

**Guide to
Republic Act No. 9178:
“Barangay Micro Business
Enterprises (BMBEs)
Act of 2002”**

UPDATED MAY 2016

PREFACE

This primer provides quick and essential information on Republic Act No. 9178, other wise known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002.”

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

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**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 incentive and other benefits.

The Act was signed into law by President Gloria Macapagal-Arroyo on 13 November 2002. Its Implementing Rules and Regulations (IRR) which was issued on 7 February 2003, as DTI Department Administrative Order No. 1 Series of 2003, was published twice in the February 11 and 26, 2003 issue 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 its 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 economy. Strengthening BMBEs would mean more jobs and livelihood, and a better quality of life for Filipinos.

3. What are the incentives granted to BMBEs?

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, marketing assistance programs** for BMBE beneficiaries.

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

4. What is the status of the Special Credit Window for registered BMBEs?

The Bangko Sentral ng Pilipinas issued on 11 March 2003, Circular No. 374, s2003, Implementing Rules and Regulations of Section 9 (Credit Delivery) of RA No. 9178. The guidelines provide instructions for the government financial institutions to set up the special credit window that will service the credit needs of BMBEs either through retail or wholesale lending.

However, it was gathered from the briefing sessions conducted by DTI regional offices that the special credit window for BMBEs is not available in their areas. The GFIs also took the option of wholesaling their funds to financial institutions (FIs) like rural banks. This apparently makes the BMBE facility, wholesaled to FIs, still not accessible to the micro enterprises, since FIs apply the usual procedures and interest charges to BMBEs.

5. 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)

6. 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)

7. 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.

8. How does one register as a BMBE?

Based on the revised guidelines issued by the DTI under DTI DAO No. 16-01, Series of 2016, any person, natural or juridical, such as partnership, corporation, association and cooperative, having the qualifications and none of the disqualifications shall be eligible to register as BMBEs.

A person applying to be registered as a BMBE shall meet the following qualifications:

- a) With an asset of not more than Three Million PESOS (PhP3,000,000.00) excluding land;
- b) Engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services;
- c) Registered with the Department of Trade and Industry for sole proprietorships; for juridical persons: with the Securities and Exchange Commission (SEC), for corporations, partnerships and associations; and with the Cooperative Development

Authority for cooperatives.

However, entities rendering services in connection with the exercise of one's profession by a person duly licensed by the government after having passed a government licensure examination are disqualified from applying for BMBE Certificate of Authority.

Applications for BMBE Certificate of Authority shall be filed with the Negosyo Centers established in each province, city or municipality, or in the DTI offices where Negosyo Centers have not been set up.

The following shall be submitted in support of the duly filled up BMBE application form:

- a) Certificate of Business Name Registration from the Department of Trade and Industry (DTI), or
- b) Certificate of Registration from the Securities and Exchange Commission (SEC), or
- c) Certificate of Registration from the Cooperative Development Authority (CDA).

9. What is the procedure for registration?

The applicant shall follow the steps herein enumerated in applying for BMBE Certificate of Authority (CA):

1. Accomplish and file the application form for BMBE Certificate of Authority;
2. The DTI, through the Negosyo Center, evaluates the application for purposes of determining the eligibility and qualifications as a BMBE;
3. The DTI, after finding the applicant to be eligible and qualified, issues the BMBE Certificate of Authority within fifteen (15) working days from receipt of application with complete requirements; otherwise, the BMBE Certificate of Authority shall be deemed approved (where in such cases it becomes ministerial on the part of DTI to issue the BMBE Certificate of Authority).

10. What is the validity period of the BMBE Certificate of Authority registration?

The BMBE Certificate of Authority shall be effective for a period of two (2) years commencing from the date of issuance. The CA may be renewed for the same period of two (2) years and every two (2)

years thereafter subject to the applicant's continued compliance with the eligibility requirements prescribed by law and DTI DAO No. 16-01 Series of 2016.

11. How much will it cost to register?

The registration and issuance of the CA shall be free of charge.

12. 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, it is automatically exempted from the minimum wage law.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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

18. 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.

19. 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.

19. Does the BMBE have to report any change in the status of its ownership structure?

The BMBE shall report to the DTI through the Negosyo Center of any change in the status of its ownership structure and shall surrender the original copy of the BMBE Certificate of Authority for notation.

Congress of the Philippines

TWELFTH CONGRESS
Second Regular Session

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 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) "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 off his 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.
Speaker of the House of Representative

(Sgd.) FRANKLIN M. DRILON
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
Secretary General House of Representatives

(Sgd.) OSCAR G. YABES
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. 16-01

Series of 2016.

Subject: Amending Article II, DAO No. 01 S. of 2003, on the Implementing Rules and Regulations of Republic Act No. 9178, otherwise known as the Barangay Micro Business Enterprises Act of 2002, and Rule 4, Sections 1(b)ii and Sec. 3 of the Implementing Rules and Regulations of RA No. 10644, otherwise known as the Go Negosyo Act

WHEREAS, the “BMBES Act of 2002” was issued on November 13, 2002 and Implementing Rules and Regulations thereof was issued on February 7, 2003 as “DTI Department Administrative Order No. 1, Series of 2003”;

WHEREAS, DTI, through the Bureau of Small and Medium Enterprise Development (BSMED), is mandated to promote and develop Micro, Small and Medium Enterprises (MSMEs) in the country by initiating and implementing programs and projects addressing the specific needs of the MSMEs in areas concerning entrepreneurship development, institutional strengthening, and productivity improvement. Further, it is tasked to review and formulate policies and strategies geared towards the advancement of MSMEs.

