribed by the Bureau, a list of all registered BMBEs of good standing. The List of Registered BMBEs shall be one of the bases of the BIR in granting income tax exemption to a BMBE.

Sec. 7. *Periodic Evaluation* – The Office of the City or Municipal Treasurer shall conduct an evaluation and verification of the BMBE's financial status, including the actual amount and condition of its assets, for monitoring and reporting purposes within 30 days from the close of the year after a BMBE's initial registration, and within 30 days from the close of each ensuing year. The evaluation and verification of the BMBE's financial condition shall include, but not be limited to, the conduct of ocular inspection of the place of business including its assets.

The respective officials of the City or Municipal Treasurer conducting the verification must have written authority from the City or Municipal Treasurer. The written authority should include, among others, the name of the official/s who will conduct the verification, the address of the place of business to be verified, and the duration of the written authority, which should not exceed a period of one week from the date of its issuance.

Sec. 8. Cancellation of Registration – The Office of the City or Municipal Treasurer shall cancel the registration of a BMBE for cause, such as:

- (a) When the BMBE transfers its place of business to another locality;
- (b) When the value of its total assets as determined pursuant to this Order exceeds Three Million Pesos (P3,000,000.00);
- (c) When the BMBE voluntarily surrenders its Certificate of Authority to the Office of the City or Municipal Treasurer;
- (d) In case of death of the registered individual owner of the BMBE, if it is a sole proprietorship;
- (e) In case of violation or non-compliance with the provisions of R.A. 9178, the Implementing Rules and this Order;
- (f) In case of merger or consolidation with an entity which is not eligible to be a BMBE;
- (g) In case of sale or transfer of the BMBE, if it is a sole proprietorship, without prejudice to the transferee applying for registration should it be qualified under the terms of this Order;
- (h) Submission of fake or false or falsified documents;
- (i) In case of retirement from business, or cessation/suspension of operations for one year; and
- (j) Making false or omitting required declarations or statements.

In cases of (a) violation or non-compliance with the provisions of R.A. 9178, (b) submission of fake or falsified documents, and/or (c) making false or omitting required declarations or statements, the City or Municipal Treasurer should initiate the filing of appropriate criminal complaints before the Office of the Public Prosecutor.

In a cancellation of registration, the BMBE shall surrender its Certificate of Authority to the Treasurer.

The Treasurer shall immediately notify the BIR of any cancellation of registration of BMBE.

Sec. 9. Special Window – The Office of the City or Municipal Treasurer is hereby directed to provide and clearly identify a special window or desk where applications for registration as BMBEs should be filed.

RULE 3.
GUIDELINES IN THE AVAILMENT OF INCOME TAX EXEMPTION

Sec. 1. *Exemption from Income Tax* – A duly registered BMBE shall be exempt from income tax on income arising purely from its operations as such BMBE: *Provided*, That this income tax exemption shall not apply to the following:

- (a) Interest, including those from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements;
- (b) Royalties;
- (c) Prizes and other winnings;
- (d) Cash and/or property dividends;
- (e) Capital gains from the sale of shares of stock not traded through the stock exchange;
- (f) Capital gains from the sale or other disposition of real property;
- (g) The share of an individual in the net income after tax of an association, a joint account, or a joint venture or consortium;
- (h) The share of an individual in the distributable net income after tax of a taxable partnership of which he is a partner;
- (i) Income from the practice of profession received directly from the clients or from the professional partnership of which the individual is a partner;
- (j) Compensation; and
- (k) All other forms of passive income and income from revenues not effectively connected with or arising from operations of the BMBEs as such.

Sec. 2. *Determination of the Value of Assets of the BMBE for Income Tax Exemption Purposes* – For the purpose of exemption from income tax, the total assets of the BMBE, which shall not exceed Three Million Pesos (P3,000,000.00), shall include all kinds of properties, both personal properties and real properties (but excluding land on which the particular business entity's office, plant and equipment are situated) that are owned and used/to be used or even if not owned but used /to be used, by the BMBE and/or its affiliates for

the conduct of its/their business/es: *Provided*, That the term "affiliate" shall refer to any person or business enterprise/entity that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the BMBE concerned. The rules provided in Sec. 36 (B) of the National Internal Revenue Code shall be used in determining whether such affiliation exists, and the rules prescribed in Sec. 127 (B) of the same Code for stock attribution shall be used in determining beneficial ownership of an incorporated enterprise: *Provided, further*, That the value of the assets of the BMBE for the purpose of this Section shall be determined in accordance with the valuation rules set forth in Rule 2, Sec. 2 hereof.

Sec. 3. Availment of Tax Incentives. – For purposes of availing of the tax incentives, the BMBE shall register as such BMBE with the BIR RDO where the principal office or place of business of the BMBE is located. Its application for registration shall be supported by the following documents:

- a) Copy of the BMBE's Certificate of Authority duly authenticated by the Office of the City or Municipal Treasurer;
- b) Sworn Statement of the values of assets owned and/or used/to be used by the BMBE and/or its affiliates reflecting the current values thereof. The Sworn Statement shall be supported by pertinent information and documents such as:
 - 1) Acquisition cost, date of acquisition and depreciated value for existing assets
 - 2) Invoices and/or official receipts for newly-acquired assets not yet depreciated
 - 3) Duly-notarized copy of Contract of Lease for assets used in the conduct of business covered by lease agreement; and
 - 4) Copy of Loan Contract/s, if any, and Duly-Notarized Certification of Amortization Payments on the Loan
- c) Certified list of branches, sales outlets, places of production, warehouse and storage places, or such other facility owned and/or operated by the BMBE indicating their respective addresses, whether located in the same municipality or city where the principal place of business is located, or elsewhere.
- d) Certified list of affiliates, indicating addresses, line of business and responsible officers thereof;

- e) Latest Audited Financial Statement, or Account Information Form or its equivalent containing data lifted from audited financial statements.

If the BMBE is currently registered with the BIR under or pursuant to existing registration rules and regulations, its registration as a BMBE shall be duly recorded by the BIR in the pertinent registration file of the BMBE, and its registration certificate be accordingly amended to reflect its registration likewise as a BMBE. If the BMBE has not been registered under or pursuant to existing registration, the BMBE shall register for each type of internal revenue tax, except income tax, but including withholding taxes for which it is liable.

For purposes of exemption from the creditable withholding tax on income payments, the BMBE shall furnish its customers with a certificate true copy of its amended BIR registration certificate.

If a BMBE is also entitled to exemption from income tax under any law other than the Act, it shall so state this fact in its registration form and indicate whether it shall avail itself thereof or the privilege under the Act. The choice so made shall bind the BMBE for the entire period of validity of its registration with the BIR. No BMBE shall be allowed double or multiple availment of income tax exemption privileges.

An annual registration fee in the amount of Five Hundred Pesos (P500.00) shall be paid by a BMBE upon its registration as such, and every year thereafter on or before the last day of January: *Provided*, however, That a BMBE which is in the form of a cooperative or a marginal income earner as defined in Revenue Regulation No. 11-2000 shall be exempt from payment of this registration fee.