WHEREAS, Republic Act No. 10644, otherwise known as “Go Negosyo Act”, provided for the establishment of Negosyo Centers in all provinces, cities and municipalities nationwide; and for a unified and simplified business registration;

WHEREAS, under the Go Negosyo Act, the DTI through the Negosyo Center in the city/municipal level, shall have the sole power to issue the Certificate of Authority (CA) for BMBEs to avail of the benefits provided by RA No. 9178;

WHEREFORE, this Department Administrative Order is hereby issued to effectively and efficiently meet the objective/s of the BMBE Act of 2002 and the Go Negosyo Act:

Section 1. Rule II of DAO No. 01, Series of 2003 dated February 7, 2003 on Registration of BMBE is hereby amended to read as follows:

“Sec. 3. Who are eligible to apply as BMBE. – Any person, natural or juridical, such as partnership, corporation, association, and cooperative having the qualifications and none of the disqualifications shall be eligible to register as BMBEs.

Sec. 4. Qualifications of a BMBE. – A person applying to be registered as a BMBE shall meet the following qualifications:

- a) With an asset of not more than Three Million PESOS (PhP3,000,000.00) excluding land;
- b) Engage in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services;
- c) Registered with the Department of Trade and Industry (DTI) for sole proprietorships; for juridical persons: with the Securities and Exchange Commission (SEC), for corporations and associations; and with the Cooperative Development Authority for cooperatives.

However, entities rendering services in connection with the exercise of one’s profession by a person duly licensed by the government after having passed a government licensure examination are disqualified from applying for BMBE Certificate of Authority.

Sec. 5. Place of Registration. – Applications for BMBE Certificate of Authority shall be filed with the Negosyo Centers established in each province, city, or municipality or in the DTI offices where Negosyo Centers have not been set up.

Sec. 6. Requirements for Registration. – The following shall be submitted in support of the duly filled up BMBE application form (**see Annex “1”**):

- a) Certificate of Business Name Registration from the Department of Trade and Industry (DTI), or
- b) Certificate of Registration from the Securities and Exchange Commission (SEC), or
- c) Certificate of Registration from the Cooperative Development Authority (CDA).

Sec. 7. Procedure for Registration.—The applicant shall follow the steps herein enumerated in applying for BMBE Certificate of Authority (CA):

1. Accomplish and file the application form for BMBE Certificate of Authority;
2. The DTI, through the Negosyo Center, evaluates the application for purposes of determining the eligibility and qualification as a BMBE;
3. The DTI, after finding the applicant to be eligible and qualified, issues the BMBE Certificate of Authority (**see Annex "2"**) within fifteen (15) working days from receipt of application with complete requirements, otherwise, the BMBE Certificate of Authority shall be deemed approved (where such case, it becomes ministerial on the part of the DTI to issue the BMBE Certificate of Authority).

The BMBE Certificate of Authority shall be effective for a period of two (2) years commencing from the date of issuance. The CA may be renewed for the same period of two (2) years and every two (2) years thereafter subject to the applicant's continued compliance with the eligibility requirements as prescribed by law and this DAO.

Section 8. Fees and Charges.— The registration and issuance of the CA shall be free of charge.

Section 9. Transfer of Ownership.— The BMBE shall report to the DTI through the Negosyo Center of any change in the status of its ownership structure and shall surrender the original copy of the BMBE Certificate of Authority for notation."

Section 2. Rule 4, Section 1(b) ii of DTI-DAO No. 14-5, Series of 2014 is hereby superseded by this DAO;

Section 3. Use of the BMBE Fund.— Only the interest earnings as may be realized from the BMBE fund, it being given with an endowment, shall be used for technology transfer, production and management training, marketing assistance pursuant to RA No. 9178, the BMBEs Act of 2002, and as source of Start-up Fund for MSMEs pursuant to RA No. 10644 or the Go Negosyo Act.


Section 4. Repealing Clause.— All orders, issuances, rules and

regulations pertaining to the registration of BMBEs that are inconsistent herewith are hereby repealed or modified accordingly.

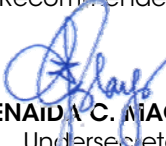
Section 5. Effectivity.– This Order shall take effect after fifteen (15) days from its publication in a newspaper of general circulation.

Issued this 22nd day of April 2016 in Makati City, Philippines.

Approved


ADRIAN S. CRISTOBAL, JR.
Secretary
Department of Trade and Industry

Recommended by:


ZENAIDA C. MAGLAYA
Undersecretary
Regional Operations Group
Department of Trade and Industry

Att.A/S

(Published in the Philippine Star on 11 May 2016.)



APPLICATION FOR REGISTRATION AS BARANGAY MICRO BUSINESS ENTERPRISE (BMBE)

BMBE Form 01

Date Application Filed: Application No.

New Renewal

Certificate No. Date Registered:

Name of Business Enterprise (DTI Business Name/ SEC Registered Name) DTI Business Name /SEC Registration No./CDA Registration No.

Name of Owner (if Sole Proprietor)

(Last Name) (First Name) (Middle Name) Male Female

Business Address (House/Bldg. No.) (Unit No.) (Barangay) (City/Municipality) (Bldg. Name) (Street) (Subdivision) (Province) Telephone No. Mobile No. Fax No. Email

Branches (if any) Type of Business Organization Single Proprietorship Partnership Corporation Cooperative Association Others

Status of Business New Existing Principal Business Activity Production Processing Manufacturing Trading Services (Excluding 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) Others

Product Lines/Services Other Businesses if any Yes No If yes, how many?