The registration fee shall be paid to an authorized agent bank (AAB) located within the revenue district or, in places where there are no AABs, to the Revenue Collection Officer (RCO), or duly authorized Treasurer of the City or Municipality where the principal place of business is registered.

Sec. 4. *Filing of Annual Information Return –*

- (a) **Requirements.** – Every BMBE entitled to full income tax exemption is required to file an Annual Information Return, together with an Account Information Form, or its equivalent, containing data lifted from audited financial statements and a sworn statement of assets owned and/or used in business.
- (b) **Where to File.** – Except in cases where the Commissioner otherwise permits, the return shall be filed with the Revenue District Officer or the Revenue Collection Officer or the duly authorized Treasurer of the city or municipality in which the BMBE has its principal place of business.

- (c) **When to File.** – The Return specified above shall be filed on or before the fifteenth (15th) day of the fourth month following the close of the taxable year.

Sec. 5. Revocation of Income Tax Exemption Privilege – The BIR shall revoke the income tax exemption privilege of a BMBE for any of the causes set forth in Rule 2, Sec. 8 hereof. The BIR shall notify the BMBE in writing of its findings and require it to pay the corresponding income tax, without prejudice to the filing of administrative or criminal complaints if warranted.

The BIR shall notify the Office of the City or Municipal Treasurer concerned of its action, whereupon the City or Municipal Treasurer shall make a determination within fifteen days from receipt of the BIR's notice, whether the BMBE's Certificate of Registration issued by the Treasurer must likewise be cancelled.

Sec. 6. Applicability of Other Internal Revenue Taxes and Compliance Requirements. – A BMBE shall be subject to all other taxes and compliance requirements prescribed under the National Internal Revenue Code (NIRC) of 1997, as amended, and its implementing rules and regulations. It shall also update its registration information/status with the BIR in case it or any of its affiliates transfers its principal place of business, any other offices, or branches.

RULE 4.

GUIDELINES ON THE AVAILMENT OF EXEMPTION FROM GROSS RECEIPTS TAX

Sec. 1. Exemption from Gross Receipts Tax - Interests, commissions and discounts derived from the loans granted by the LBP, DBP, PCFC AND SBGFC to duly-registered BMBEs, as well as loans extended by the GSIS and SSS to their respective member-employees for the purpose of establishing BMBEs, shall be exempt from gross receipts tax (GRT).

Sec. 2. Disqualification from GRT Exemption. In case the amount of loan extended by the above-mentioned credit institution/s to a BMBE borrower resulted to the BMBE's total assets exceeding the P3 million asset threshold, the said institution/s is/are disqualified to enjoy exemption from GRT.

Sec. 3. Reportorial and Documentary Requirements – To avail of the exemption, certified copy of the BMBE's registration with the BIR as such BMBE shall be submitted to the lending institution concerned. The BIR shall also devise a reporting scheme to be followed by all concerned credit institutions on all loan transactions with BMBEs for purposes of availing the GRT exemption within thirty (30) days from the effectivity of this Order.

RULE 5. PUBLIC INFORMATION CAMPAIGN

Sec. 1. *Conduct of Public Information Campaign* - The Bureau of Internal Revenue and all its Revenue Region and District Officers, the Bureau of Local Government Finance and all its Regional Directors, all District Treasurers of Metropolitan Manila, and all City and Municipal Treasurers are hereby instructed to hold public information campaigns to inform the BMBEs in their respective jurisdictions about the specific provisions of this Order immediately after the signing of this Order and until the time for the filing of the 2003 income tax returns in April 2004.

Thereafter, said officials are encouraged to hold public information drives as deemed necessary in order to promote the objectives of the Act and this Order.

The Implementing agencies are instructed to provide public information desks to address queries regarding the BMBE Act of 2002.

In addition, the agencies should coordinate with one another in coming up with a standard leaflet or brochure containing, among other information, the basic features of the BMBE Act of 2002, frequently asked questions and answers on the implementation thereof, and the flow of processing of documents including the list of requirements for registration as a BMBE.

RULE 6. FINAL PROVISIONS

Sec. 1. *Repealing Clause* – All existing rules and regulations or parts thereof which are inconsistent with the provisions of this Order are hereby repealed, modified or amended accordingly.

Sec. 2. *Reports* – The Treasurers and the BIR shall strictly enforce the provisions of this Order. They shall render an annual report to the Secretary of Finance, copy furnished the Secretary of Trade and Industry, on their implementation of the Act, conformably with this Order. Such report shall contain, among others, the following:

- (a) The names and addresses of BMBEs so accredited or registered for the period; their line of business; their owners or stockholders, and key officers; and their asset base;
- (b) The amount of income for which exemption from income tax was availed of;
- (c) The amount of interest, commissions and discounts from which exemption from the GRT was availed of; and

(d) The annual gross income derived by the BMBEs.

Sec. 3. *Effectivity* – This Order shall take effect after the 15th day following its publication in a newspaper of general circulation.

Signed on this 20th day of April, 2004, Manila, Philippines.

(SGD) **JUANITA D. AMATONG**
Secretary of Finance

REPUBLIC OF THE PHILIPPINES)
 _____) S.S.

A F F I D A V I T

I, _____, (nationality), of legal age, with address at _____ after having been sworn in accordance with law hereby depose and state:

1. I am the (sole proprietor/president) of (business name/corporate name) which is duly registered with the (appropriate government agency) as being involved in the (nature of business).

2. I hereby certify that (business name/corporate name) is “barangay – based” and “micro – business” in nature and scope due to the following reasons:

- a) (business name/corporate name) is “barangay-based” because (cite reasons why business is barangay –based e.g. (i) the majority of employees are residents of the municipality where the principal place of business is located; or (ii) the principal business activity consists in the application/use of a particular skill peculiar to the locality or of raw materials predominantly sourced from the area; or (iii) the business operations are confined within the territorial jurisdiction of the municipality or local government unit where principal place of business is located); and
- b) (business name/corporate name) is “micro business” in nature and scope because its principal business activity is primarily for (livelihood or as a priority area for development or government assistance as determined by the SMED Council or the DTI); it is not a branch, subsidiary, division or office of a large scale enterprise; and its policies and business modus operandi are not determined by a large scale enterprise or by persons who are not owners or employees of a large scale enterprise.

3. I am executing this affidavit to attest to the truth of the foregoing and for whatever legal purposes it may serve.

FURTHER AFFIANT SAYETH NAUGHT.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of _____ 200_ affiant exhibiting to me his/her Community Tax Certificate No. _____ issued at _____ on _____.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 200 _____.

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Quezon City

May 26, 2004

REVENUE MEMORANDUM CIRCULAR NO. 40-2004

SUBJECT : Circularizing the full text of Department Order No. 17-04 GUIDELINES TO IMPLEMENT THE REGISTRATION OF BARANGAY MICRO BUSINESS ENTERPRISES AND THE AVAILMENT OF TAX INCENTIVES UNDER R.A. 9178, OTHERWISE KNOWN AS THE “BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs) ACT OF 2002”

TO : All Internal Revenue Officers, Employees and Others Concerned

For the information and guidance of all internal revenue officers, employees and others concerned, attached is the full text of Department Order No. 17-04 GUIDELINES TO IMPLEMENT THE REGISTRATION OF BARANGAY MICRO BUSINESS ENTERPRISES AND THE AVAILMENT OF TAX INCENTIVES UNDER R.A. 9178, OTHERWISE KNOWN AS THE “BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs) ACT OF 2002”.

All revenue officials and employees are enjoined to give this circular as wide a publicity as possible.

(Sgd.) GUILLERMO L. PARAYNO
Commissioner of Internal Revenue

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Quezon City

July 20, 2004

REVENUE MEMORANDUM CIRCULAR NO. 52- 2004

SUBJECT : Prescribing the Format of the Sworn Affidavit (Annex A) of the Department Order No. 17-04 GUIDELINES TO IMPLEMENT THE REGISTRATION OF BARANGAY MICRO BUSINESS ENTERPRISES AND THE AVAILMENT OF TAX INCENTIVES UNDER R.A. 9178, OTHERWISE KNOWN AS THE "BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs) ACT OF 2002"

TO : All Internal Revenue Officers, Employees and Others Concerned

For the information and guidance of all internal revenue officers, employees and others concerned, attached is the Sworn Affidavit (Annex A) of Department Order No. 17-04 GUIDELINES TO IMPLEMENT THE REGISTRATION OF BARANGAY MICRO BUSINESS ENTERPRISES AND THE AVAILMENT OF TAX INCENTIVES UNDER R.A. 9178, OTHERWISE KNOWN AS THE "BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs) ACT OF 2002". It is referred to in Rule 2, Sec. 3(a) (5) as the form of the sworn affidavit to be executed by the sole proprietor or the President of the enterprise, as the case maybe that the applicant-enterprise is barangay- based and micro business in nature and scope.

All revenue officials and employees are enjoined to give this circular as wide as publicity as possible.

(Sgd.) GUILLERMO L. PARAYNO
Commissioner of Internal Revenue

16 December 2005

Department Order No. 31-05

**SIMPLYING THE DOCUMENTATION REQUIREMENT
FOR THE REGISTRATION OF BMBEs WITH ASSETS OF P300,000 OR
LESS, AMENDING FOR THE PURPOSE SECTION 3, RULE 2 OF
DEPARTMENT ORDER NO. 17-04 GOVERNING THE GUIDELINES TO
IMPLEMENT THE REGISTRATION OF BARANGAY MICRO BUSINESS
ENTERPRISES AND THE AVAILMENT OF TAX INCENTIVES
UNDER R.A. 9178.**

SECTION 1. Section 3 of Rule of Department Order No. 17-04 is hereby amended to read as follows:

“Sec. 3. *Documents to be submitted by the Applicant-Business Entity or Enterprise* – To determine the value of the assets of the business entity or enterprise applying for registration as a BMBE, the Office of the City of Municipal Treasurer shall require the submission of the following documents, together with the duly-accomplished Application for Registration or BMBE Form 01:

- (a) FOR THOSE WITH ASSETS WORTH THREE HUNDRED THOUSAND PESOS (P300,000) AND LESS –
 - (1) FOR A NEW APPLICANT:
 - i) REGISTRATION AS A BUSINESS ENTITY OR ENTERPRISE FROM THE APPROPRIATE GOVERNMENT AGENCY (E.G., SECURITIES AND EXCHANGE COMMISSION (SEC) REGISTRATION IN THE CASE OF CORPORATION, PARTNERSHIP OR ASSOCIATION; COOPERATIVES DEVELOPMENT AUTHORITY (CDA) REGISTRATION IN THE CASE OF COOPERATIVE; DEPARTMENT OF TRADE AND INDUSTRY (DTI) BUSINESS NAME REGISTRATION IN THE CASE OF SOLE PROPRIETORSHIP); AND
 - ii) MAYOR’S PERMIT OR CITY/ MUNICIPAL BUSINESS PERMIT.

(2) FOR RENEWAL OF REGISTRATION:

- i) DOCUMENTS LISTED IN SECTIONS 3(a)(1)(i) TO (ii), INCLUSIVE; AND
 - ii) ANNUAL INFORMATION RETURN (FOR THE YEAR IMMEDIATELY PRECEDING THE RENEWAL OF REGISTRATION) DULY FILED WITH THE BIR, TOGETHER WITH ITS ATTACHMENTS).
- (b) FOR THOSE WITH ASSETS WORTH MORE THAN THREE HUNDRED THOUSAND PESOS (P300,000) UP TO THREE MILLION PESOS (P3,000,000.00) -

[(a)] 1) For a new applicant:

[(1)] i) Registration as a business entity or enterprises from the appropriate government agency [e.g., Securities and Exchange Commission (SEC) registration in the case of corporation, partnership or association; Cooperatives Development Authority (CDA) registration in the case of cooperative; Department of Trade and Industry (DTI) business name registration in the case of sole proprietorship];

[2] ii) Taxpayer identification Number (TIN);

[3] iii) Certificate of Registration from the Bureau of Internal Revenue (BIR);

[4] iv) Mayor's Permit or City/Municipal Business Permit;

[5] v) Sworn affidavit executed by the sole proprietor or the President of the enterprise, as the case may be, that the enterprise is barangay-based and micro-business in nature and scope, in substantially the form attached as Annex "A";

[6] vi) Sworn Statement of Assets and Liabilities showing the values of assets owned and to be used in the conduct of business, which shall be supported by pertinent information such as the date of acquisition, acquisition cost and depreciated value. In the case of asset acquired during the year of registration, it shall be supported by any of the following:

- [i] vi.i) invoice
- [ii] vi.ii) official receipt
- [iii] vi.iii) contract document or deed

- [7] vii) Pictures of the place of business and its assets, other than cash, receivables and intangibles;
 - [8] viii) Copy of Loan Contract/s, if any, and Duly-Notarized Certification of Amortization Payments on the load; and
 - [9] ix) Income Tax Return (ITR) with proof that it has been duly filed with the BIR, including attachments, if any, (for an existing business only).
- [(b)] 2) For renewal of registration:
- [1] i) Documents listed in [Section 3(a)(1) to (8)] SECTION 3 (b)(1)(i) to (ix), inclusive; and
 - [2] ii) Annual Information Return (for the year immediately preceding the renewal of registration duly filed with the BIR, together with its attachments.

The application for registration shall not be processed by the Office of the Treasure until all documentary requirements as above set forth have been submitted.

SEC. 2. This Order shall take effect after the 15th day following its publication in a newspaper of general circulation.