Total Assets (To the nearest Thousand Pesos excluding the value of the land on which the business entity's office, plant and equipment are located) Php

Total Number of Employees No. of Males: No. of Females: Regular: Irregular/Part-time:

UNDERTAKING

I/We hereby declare, for purposes of Section 5 of RA 9178, that all information, including the business enterprise's asset size, supplied in this application which shall be the basis of assessing my eligibility for registering as BMBE are true and correct to the best of my belief and knowledge. Any false or misleading information supplied, and/or production of materially false or misleading document to support this application shall be ground for disapproval of BMBE application/revocation of BMBE Certificate of Authority as well as ground for criminal, civil and/or administrative action against our enterprise. I affirm under the penalties of perjury, that this declaration has been made in good faith.

I/We undertake to advise the Department of Trade and Industry through the Negosyo Center 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.

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



BMBE Form 02

BMBE Registration No. [GEOCODE] [#]

BMBE Certificate of Authority (Registered Barangay Micro Business Enterprise)

THIS Certificate entitles the registered Barangay Micro Business Enterprise (BMBE) to all the benefits and incentives, subject to the terms and conditions, of Republic Act No. 9178, otherwise known as the Barangay Micro Business Enterprises (BMBEs) Act of 2002, and the implementing rules and regulations thereof by virtue of Department Administrative Order No. 16-01 Series of 2016 of the Department of Trade and Industry. This certificate is effective for two (2) years and will expire on _____. This may be renewed for the same period of (2) years and every two (years) thereafter subject to the applicant's continued compliance with the eligibility requirements prescribed under the BMBE law's IRR.

Granted to:

Name of Enterprise

Owner/Manager: _____

Address: _____

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

Approved:

Secretary, DTI



**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/Directors/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 Treasurer 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

Congress of the Philippines
Sixteenth Congress
First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand thirteen.

REPUBLIC ACT NO. 10644

AN ACT PROMOTING JOB GENERATION AND INCLUSIVE GROWTH THROUGH THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES

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

SECTION 1. *Title.* – This Act shall be known as the “Go Negosyo Act”.

SEC. 2. *Declaration of Policy.* – It is hereby declared, the policy of the State to foster national development, promote inclusive growth, and reduce poverty by encouraging the establishment of micro, small and medium enterprises (MSMEs) that facilitate job creation, production and trade in the country. MSMEs increase income for poor households and build both business equity and personal assets over a period of time. To this end, the State shall develop plans and initiate means to ease the constraints on the establishment of MSMEs in order to rationalize the existing bureaucratic regulations, providing greater incentives and benefits to MSMEs, and strengthening the Micro, Small and Medium Enterprise Development (MSMED) Council.

SEC. 3. *Establishment of Negosyo Centers.* – There shall be established under the supervision of the Micro, Small and Medium Enterprise Development (MSMED) Council, a “Negosyo Center” in all provinces, cities and municipalities. The MSMED Council shall encourage public-private partnerships in the establishment and management of Negosyo Centers. In applicable areas, the existing MSME Centers shall continue to operate as Negosyo Centers subject to the provisions of this Act. The Negosyo Centers shall be responsible for promoting ease of doing business and facilitating access to services for MSMEs within its jurisdiction. The MSMED Council through the regional offices of the Department of Trade and Industry (DTI) shall perform oversight functions and shall assign personnel to fulfill the functions of the Negosyo Centers.

SEC. 4. *Functions of the Negosyo Centers.* – Negosyo Centers shall have the following functions:

- (a) Promote ease of doing business and access to services for MSMEs within its jurisdiction;
- (b) Coordinate and facilitate processes of government related to the set-up and management of MSMEs;
- (c) Accept and facilitate all registration application of MSMEs;
- (d) Coordinate with respective local government units (LGUs) and liaise with concerned government agencies to process the duly accomplished forms submitted by the MSMEs;
- (e) Integrate a unified business process system for MSMEs;
- (f) Monitor and recommend business-process improvement for MSMEs;
- (g) Encourage government institutions that are related to the business application process to help promulgate information regarding the Negosyo Center;
- (h) Provide information and services in training, financing and marketing;
- (i) Support private sector activities relating to MSMEs development;
- (j) Co-organize with the local chambers of commerce and other business organizations a mentoring program for prospective and current entrepreneurs and investors;
- (k) Build local support networks and establish market linkages for MSME development;
- (l) Coordinate with schools and related organizations on the development of youth entrepreneurship program;
- (m) Encourage women entrepreneurship by giving women access to information, support, training, and credit facilities;
- (n) Facilitate access to grants and other forms of financial assistance, shared service facilities and equipment, and other support for MSMEs;
- (o) Ensure management guidance, assistance and improvement of the working conditions of MSMEs;
- (p) Establish a databank which shall be a source of all information necessary for project monitoring, research and policy studies

and informal dissemination campaigns;

- (q) Map out all information and services essential to prospective entrepreneurs and prospective investors especially in key value chains and economic subsectors within its jurisdiction;
- (r) Establish a feedback mechanism among the MSMEs in the respective jurisdiction of Negosyo Centers, and
- (s) Conduct other programs or projects for entrepreneurial development in the country aligned with the MSMEs development plan.