Signed on this 20th day of December 2005, Manila, Philippines

(SGD) **MARGARITO B. TEVES**
Secretary of Finance

(Published in the December 22, 2005 issue of the Manila Standard)

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Manila

Department Order No. 45-03 Series of 2003

**Guidelines for the Implementation
of Section 8 of R.A. No. 9178**

RA No. 9178, otherwise known as the Barangay Micro Business Enterprises (BMBEs) Act of 2002, aims to hasten the country's economic development by encouraging the formation and growth of BMBEs through the rationalization of bureaucratic requirements, the active support and assistance of government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty.

As defined in Section 31 of the Act, a BMBE shall refer to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos, subject to review and upward adjustment by the SMED Council.

To operate as a BMBE and avail of the benefits provided by the Act, a business enterprise must have a Certificate of Authority issued by the Office of the Treasurer of the City or Municipality where the enterprise is located.

One of the incentives granted to registered BMBE is exemption from the coverage of the Minimum Wage Law as provided under Section 8 of the Act. This incentive, however, should be in harmony with the Constitution and the Labor Code which mandate the State to regulate relations between workers and employers and to protect workers from possible exploitation.

In order to ensure uniformity in the interpretation and implementation of Section 8 of the Act, this Department Order is hereby issued for the proper guidance and information of all concerned.

Section 1. Pursuant to Section 8 of RA No. 9178, BMBEs shall be exempt from the coverage of the Minimum Wage Law: Provided, that all employees covered under this Act shall be entitled to the same benefits given to any regular employees such as social security and healthcare benefits.

Section 2. The Regional Tripartite Wages and Productivity Boards shall issue a Wage Advisory for BMBEs based on guidelines to be issued by the National Wages and Productivity Commission. The range of wage levels

proposed by the RTWPBs shall be advisory in nature, and may be used by BMBE workers and employees in setting acceptable wage levels in their enterprises.

Section 3. Workers in BMBEs shall continue to be covered by all applicable labor laws and benefits under the Labor Code including the non-diminution of wages.

Section 4. The DOLE in coordination with other government and private agencies shall assist BMBEs by providing Technical Assistance Visits under the DOLE's National Labor Enforcement Framework. They shall also be given preferential assistance in other DOLE programs and interventions, such as, productivity, safety and health improvement, to help them grow and prosper into small and medium enterprises.

Section 5. A DOLE Agency Committee on BMBEs composed of the National Wages and Productivity Commission (lead agency), Technical Education and Skills Development Authority, Bureau of Working Conditions, Occupational Safety and Health Center, and Employees Compensation Commission is hereby created to coordinate DOLE programs, for BMBEs. Funding for the Committee shall be cost-shared by the member agencies.

Section 6. All rules and guidelines inconsistent herewith are hereby repealed or modified accordingly.

Section 7. This guidelines shall take effect immediately after its publication in a newspaper of general circulation.

(SGD) **PATRICIA A. STO.TOMAS**
Secretary
May 15, 2003

(Published in Philippine Star on May 24, 2003)

Republic of the Philippines
Department of Labor and Employment
**NATIONAL WAGES AND PRODUCTIVITY
COMMISSION**

NWPC Guidelines No. 01
Series of 2003

**GUIDELINES ON THE ISSUANCE
OF WAGE ADVISORIES FOR
BARANGAY MICRO BUSINESS ENTERPRISES**

Pursuant to Section 8 of RA No. 9178 and Section 2 of DOLE Department Order No. 45-03, Series of 2003, the following guidelines are hereby adopted for the proper guidance and information of all concerned.

Section 1. *Rationale.* RA No. 9178, known as the Barangay Micro Business Enterprises (BMBEs) Act of 2002, aims to hasten the country's economic development and alleviate poverty by encouraging the formation and growth of BMBEs through the rationalization of bureaucratic requirements, the active support and assistance of government, and the granting of incentives and benefits to generate employment.

One of the incentives granted to registered BMBEs is exemption from the coverage of the Minimum Wage Law. The Constitution and the Labor Code, however, mandate the State to regulate relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. Guided by this Constitutional provision, the workers and owners of BMBEs are encouraged to set the mutually acceptable wage rates in their respective enterprises.

This Guidelines is intended to guide the Regional Tripartite Wages and Productivity Boards (RTWPBs) in the issuance of Wage Advisories for BMBEs that can assist workers and owners when they set mutually acceptable wage levels and foster industrial peace and harmony.

Section 2. *Definition of Terms.* As used in this Guidelines:

- (a) Barangay Micro Business Enterprise –hereinafter referred to as BMBE, refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of land on which the particular business entity's office, plant and equipment are situated shall not be more than Three Million Pesos (P3,000,000.00) subject to review and

upward adjustment by the SMED Council. A BMBE shall include any individual owning such business entity/enterprise, partnership, cooperative, corporation, association, or other entity incorporated and/or organized and existing under Philippine laws, and registered with the office of the treasurer of a city or municipality in accordance with RA 9178.

“Services” shall exclude those rendered by anyone, who is duly licensed by the government after having passed a government licensure examination, in connection with the exercise of one’s profession.

- (b) Acceptable Wage Rates – refer to the reasonable and agreed wage rates set by the BMBE workers and owners taking into consideration the Wage Advisories issued by the RTWPBs.
- (c) Certificate of Authority – refer to the certificate issued to an applicant authorizing the same to operate as a BMBE and to be entitled to the benefits and privileges accorded to a registered BMBE.

Section 3. Guidelines.

A. Wage Advisories

1. Nature. The wage rates to be proposed in the Wage Advisories shall be advisory and not mandatory in nature. They are intended to exert a persuasive effect on BMBE owners and provide a benchmark for workers. Nothing in this Guidelines or in the Wage Advisories to be issued by the RTWPBs shall prevent workers and employers of BMBEs from bargaining or negotiating for higher wages and other benefits.
2. Compliance with Labor Laws and Regulations. The Wage Advisories shall contain an express provision that, except for the Minimum Wage, BMBE workers shall continue to be covered by all other pertinent labor laws and regulations, including the non-diminution of wages and the rights of workers to social and health care benefits.
3. Criteria. In the determination of advisory wage rates of BMBEs, the RTWPBs may consider factors which may significantly affect BMBE workers and enterprises.
4. Applicable Wage Rate. To facilitate information dissemination and awareness of concerned workers and employers, the RTWPBs may propose a single wage rate applicable to all BMBEs in the entire region.

B. Procedures in Setting Wage Advisories

1. The RTWPBs shall conduct studies of social and economic factors that may affect BMBEs. In coordination with the DTI Regional Offices, the RTWPBs shall maintain a data base of BMBEs with valid Certificate of Authority.
2. The RTWPBs may enlist the assistance and cooperation of any government agency or private person or organization to furnish information in aid of its wage advisory function.
3. The RTWPBs shall conduct consultations / dialogues with affected sectors, after which they shall decide on the merits of issuing a Wage Advisory for BMBEs, and where appropriate, issue such Wage Advisory within a reasonable period of time.
4. The RTWPBs shall disseminate to workers and owners of registered BMBEs in their respective regions copies of their Wage Advisories.