SEC. 5. *Registration.* -

- (a) Registration of MSMEs
 - (1) A unified and simplified business registration form shall be developed by the DTI and shall be made available in all Negosyo Centers. The unified business registration form shall contain all necessary information for the business application process of MSMEs. The DTI shall be responsible for regularly updating and maintaining the unified business registration forms.
 - (2) The Negosyo Centers of each city or municipality shall facilitate and expedite the business application process of MSMEs in coordination with the LGUs and other concerned agencies.
 - (3) Should the concerned business permits and licensing offices fail to process the application within fifteen (15) days, the MSME shall be deemed registered for a period of one (1) year: Provided, however, That within a period of thirty (30) days from the date of application of an MSME, any business permit or licensing office shall have the authority to revoke the permit or license upon determination that an MSME has not met the requirements and qualifications imposed by the office.
 - (4) Thereafter, MSMEs shall renew their registration annually.
- (b) Certificate of Authority for Barangay Micro Business Enterprises (BMBEs) - The DTI, through the Negosyo Center in the city or municipal level, shall have the sole power to issue the Certificate of Authority for BMBEs to avail of the benefits provided by Republic Act No. 9178, otherwise known as

"Barangay Micro Business Enterprises (BMBEs) Act of 2002". Upon the approval of registration of the BMBE, the Negosyo Center shall issue the Certificate of Authority, renewable every two (2) years. The DTI, through the Negosyo Center may charge a fee which shall not be more than One thousand pesos (P1,000.00) to be remitted to the National Government.

- (c) Philippine Business Registry Databank – A Philippine Business Registry Databank (PBRD) shall be established under the DTI to serve as a repository of information of all business enterprises in the Philippines.

SEC. 6. Eligibility. – Any person, natural or juridical, having the qualifications as defined in Section 3(a) of Republic Act No. 9178 may apply for registration as MSME.

SEC. 7. Start-up Funds for MSMEs. – Aside from the existing benefits for MSMEs, the MSMED Council, through the DTI, the Department of Finance (DOF) and the appropriate financing institutions, shall establish a Start-up Fund for MSMEs to be sourced from the MSME Development Fund and BMBE Fund to provide financing for the development and promotion of MSMEs in priority sectors of the economy as specified in the MSMED Plan.

SEC. 8. Technology Transfer, Production and Management Training, and Marketing Assistance. – The Negosyo Centers shall provide assistance to MSMEs in the availment of technology transfer, production and management training programs and marketing assistance of the 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) and other agencies concerned.

SEC. 9. Composition of the Micro, Small and Medium Enterprises Development (MSMED) Council. – The members of the Council shall be the following:

- (a) The Secretary of Trade and Industry as Chair;
- (b) The Secretary of Agriculture;
- (c) The Secretary of the Interior and Local Government;
- (d) Three (3) representatives from the MSME sector to represent Luzon, Visayas and Mindanao with at least one (1) representative from the microenterprise sector:

- (e) One (1) representative from the women sector designated by the Philippine Commission on Women;
- (f) One (1) representative from the youth sector designated by the National Youth Commission; and
- (g) The Chairman of Small Business Corporation.

A. *Advisory Unit.* – There shall be an Advisory Unit to the Council, which shall consist of the following:

- (a) The Secretary of Science and Technology;
- (b) The Governor of the Bangko Sentral ng Pilipinas;
- (c) The President of the Land Bank of the Philippines;
- (d) The President of the Development Bank of the Philippines;
- (e) The Director General of the National Economic and Development Authority;
- (f) One (1) representative from the labor sector, to be nominated by accredited labor groups;
- (g) A representative from the private banking sector to serve alternatively between the chamber of thrift banks, and Rural Banker’s Association of the Philippines (RBAP);
- (h) A representative of the microfinance nongovernment organizations (NGOs);
- (i) A representative of the University of the Philippines-Institute for Small Scale Industries (UP-ISSI); and
- (j) The President of the Credit Information Corporation.

The MSMED Council may consult the Advisory Unit in its regular meeting and other activities of the Council. However, no voting rights shall be granted to the members of the Advisory Unit.

SEC. 10. *Additional Functions of the MSMED Council.* – Aside from its existing functions as mentioned under Section 7-B of Republic Act No. 9501, otherwise known as the “Magna Carta for Micro, Small and Medium Enterprises (MSMEs)”, the MSMED Council shall have the following additional functions:

- (a) Coordinating and Oversight Body for the Negosyo Center. – The

MSMED Council, through the DTI shall act as the coordinating and supervising body for all the agencies involved in the establishment and operation of the Negosyo Centers. Further, the MSMED Council shall monitor and assess the progress of the Negosyo Centers, which shall be included in its annual report submitted to the Congress.

- (b) Provision of a Compliance Guide. – For each rule or group of related rules issued by any government agencies for compliance by MSMEs, the Council shall publish compliance guidelines which shall be written in plain language or in the local dialect, if necessary.

The Council shall prepare separate compliance guides covering groups or classes of similarly affected MSMEs and shall cooperate with industry associations to develop and distribute such compliance guides. The publication of each compliance guide shall include the posting of the guide in an easily identified location on the website of the agency, and distribution of the guide to known industry contacts, such as small entities, associations or industry leaders affected by the rule. The issuing government agency shall publish and disseminate the compliance rules within ninety (90) days from the date of issuance.

- (c) Conduct of Research on Women Entrepreneurship. – The Council shall conduct research to support women entrepreneurship including, but not limited to entrepreneurial behavior, barriers, participation and cessation rates, discriminatory practices and contribution to the national economy and growth.
- (d) Policy Formulation on Women Entrepreneurship. – The Council shall provide policy direction towards recognizing women's propensity in doing business as well as establish linkages that will enable more opportunities for women to engage in entrepreneurship.
- (e) Development of Entrepreneurial Education and Training. – The MSMED Council shall develop, in coordination with the Department of Education, TESDA and CHED, a course curriculum or training program in entrepreneurship that will promote entrepreneurial culture and competence. Entrepreneurship shall be integrated in the curriculum of educational and training institutions in all levels.

SEC. 11. *Information Dissemination.* – The Philippine Information

Agency, in coordination with the DTI and the Department of the Interior and Local Government (DILG), shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to pertinent media entities and all cities, municipalities and barangays.

SEC. 12. Appropriations. – The amount necessary to carry out the initial implementation of this Act shall be sourced from the current budget of DTI. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the succeeding General Appropriations Act.


SEC. 13. Implementing Rules and Regulations. – The Secretary of the DTI, in consultation with appropriate agencies as may be deemed necessary, 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.

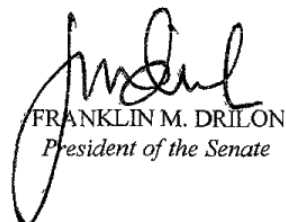
SEC. 14. Separability Clause. – If any provision of this Act shall be held unconstitutional, the remainder of this Act not otherwise affected shall remain in full force and effect.

SEC. 15. Repealing Clause. – Section 4 of Republic Act No. 9178 is hereby repealed. Sections 7-A and 7-B of Republic Act No. 6977, as amended by Republic Act No. 8289 and Republic Act No. 9501, are hereby amended. Section 12 of Republic Act No. 9178 is also hereby amended. All other existing laws, presidential decrees, executive orders, proclamations or administrative regulations that are inconsistent with the provisions of this Act are hereby amended, modified or repealed accordingly.


SEC. 16. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

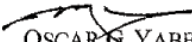
Approved,


FELICIANO BELMONTE JR.
Speaker of the House
of Representatives


FRANKLIN M. DRILON
President of the Senate

This Act which is a consolidation of Senate Bill No. 2046 and House Bill No. 4595 was finally passed by the Senate and the House of Representatives on June 11, 2014 and June 10, 2014, respectively.

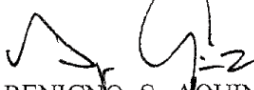

MARILYN B. BARUA
Secretary General
House of Representatives


OSCAR G. YABES
Secretary of the Senate

Approved:

JUL 15 2014




BENIGNO S. AQUINO III
President of the Philippines





**Department Administrative Order No. 14-5
Series of 2014**

**IMPLEMENTING RULES AND REGULATIONS FOR REPUBLIC ACT NO.
10644: AN ACT PROMOTING JOB GENERATION AND INCLUSIVE
GROWTH THROUGH THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM
ENTERPRISES, OTHERWISE KNOWN AS THE "GO NEGOSYO ACT"**

The following rules and regulations implementing Republic Act No. 10644, otherwise known as the "Go Negosyo Act", pursuant to Section 13 thereof, are hereby promulgated.

RULE 1

Preliminary Provisions on Title and Construction and Interpretation

SECTION 1. *Title.* These Rules shall be referred to as the "Implementing Rules and Regulations for Republic Act No. 10644" otherwise known as the "Go Negosyo Act" and for brevity, may be referred to as the IRR of the "Go Negosyo Act".

Sec. 2. *Construction and Interpretation.* These Rules shall be interpreted, construed and carried out pursuant to the intents and purposes of the Declaration of Policy of R.A. No. 10644 and which shall be made an integral part hereof.

Sec. 3. *Relation to other Laws on Micro, Small and Medium Enterprises (MSMEs).* This IRR recognizes the existing policies of the State on MSMEs insofar as their provisions have not been amended or repealed by RA No. 10644, "Go Negosyo Act," under the following laws:

- (a) Republic Act No. 9178, Barangay Micro Business Enterprises (BMBEs) Act of 2002;
- (b) Republic Act No. 6977, Magna Carta for Micro, Small and Medium Enterprises (MSMEs), as amended by Republic Act No. 8289 and Republic Act No. 9501; and
- (c) Other laws, insofar as their provisions have not been amended or repealed by R.A. No. 10644, the "Go Negosyo Act."

RULE 2
Declaration of Policy and other General Policy Statements

SECTION 1. *Declaration of Policy.* These rules and regulations shall be in accordance with the Declaration of Policy set forth in Section 2 of R.A. No. 10644.

Sec. 2. *Local Economic Development.* In order to pursue the policies of the State as declared in Republic Act No. 10644, particularly with regard to inclusive growth and job generation, this IRR recognizes the imperatives of working with Local Government Units (LGUs) and other agencies and organizations, both in the public and private sectors towards Local Economic Development.

To avoid duplication of efforts and to foster coordinated actions, all initiatives towards this end must ensure coordination and collaboration with existing structural mechanisms promoting MSMEs and entrepreneurship.

RULE 3
Implementation of Provisions on Negosyo Centers

SECTION 1. *Establishment and Management of Negosyo Centers.* The establishment and management of Negosyo Centers shall be in accordance with Section 3 of R.A. No. 10644.

Sec. 2. *Set-up and approval of a multi-phase plan for creation/strengthening of Negosyo Center.*

- (a) Within one hundred eighty (180) days from its reconstitution, the MSMED Council shall approve a multi-phase plan, for the establishment and management of the afore-mentioned Negosyo Centers.
- (b) The multi-phase plan shall consider the different modes of establishing the Negosyo Centers based on the needs of the MSMEs, as well as the capacities and capabilities of the LGUs and other necessary factors.
- (c) The multi-phase plan shall include the management structure and processes for the MSMED Council's supervision of the Negosyo Centers.
- (d) The creation and roll-out of the multi-phase plan, and as envisioned under paragraph (b) hereof, Negosyo Centers shall continue to be established and perform their mandates without prejudice to the MSMED Plan.