Section 4. *Submission of Wage Advisories to the Commission.* The RTWPBs shall furnish the Commission copies of their Wage Advisories for information and review.

Section 5. *Counseling Assistance.* Any issue that may arise in the determination of acceptable wage rates in concerned BMBEs may be brought by the workers and owners to the appropriate RTWPBs for counseling assistance.

Section 6. *Effectivity.* This Guidelines shall take effect 15 days after its publication in a newspaper of general circulation.

Manila, Philippines, October 20, 2003.

(SGD) **PATRICIA A. STO. TOMAS** (SGD) **DAVID L. DIWA, JR.**
Chairman

(SGD) **ROMULO L. NERI** (SGD) **EDUARDO T. RONDAIN**
Vice-Chairman Member

(SGD) **CEDRIC R. BAGTAS** (SGD) **REBECCA J. CALZADO**
Member Member

(SGD) **FRANCISCO R. FLORO**
Member

OFFICE OF THE GOVERNOR
Bangko Sentral ng Pilipinas

Circular No. 374
Series of 2003

Pursuant to Monetary Board Resolution No. 284 dated 27 February 2003, the implementing rules and regulations of Section 9 and the second Paragraph of Section 13 of R.A. No. 9178, otherwise known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002” are hereby issued as follows:

Section 1. *Credit Delivery* – Pursuant to the provisions of Section 9 of R.A. 9178, the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), the Small Business Guarantee and Finance Corporation (SBGFC), and the Peoples Credit and Finance Corporation (PCFC) shall set up a special credit window that will service the financing needs of duly registered BMBEs consistent with BSP policies, rules and regulations. Said special credit window shall service the credit needs of BMBEs either through retail or wholesale lending, or both, as the concerned financial institutions may deem consistent with their corporate policies and objectives. The Government Service Insurance System (GSIS) and the Social Security System (SSS) shall likewise set up special credit window that will serve the financing needs of their respective members who may wish to establish a BMBE.

Said financial institutions are encouraged to wholesale funds to accredited private financial institutions including community based organizations such as cooperatives, non-government organizations (NGOs) and people’s organizations engaged in granting credit, for relending to BMBEs.

Private banking and other financial institutions are hereby encouraged to lend to BMBEs.

Section 2. *Interest on loans to BMBEs* – Interest on BMBE loans shall be just and reasonable as may be determined by management of the concerned entity to be consistent with its credit policies.

Section 3. *Amortization of loans to BMBEs* – The schedule of loan amortization shall take into consideration the projected cash flow of the borrowers. Thus, loans granted to BMBEs may, at the discretion of the lender, be amortized daily, weekly, monthly or at such interval as the conditions of the business of the BMBEs may warrant.

Section 4. *Waiver of Documentary Requirements* - Banks and other financial institutions shall not require from duly registered BMBE borrowers the submission of income tax returns as a condition to the grant of loans

considering that BMBEs are exempted from income tax for income arising from their operations. They may, at their discretion, also waive the requirement of submission of financial statements from BMBEs: Provided, That before granting any loan, banks shall undertake reasonable measures to determine that the borrower is capable of fulfilling his/its commitments.

Section 5. *Incentives to Participating Financial Institutions* – To encourage BMBE lendings, the following incentives shall be granted to banks and other financial institutions as may be applicable:

- a. All loans from whatever sources granted to BMBEs under this Act shall be considered as part of alternative compliance to Presidential Decree No. 717 (Agri-Agra Law) or to Republic Act No. 6977, otherwise known as the “Magna Carta for Small and Medium Enterprises”, as amended. For purposes of compliance with Presidential Decree No. 717 and Republic Act No. 6977, as amended, loans granted to BMBEs under R.A. No. 9178 shall be computed at twice the amount of the outstanding balance of the loans: Provided, That loans used as alternative compliance with PD 717 which were computed at twice their outstanding balance shall no longer be eligible as compliance with R.A. 6977 during the same period and vice versa: Provided, further That said loans may be used as alternative compliance with PD 717 and R.A. No. 6977, as amended at the same time at the maximum amount of 100% of their outstanding balance: Provided, still further, that funds loaned by government financial institutions to accredited private banking and other financial institutions for relending to BMBEs shall be eligible as part of alternative compliance to P.D. 717 or to R.A. No. 6977, as amended, at the maximum amount of 100% of their outstanding balance.
- b. Any existing laws to the contrary notwithstanding, interests, commission and discounts derived from the loans by the LBP, DBP, PCFC, SBGFC granted to BMBEs as well as loans extended by the GSIS and SSS to their respective member-employees under R.A. No. 9178 and this Implementing Rules and Regulations shall be exempt from gross receipt tax (GRT).
- c. As an exception to the general moratorium on the establishment of new banking offices, banks may, subject to compliance with applicable BSP rules and regulations, also be allowed to establish branches that will cater primarily to the credit needs of BMBEs: Provided, that at least seventy percent (70%) of the deposits generated by said branches shall be lent out to BMBEs and their outstanding loans to BMBEs shall at all times be at least fifty percent (50%) of their gross loan portfolio.

Section 6. Credit guarantee – The SBGFC and the Quedan and Rural Credit Guarantee Corporation (Quedancor) under the Department of Agriculture, in case of agri-business activities, shall set up a special guarantee window to provide credit guarantee to BMBEs under their respective guarantee programs.

Section 7. Records – The LBP, DBP, PCFC and SBGFC shall maintain separate records of loans granted to BMBEs and the GSIS and SSS shall maintain records of loans extended to their respective members who wish to establish BMBEs.

Section 8. Submission of Reports to BSP – Banks shall submit a quarterly report on loans granted to BMBEs as attachment to the quarterly Report on Compliance with the Mandatory Credit Allocation with Small and Medium Enterprises and to the quarterly Report on the Utilization of Loanable Funds Generated Which Were Set Aside for Agrarian Reform Credit/Agricultural Credit, to the Supervisory Reports and Studies Office, within fifteen (15) banking days after the end of each reference quarter (Annex “A” and “B”).

Section 9. Reports to Congress – As provided under Section 9 of R.A. 9178, the LBP, DBP, PCFC, SBGFC, SSS, GSIS and Quedancor shall report annually to the appropriate Committees of both Houses of Congress the status of their implementation of the provisions of Section 9 of R.A. No. 9178.

Section 10. Administrative sanctions – Pursuant to the provisions of the second paragraph of Section 13 of R.A. No. 9178, any violation by the concerned government financial institution of the provisions of Section 9 of said Act shall be subject to a fine of not less than Five Hundred Thousand Pesos (P500,000.00) to be imposed by the BSP and which shall be payable to the BMBE Development Fund. In case of a banking institution, the foregoing fine shall be without prejudice to the administrative sanctions provided for under Section 37 of R.A. No. 7653 (The New Central Bank Act).

Section 11. Effectivity - This Circular shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

FOR THE MONETARY BOARD:

(SGD) **AMANDO M. TETANGCO, JR.**
Officer-In-Charge

March 11, 2003

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF THE INTERIOR
AND LOCAL GOVERNMENT

April 8, 2003

MEMORANDUM CIRCULAR

No. 2003-69

**TO: ALL PROVINCIAL GOVERNORS, CITY/MUNICIPAL MAYORS,
DILG REGIONAL, PROVINCIAL,CITY DIRCTORS AND CITY/
MUNICIPAL LOCAL GOVERNMENT OPERATIONS OFFICERS
AND OTHER CONCERNED**

**SUBJECT: IMPLEMENTATION OF REPUBLIC ACT (R..A.) No. 9178
ENTITLED “AN ACT TO PROMOTE THE ESTABLISHMENT
OF BARANGAY MICRO BUISNESS ENTERPRISES (BMBEs)
PROVIDING INCENTIVES AND BENEFITS THEREFOR AND
FOR OTHER PURPOSES”**

On November 13, 2002, Her Excellency President Gloria Macapagal-Arroyo has signed into law Republic Act (R.A.) No. 9178 entitled “An Act To Promote The Establishment Of Barangay Micro Business Enterprises (BMBEs) Providing Incentives and Benefits Therefor And for Other Purposes” in line with the government’s policy to hasten the country’s economic development by encouraging the formation and growth of barangay micro-business enterprises.

The law seeks to establish BMBEs at the local level and to provide incentives and benefits to generate the much-needed employment and alleviate poverty that will hasten the country’s economic development. The implementing Rules and Regulations of said R.A. was published on February 11 and 23 issue of the Manila Bulletin.

All Local Chief Executives (LCEs) are enjoined to ensure the full implementation of said law by establishing a One-Stop Business Registration Center in their areas to handle the efficient registration and processing of permits and licenses of BMBEs. A Standard Registration Form and a Certificate of Authority have been provided by DTI to be utilized for such purposes.

The DILG, in coordination with PIA, DOLE and DTI shall meet at the regional level, to prepare an Action Plan to ensure proper dissemination of the law to the general public, most especially the beneficiaries at the barangay level.

All DILG Regional Directors are hereby directed to cause its widest dissemination in their region and furnish the following offices existing at the regional level:

- Department of Trade and Industry (DTI)
- Department of Labor and Employment (DOLE)
- Bangko Sentral ng Pilipinas (BSP)
- Philippine Information Agency (PIA)
- Philippine Amusement and Gaming Corporation (PAGCOR)
- Government Service Insurance System (GSIS)
- Social Security System (SSS)
- Development Bank of the Philippines (DBP)
- Land Bank of the Philippines (LBP)
- People's Credit and Financing Corporation (PCFC)
- Small Business Guarantee and Finance Corporation (SBGFC)

The DILG Regional Offices are directed to submit a Semi-Annual Report on the status of implementation of this law. The semi-annual report shall include the list of approved/denied BMBE applications and shall also include the *Enterprise Location, Registration Date, Number of Employees, Assets and other basic information.*

All reports shall be submitted to the Office of the Secretary through the Office of the Undersecretary for Local Governments. Said reports shall be the bases for the submission by DILG and DTI of an Annual Report to Congress as provided in Section 14 of said law.

For information, guidance and compliance.

(SGD) **JOSE D. LINA, JR.**
Secretary

Attested by:

(SGD) **ATTY. ALLAN ROUELOM YAP**
Head Executive Assistant

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

August 23, 2003

MEMORANDUM

No. 2003- 172

TO : ALL PROVINCIAL GOVERNORS, CITY/ MUNICIPAL MAYORS, DILG REGIONAL/PROVINCIAL/CITY DIRECTORS, CLGOOs, MLGOOs, PROVINCIAL/CITY/ MUNICIPAL SANGGUNIANs AND OTHER CONCERNED.

SUBJECT : **CLARIFICATION ON THE IMPLEMENTATION OF SECTION 7 OF THE RULES AND REGULATIONS IMPLEMENTING R.A. 9178**

Reference : *Republic Act 9178, "An Act to Promote the Establishment of Barangay Micro-Business Enterprises (BMBEs), Providing Incentives and Benefits Therefore, and for other Purposes".*

The Department of Trade and Industry (DTI) has sought the assistance of the Department on the implementation of the above-subject law at the city/ municipal levels, most particularly on the imposition of fees and charges on the registration and monitoring of BMBEs, as provided in Section 7 of the Rules and Regulations implementing R.A. 9178 which reads:

"Sec.7. Fees and Charges. – The LGUs shall issue the Certificate of Authority (CA) promptly and free of charge. However, to defray the administrative costs of registering and monitoring the BMBEs, the LGU may charge a fee not exceeding One Thousand Pesos (P1,000.00)."

The DTI, being the lead government agency tasked to implement the mandate and objective of the said law, has brought to our attention the inaction of some LGUs on the applications for CA as Barangay Micro-Business Enterprises (BMBE) because of the absence of an enabling ordinance implementing the law at the local levels. According to the DTI, neither the law (R.A. 9178) nor its Implementing Rules and Regulations on the matter requires or at least evinces a need for an enabling ordinance before qualified applicants for BMBE can be entertained.

In view of the above, it is hereby clarified that as far as registration for accreditation is concerned, an enabling ordinance is not prerequisite before LGUs shall entertain applicants for CA under RA 9178. The Rules and

Regulations implementing R.A. 9178 has already detailed the procedures and requirements for registration as BMBE.

Consistent with the settled principle that a national law prevails upon a local legislation, local ordinances inconsistent with R.A. 9178, are deemed amended or modified accordingly. Local Chief Executives, as well as their respective local sanggunians, are hereby advised to be guided on the matter.

DILG Field Officers are hereby directed to monitor LGUs compliance with the mandate and objective of the RA 9178 and its Implementing Rules and Regulations.

For information, guidance and compliance.

(SGD.) JOSE D. LINA, JR.
Secretary

Attested by:

(SGD.) ATTY. ALAN ROULLO YAP
Head Executive Assistant



DEPARTMENT ADMINISTRATIVE ORDER NO. 02
Series of 2006

Subject: Implementing Guidelines for the Administration of the BMBE Development Fund under Section 10 of Republic Act 9178, otherwise known as the Barangay Micro Business Enterprises Act of 2002.

The following guidelines, rules and regulations governing the effective and proper administration and utilization of the BMBE Development Fund are hereby prescribed and promulgated for the information, implementation and guidance of all concerned:

Section 1. *BMBE Development Fund.* Pursuant to the provision of the first paragraph of Section 10 of RA 9178, a BMBE Development Fund shall be set up and to be administered by the SMED Council.