Sec. 3. *Public-Private Partnerships.* The MSMED Council, in the national and local levels, shall encourage public-private partnerships in the establishment and management of Negosyo Centers.

Section 4. *Lead Role by LGU in creation of Negosyo Center.* In cases where the province, city or municipality takes the lead role in the establishment and management of Negosyo Centers, the DTI, DILG and the LGA may offer assistance to the LGU in integrating this creation through the LGU's Local Development and Investment Plan, Annual Investment Plan and other relevant executive and legislative issuances.

Sec. 5. *Operations of Existing SME Centers and National Economic Research and Business Assistance Center (NERBAC).* In applicable areas, the existing SME Centers and NERBAC, administered by the DTI in provinces, cities and municipalities, if any, may be converted to Negosyo Centers subject to the provisions of this Act. Existing Regional NERBACs or SME Centers may be utilized as Negosyo Centers for the Provinces and Cities where they are physically located.

Sec. 6. *Functions of the Negosyo Centers.* The Negosyo Centers shall have the following functions:

(a) Business Registration Assistance

- i) Accept and facilitate all new registration and renewal application of MSMEs, including application for Barangay Micro-Business Enterprise (BMBE);
- ii) Coordinate with the respective local government units (LGUs) and liaise with concerned government agencies to process the duly accomplished forms submitted by the MSMEs;
- iii) Implement a unified business registration process preferably through automated systems such as the Philippine Business Registry (PBR);

(b) Business Advisory Services

- i) Assist MSMEs in meeting regulatory requirements to start and maintain the business;
- ii) Build local support networks and establish market linkages for MSME development through the Micro, Small and Medium Enterprise Development (MSMED) Council and DTI;
- iii) Facilitate access to grants and other forms of financial assistance, shared service facilities and equipment, and other

support for MSMEs through national government agencies (NGAs);

- iv) Ensure management guidance, assistance and improvement of the working conditions of MSMEs;
- v) Co-organize with the local chambers of commerce, other business organizations and government agencies, a mentoring program for prospective and current entrepreneurs and investors;
- vi) Conduct other programs or projects for entrepreneurial development in the country aligned with the MSMEs development plan.

(c) Business Information and Advocacy

- i) Provide information and services in training, financing, marketing and other areas as may be required by MSMEs;
- ii) Establish and maintain a databank which will support business information requirements of MSMEs;
- iii) Promote ease of doing business and access to services for MSMEs within its jurisdiction;
- iv) Support private sector activities relating to MSMEs development;
- v) Encourage government institutions that are related to the business application process to help promulgate information regarding the Negosyo Center;
- vi) Coordinate with schools and related organizations on the development of youth entrepreneurship program;
- vii) Encourage women entrepreneurship through access to information, training, credit facilities, and other forms of assistance.

(d) Monitoring and Evaluation

- i) Monitor and recommend business-process improvement for MSMEs;
- ii) Establish a feedback mechanism among the MSMEs in the respective jurisdiction of Negosyo Centers.

- (e) Perform such other functions that may be assigned by the MSMED Council as germane to RA 10644 and other related laws.

RULE 4
Provisions on Micro, Small and Medium Enterprises

SECTION 1. *Registration.*

(a) Business Registration of MSMEs

- i) Creation of a unified business registration form.

A unified and simplified business registration form shall be developed by the DTI, in coordination with the DILG and other relevant agencies, which shall have as basis the current form being used for the BPLS, and shall be made available in all Negosyo Centers and local government units. The DTI shall be responsible for regularly updating and maintaining the unified business registration forms which shall be made available electronically.

- ii) Timelines.

Should the concerned business permits and licensing offices (BPLO) fail to process the application, within fifteen (15) calendar days upon receipt of the BPLO, the MSME shall be deemed registered for a period of one (1) year: *Provided, however,* That within a period of thirty (30) calendar days from the date of application of an MSME with the BPLO, any business permit and licensing office shall have the authority to revoke the permit or license upon determination that an MSME has not met the requirements and qualifications imposed by the office. *Provided, further,* that the BPLO shall immediately inform the applicant by way of a written notice of revocation.

(b) Registration of Barangay Micro Business Enterprises (BMBEs)

The registration of Barangay Micro Business Enterprises (BMBEs) shall be in accordance with Section 5 (b) of R.A. No. 10644.

The MSMED Council shall, through a resolution, provide guidelines for the issuance of the Certificate of Authority for BMBEs.

(c) Philippine Business Registry Databank - The establishment of the "Philippine Business Registry Databank" shall be in accordance with Section 5 (c) of R.A. No. 10644.

Sec. 2. *Eligibility.* The definition of eligibility under these IRR shall be in

accordance with the definition provided in Sec. 3. (a) of R.A. No. 9178.

Sec. 3. *Start-up Funds for MSMEs.* The establishment of "Start-up Funds for MSMEs" shall be in accordance with Section 7 of R.A. 10644.

The amount to be allocated for the Start-Up Fund and the guidelines for its use must be identified by the MSMED Council through a resolution.

Sec. 4. *Technology Transfer, Production and Management Training, and Marketing Assistance.* The availment of technology transfer, production and management training and marketing assistance shall be done in accordance with Section 8 of RA 10644.

The MSMED Council may, upon consultation with the above-mentioned agencies, issue a resolution on a Manual of Operations for this section specifically identifying the individual and collective roles of the above-mentioned agencies.

RULE 5

Micro, Small and Medium Enterprises Development Council

SECTION 1. *Composition of the Micro, Small and Medium Enterprises Development (MSMED) Council.* The composition of the Micro, Small and Medium Enterprises Development (MSMED) Council shall be in accordance with Section 9 of R.A. No. 10644.

Sec. 2. *Additional Functions of the MSMED Council.* The additional functions of the MSMED Council shall be in accordance with Sec. 10 of R.A. No. 10644.

The MSMED Council shall, through a resolution, identify the other functions of the Regional and Provincial MSMED Councils to pursue the function as coordination and oversight body for the Negosyo Centers.

RULE 6

Public Information Dissemination

SECTION 1. *Information Dissemination.* The Philippine Information Agency (PIA), in coordination with the DTI and the DILG, shall ensure the proper and adequate information dissemination of the contents and benefits of RA No. 10644 and this IRR to pertinent media entities and all cities, municipalities and barangays and widely to other stakeholders. To ensure wide dissemination to as many stakeholders as possible, the agencies concerned shall utilize electronic updates and posting in their respective websites and social media and provide leaflets or brochures which shall contain frequently asked questions.

RULE 7
Appropriations

SECTION 1. *Appropriations.* The amount necessary to carry out the initial implementation of this Act shall be sourced from the current budget of the DTI.

Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the succeeding General Appropriations Act. The amount to be allocated shall include, but not be limited to, support for the provincial, city and municipal operations of the Negosyo Centers.

RULE 8
Provision of Amendments to the IRR

SECTION 1. *Amendments to the IRR.* In the event that amendments may be needed to this IRR, the BSMED shall submit the proposed amendments to the Secretary of Trade and Industry for approval.

RULE 9
Transitory Provisions

SECTION 1. *Full Reconstitution of MSMED Council.* The Secretary of the Department of Trade and Industry, as Chair of the MSMED Council, shall ensure that the MSMED Council as presently constituted shall meet to deliberate and act appropriately on policy and program matters, until such time that the MSMED Council is fully reconstituted pursuant to RA 10644. The presently constituted MSMED Council shall be limited to matters with identified timeframes, and urgent concerns from consultations for the formulation of this IRR, to ensure that there is no gap in policy and program formulation for the MSMEs.

In this regard, the MSMED Council Chair shall ensure that the MSMED Council shall be reconstituted within sixty (60) days from the approval of this IRR. The Philippine Commission on Women (PCW) and the National Youth Commission (NYC) shall submit the names of their designated representatives before the scheduled reconstitution of the MSMED Council.

Sec. 2. *Constitution of the Advisory Unit.* In order to ensure continuity in the support and assistance to the MSMEs, any current member of the MSMED Council whose representation has now been designated as being part of the Advisory Unit, will continue to be a member of the Advisory Unit until such time that the MSMED Council issues the relevant policy concerning the term of office of each Advisory Unit member which are not ex-officio in nature.


RULE 10
Final Provisions

SECTION 1. *Effectivity Clause.* Pursuant to Section 13 of RA 10644, these Implementing Rules and Regulations formulated by the Secretary of the Department of Trade and Industry, in consultation with the appropriate agencies as may be deemed necessary, shall prescribe the implementation of the Act. Upon approval of the Secretary of Trade and Industry, these rules shall take effect within fifteen (15) days from its publication in a newspaper of general circulation.

Sec. 2. *Separability Clause.* If, for any reason, any section or provision of the herein "IRR" or application of such rules and regulations or provision to any person or circumstances is declared unconstitutional or invalid, the remainder of this "IRR of the Go Negosyo Act", or application of such provisions to other circumstances, shall not be affected by such declaration.


Sec. 3. *Repealing Clause.* Any provisions of the rules, regulations, codes, orders, resolutions, measures, and other policies or parts thereof issued and promulgated pursuant to RA 9178 and Republic Act No. 6977, as amended by Republic Act No. 8289 and Republic Act No. 9501, which are inconsistent with this "IRR of the Go Negosyo Act" are hereby superseded, repealed or amended accordingly.

Issued this 19th day of December 2014 in Makati City, Philippines.

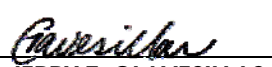

GREGORY L. DOMINGO
Secretary

Department of Trade and Industry

Recommended by:


ZENAIDA GUISON-MAGLAYA
Undersecretary

Regional Operations Group
Department of Trade and Industry


JERRY T. CLAVESILLAS
Director III

Bureau of Small and Medium
Enterprise Development
Department of Trade and Industry


ATTY. WALFREDO C. BAYHON
Director

Legal Service
Department of Trade and Industry

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

April 20, 2004

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; 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 _____ 20__ 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

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

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 (RTWPs) 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**
Vice-Chairman

(SGD) **EDUARDO T. RONDAIN**
Member

(SGD) **CEDRIC R. BAGTAS**
Member

(SGD) **REBECCA J. CALZADO**
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 lending, 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 DIRECTORS
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 BUSINESS 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 availment 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, SBF, 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:** *<Initiative/Project Title>*
- 2. Executing Agency:** *<Name of Executing Agency>
<Name, Title, Organization, Postal Address and Contact Numbers of Project Overseer>*
- 3. Project Description** *< 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.)>*
- 4. Target Beneficiaries:** *Who and what places will benefit from the project?*
- 5. How will the success of the project be measured:** *Describe the measure(s) which will indicate that initiative has been successfully completed or the objectives realized.*
- 6. Expected Outputs and Results** *What will be the expected deliverable outputs and results at the end of the project?*
- 7. Estimated Project Cost/Project Source** *What will be the expected budget required to carry out the project? Include the details of required budget.*

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 MEDIUM 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

SMED COUNCIL

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 COUN-
CIL/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 2006

(Name of Executing Agency)

Quarterly Status Report

Project Name:

Project Start Date:

Project End Date:

Summary Report:

Activity	Measure of Success	Target Accomplishment	Actual Accomplishment	Costs 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 issued of the Manila Standard)

Contact the nearest DTI Provincial Office for the list of Negosyo Centers in your area.