Section 2. *Beneficiaries of the BMBE Development Fund.* Pursuant to the provision of the second paragraph of Section 10 of RA 9178, the following government agencies may avail of the BMBE Development Funds so as to execute projects related to technology transfer, production and management training, and marketing assistance to BMBEs:

1. Department of Trade and Industry (DTI)
2. Department of Science and Technology (DOST)
3. University of the Philippines-Institute for Small Scale Industries (UP-ISSI)
4. Cooperative Development Authority (CDA)
5. Technical Education and Skills Development Authority (TESDA)
6. Technology and Livelihood Resource Center (TLRC)

End beneficiaries of the BMBE Development Fund shall be BMBEs as defined under section 3 of RA 9178.

Section 3. *Qualified Projects.* The following projects related to technology transfer, production and management training, and marketing assistance may qualify for funding under the BMBE Development Fund provided that the same are not funded by the regular budget of the proponent agencies:

1. Entrepreneurship Development
2. Skills Training
3. Business Advisory Services
4. Technology Intervention

5. Technology Incubation/Commercialization
6. Policy Advocacy (activities and studies)
7. Database Development
8. Business Matching Activities
9. Trade Fairs and Missions
10. Other related activities that will benefit BMBEs

Section 4. *Procedures in Availing of the BMBE Development Fund.* The following are the procedures for the availing of the BMBE Development Fund:

1. A beneficiary agency shall submit project proposals to the SMED Council at least six months prior to the calendar year of target implementation.
2. A Technical Working Group (TWG) composed of representatives from BSP, NEDA, SBGFC, DOLE, and a representative from the SME sector, as the head of the team, shall be created by the SMED Council to pre-evaluate project proposals.
3. A point system based on merit shall be employed by the TWG in prioritizing the project proposals which will be funded from the BMBE Development Fund.
4. Project proposals must include the following information: project name, proponent, responsible officials/designation, target beneficiaries, employment to be created, existing funding agencies, deliverables, total project cost, the reason for requesting financial assistance, and the action taken by the concerned agency's project screening committee (Annex "A").
5. The executing agency and the SMED Council shall enter into a Memorandum of Agreement (MOA) before the transfer of approved project funds can be effected (Annex "B").

Section 5. *Reporting System on the Fund Administration.* The SMED Council shall prepare annual accomplishment reports that will be submitted to Congress and the Office of the President concerning the utilization of the BMBE Development Fund.

The Small Business Guarantee and Finance Corporation (SB Corporation) as the designated fund manager (per SMEDC Res. No. 7, Series of 2004 dated 29 October 2004), shall submit to the SMED Council semi-annual reports (for period covering January-June and July-December) on the utilization and status of the BMBE Development Fund, duly signed by the Chairman of the SB Corporation and the COA Resident Auditor.

The Executing Agencies (DTI, DOST, UP-ISSI, CDA, TESDA, TLRC) shall provide the SMED Council with a quarterly audited report on the utilization of the BMBE Development Fund and status report on the progress of their respective projects (Annex "C").

Section 6. Effectivity. This order shall take effect fifteen (15) days after publication in a newspaper of general circulation.


Accordingly, all parties concerned are hereby informed that copies of Implementing Guidelines and proforma of project brief, MOA, and status report may be secured from the Bureau of Small and Medium Enterprise Development located at the 3/F Oppen Bldg., 349 Sen. Gil Puyat Avenue, Makati City.

Section 7. Separability Clause. If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

APPROVED: February 24, 2006

PETER B. FAVILA
Secretary

Recommended by:


ZORAYDA AMELIA C. ALONZO
Undersecretary, SMED Group

Serial Number: _____

(To be filled in by the SMEDC Secretariat)

Date Received by the Secretariat: _____

PROJECT BRIEF

- | | |
|--|--|
| 1. Title | <i><Initiative/Project Title></i> |
| 2. Executing Agency | <i><Name of Executing Agency>
<Name, Title, Organization,
Postal Address and Contact
Numbers of Project Overseer></i> |
| 3. Project Description | <i>< What does the project aim to achieve? (e.g. business growth expansion, employment generation, new business generation, etc.) What are the reasons for proposing this project? Why should it be considered a priority? (Include links to government objectives and priorities and to Agency or Sector Strategic Plans.)</i> |
| 4. Target Beneficiaries: | <i>Who and what places will benefit from the project?</i> |
| 5. How will the success of project be measured: | <i>Describe the measure(s) which will indicate that initiative has been successfully completed or the objectives realized.</i> |
| 6.Expected Outputs and Results | <i>What will be the expected deliverable le outputs and results at the end of the project?</i> |
| 7. Estimated Project Cost/
Project Source | <i>What will be the expected budget required to carry out the project? Include the details of required budget.</i> |

8. Timelines:

What are the starting and ending dates of the project? Include milestones.

9. Cooperating Agencies:

Who are the partner agencies, if any, in implementing the project?

Endorsement:

Responsible Officer:

<Name>, <Title>

Project Sponsor:

<SMED Council>, <Title>

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement made and entered into this ___ day of ___ 2006, in the City of Makati, by and between:

The **SMALL AND MEDIUN ENTERPRISE DEVELOPMENT COUNCIL**, an inter-agency body attached to the Department of Trade and Industry (DTI) duly organized and created under and by virtue of Republic Act 6977, as amended by RA 8289, otherwise known as the "Magna Carta for Small Enterprises," with office address at the 3rd Floor, Oppen Bldg., 349 Sen. Gil Puyat Avenue, City of Makati, Philippines, represented herein by the Department of Trade and Industry Secretary, HON. PETER B. FAVILA, and hereinafter referred to as "SMED Council";

-and-

The _____, a government corporate body created on _____ by virtue of _____, with office address at the _____, Philippines, represented herein by its _____, _____, and hereinafter referred to as "_____";

WITNESSETH: That__

WHEREAS, Section 10 of R.A. 9178, otherwise known as the "Barangay Micro Business Enterprises of 2002", states that "*a BMBE Development Fund shall be set up with an endowment of Three Hundred Million Pesos (Php 300,000,000) from PAGCOR and shall be administered by the SMED Council*";

WHEREAS, Section 10 of R.A. 9178 further provides that "*the Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), the University of the Philippines Institute for Small Scale Industries (UPISSI), Cooperative Development Authority (CDA), Technical Education and Skills Development Authority (TESDA), and Technology and Livelihood Resource Center (TLRC) may avail of said Fund for technology transfer, production and management training and marketing assistance to BMBEs*";

WHEREAS, in its _____nth SMEDC meeting held on _____, the SMED Council has approved the project proposal on _____ by _____, amounting to P_____;

NOW, THEREFORE, be it resolved, as it hereby resolved that the parties hereto agree and bind themselves as follows:

DUTIES AND RESPONSIBILITIES

SMEDCOUNCIL

1. Release, through the SB Corporation as Fund Manager, the needed project funds in the amount of _____.
2. Monitor the proper utilization of the project fund that was released to the executing agency.
3. Submit annual (calendar year) accomplishment report to Congress and the Office of the President concerning the utilization of the BMBE Development Fund.

EXECUTING AGENCY

1. Implement the project in accordance with the proposal approved by the SMED Council.
2. Submit to the SMED Council a quarterly audited report on the utilization of project fund.
3. Submit to the SMED Council a quarterly status report on the progress of the respective projects and such other reports as may be required.
4. Submit a terminal report to the SMED Council upon completion of the project.

EFFECTIVITY

This agreement shall take effect as of the date of signing and shall remain effective, unless otherwise terminated upon due and formal notice of both parties involved herein at least thirty (30) days prior thereto.

The termination of this Agreement shall be without prejudice to the rights of the parties which have accrued during the effectivity thereof.

SO AGREED.

IN WITNESS WHEREOF, the parties have hereto affixed their signature on this ____ day of _____, 2006 at _____.

SMALL AND MEDIUM
ENTERPRISE
DEVELOPMENT COUNCIL/
DEPARTMENT OF TRADE
AND INDUSTRY

BENEFICIARY AGENCY
(DTI, DOST, UP ISSI,
TESDA, TLRC)

PETER B. FAVILA
DTI Secretary/ SMEDC
Chairman

HEAD OF AGENCY

Signed in the Presence of:

WITNESS

WITNESS

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES
CITY OF _____)

BEFORE ME, this ___ day of ___ 2006, in the City of Makati, personally appeared Secretary Peter B. Favila with Community Tax Certificate No. ___ issued on _____ at _____ and (Head of Executing Agency) with Community Tax Certificate No. _____ issued on _____ at _____, _____, both known to me to be the same person who executed the herein Memorandum of Agreement and they Acknowledge to me that the same is their free act and deed as well as the free act and deed of entity they represent.

This memorandum of Agreement consists of three (3) pages including the page where the acknowledgement is written and signed by the parties and the witnesses on the left side of the portion of each and every page thereof.

WITNESS MY HAND AND SEAL on the day, year and place first above written.

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

(Name of Executing Agency)

Quarterly Status Report***Project Name:******Project Start Date:******Project End Date:******Summary Report:******Summary Report:***

Activity	Measures of success	Target Accomplishment	Actual Accomplishment	Cost Incurred	Remarks

Plans for Next Period:

(Provide a bullet point summary of the most significant activities planned for next period organized by active work plan segment.)

(Published in the March 9, 2006 issue of the Manila Standard)

ORDINANCE NO. SP-1576, S-2005
(PO2005-250)

AN ORDINANCE PRESCRIBING THE AMOUNT OF ONE HUNDRED PESOS (P100.00) FOR THE ADMINISTRATIVE COSTS OF REGISTERING AND MONITORING AND TO REDUCE THE AMOUNT OF LOCAL BUSINESS TAXES ON THE BARANGAY MICRO BUSINESS ENTERPRISES.

Introduced by Councilors ANTONIO E. INTON, JR., BERNADETTE HERRERA-DY, ELIZABETH A. DELARMENTE, VICTOR V. FERRER, JR., FRANCISCO A. CALALAY, JR., ROMMEL R. ABESAMIS, JOSEPH P. JUICO, WINSTON "Winnie" T. CASTELO, AIKO MELENDEZ, RAMON P. MEDALLA, VOLTAIRE GODOFREDO L. LIBAN III, ERIC Z. MEDINA, ALLAN BUTCH T. FRANCISCO, JORGE B. BANAL, JR., FRANZ S. PUMAREN, WENCEROM BENEDICT C. LAGUMBAY, DANTE M. DE GUZMAN, JULIAN M.L. COSETENG, DIORELLA MARIA SOTTO-DE LEON, EDCEL B. LAGMAN, JR., ALMA F. MONTILLA, JANET M. MALAYA, RESTITUTO B. MALAÑGEN, BAYANI V. HIPOL, XYRUS L. LANOT and JUNIE MARIE L. CASTELO.

WHEREAS, records of the Department of trade and Industry show that of the 811,592 business enterprises officially registered therein, 743,949 or 91.9% thereof, are classified as micro business;

WHEREAS, to date, only 274 micro business enterprises are registered in Quezon City since the approval in November 13, 2002 of Republic Act No. 1978, otherwise known as "An Act To Promote The Establishment of Barangay Micro Business Enterprises (BMBE), Providing Incentives and Benefits Therefore, And For Other Purposes;"

WHEREAS, Section 4 of R.A. 1978 permissively provides, "The LGUs shall issue the Certificate of Authority promptly and free of charge, however, to defray the administrative costs of registering and monitoring the BMBEs, the LGUs may charge a fee not exceeding One Thousand Pesos;

D

[Signature]

[Signature]

WHEREAS, Section 7 of R.A. 1978 provides, "The LGUs are encourage either to reduce that amount of local taxes, fees and charges imposed or to exempt the BMBEs from local taxes, fees and charges;

WHEREAS, it is to the best interest of the public welfare for the underground economy to come out in the open and legalize their business activities;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF QUEZON CITY IN SPECIAL SESSION ASSEMBLED:

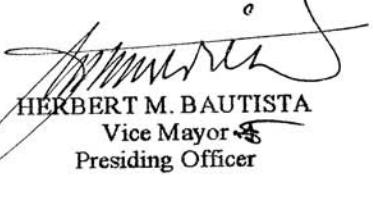
SECTION 1. The Quezon City government shall charge a fee of not exceeding One Hundred Pesos (P100.00) for the administrative costs of registering and monitoring the Barangay Micro Business Enterprises;

SECTION 2. The amount of local business taxes imposed on the Barangay Micro Business Enterprises shall be one-half (½) of the rates prescribed by the Quezon City Revenue Code of 1993, as amended.


SECTION 3. Repealing Clause. – All ordinances, rules and regulation, or parts thereof, in conflict or inconsistent with any of the provision of this Ordinance, are hereby repealed or modified accordingly.

SECTION 4. Effectivity. – This Ordinance shall take effect immediately upon approval hereof.

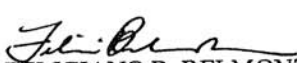
ENACTED: October 11, 2005.


HERBERT M. BAUTISTA
Vice Mayor &
Presiding Officer

ATTESTED:



JOHN THOMAS S. ALFEROS
Legislative Staff Officer VI

APPROVED: OCT 24 2005


FELICIANO R. BELMONTE, JR.
City Mayor

CERTIFICATION

This is to certify that this Ordinance which was APPROVED on Second Reading on October 11, 2005 under Suspended Rules, was finally PASSED on Third/Final Reading by the City Council on the same date.


JOHN THOMAS S. ALFEROS
Legislative Staff Officer VI



**Bureau of Micro, Small and
Medium Enterprise Development (BMSMED)**
5/F Trade and Industry Building
361 Sen. Gil J. Puyat Ave., Makati City
Tel. (632) 890.4968 / 897.7596 / 897.1693
Fax (632) 896.7916
E-mail: bmsmed@dti.gov.ph
www.dti.gov.ph