Provincial Offices

CAR

Abra

J & I Commercial Building
National Highway, Ubbog-Lipcan
2800 Bangued, Abra
Telefax: (+6374) 614.0001
Email: CAR.Abra@dti.gov.ph

Apayao

National Government Center
Provincial Capitol Compound
San Isidro Sur, 3813 Luna, Apayao
Email: CAR.Apayao@dti.gov.ph

Benguet

3F Manongdo Bldg., 17 Private Rd.
Magsaysay Ave., 2600 Baguio City
Phone: (+6374) 304.1129
Telefax: (+6374) 619.2722
Email: CAR.Benguet@dti.gov.ph

Ifugao

2F ABC Bldg., Rizal Ave., Poblacion
West, 3600 Lagawe, Ifugao
Email: CAR.Ifugao@dti.gov.ph

Kalinga

2-3F Lua Annex Bldg., Poblacion
3800 Tabuk City, Kalinga
Email: CAR.Kalinga@dti.gov.ph

Mountain Province

2F Walter Clapp Centrum, Loc-ong,
Poblacion, 2616 Bontoc, Mt. Province
Email:
CAR.MountainProvince@dti.gov.ph

Region I

Ilocos Norte

JOMEL Bldg., Siazon Rd. cor. D.
Samonte St., Brgy. 14 Laoag City
Ilocos Norte

Phone: (+6377) 772.2332

Telefax: (+6377) 771.4268

Email: R01.IlocosNorte@dti.gov.ph

Ilocos Sur

Judy Chiu Bldg., Mabini St., Brgy. 1
Poblacion, Vigan City, Ilocos Sur
Phone: (+6377) 632.0473/722.2688
Fax: (+6377) 722.8731
Email: R01.IlocosSur@dti.gov.ph

La Union

2F Shania Tower, Quezon Ave.
San Fernando City, La Union
Phone: (+6372) 888.2455/607.4459
Fax: (+6372) 607.4460
Email: R01.LaUnion@dti.gov.ph

Pangasinan

2F Star Bldg., Arellano St.
2400 Dagupan City, Pangasinan
Phone: (+6375) 515.3183/515.7730
Telefax: (+6375) 529.6177
Email: R01.Pangasinan@dti.gov.ph

Region II

Batanes

Aberilla Bldg., National Road
Basco, Batanes
Email: R02.Batanes@dti.gov.ph

Cagayan

11 Dalan na Pappabalo, Regional
Gov't. Center, Carig Sur, Tuguegarao
City, Cagayan
Telefax: (+6378) 396.9925
Email: R02.Cagayan@dti.gov.ph

Isabela

1F Edilberto P. Lim Building Nat'l
Highway, Baligatan, Ilagan City, Isabela
Telefax: (+6378) 624.0687
Email: R02.Isabela@dti.gov.ph

Nueva Vizcaya
GF Rosalina L. Lo Bldg., National
Highway, Sta. Rosa, Bayombong,
Nueva Vizcaya
Telefax: (+6378) 362.0251
Email: R02.NuevaViscaya@dti.gov.ph

Quirino
DIP Bldg., San Marcos,
Cabarroguis, Quirino
Email: R02.Quirino@dti.gov.ph

Region III

Aurora
Cordial Bldg., National Highway
Brgy. Suklayin, Baler, 3200 Aurora
Email: R03.Aurora@dti.gov.ph

Bataan
3F Crizelda Marie Bldg., Capitol Drive
San Jose, Balanga City, 2100 Bataan
Telefax: (+6347) 237.3005
Email: R03.Bataan@dti.gov.ph

Bulacan
2F BFCCI Bldg., MacArthur Highway
Sumapang Matanda, Malolos City
Bulacan
Phone: (+6344) 791.0113
Telefax: (+6344) 791.2283

Nueva Ecija
2F CAL Bldg., 113 Gen. Tinio St.
Brgy. Dimaslang, Cabanatuan City
Nueva Ecija
Telefax: (+6344) 463.8296
Email: R03.NuevaEcija@dti.gov.ph

Pampanga
2F ABN Plaza, MacArthur Highway
Sindalan, San Fernando City,
Pampanga
Phone: (+6345) 860.4625
Telefax: (+6345) 455.1413
Email: R03.Pampanga@dti.gov.ph

Tarlac
2F Anita Bldg., Zamora St., San Roque
Tarlac City, Tarlac
Telefax: (+6345) 982.4724
Email: R03.Tarlac@dti.gov.ph

Zambales
2F Palm Crest Bldg., 765 Rizal Ave.
West Tapinac, Olongapo City
2200 Zambales
Phone: (+6347) 224.0624
Fax: (+6347) 224.5988
Email: R03.Zambales@dti.gov.ph

Region IV-A

Batangas
NACIDA Bldg., Old City Hall Compound,
B. Morada Ave., Lipa City, Batangas
Phone: (+6343) 756.2330
Telefax: (+6343) 756.1336
(+6343) 756.6477
Email: R04A.Batangas@dti.gov.ph

Cavite
2F Government Center Bldg., Capitol
Compound, Trece Martires City, Cavite
Phone: (+6346) 514.0461
Telefax: (+6346) 419.1028
Email: R04A.Cavite@dti.gov.ph

Laguna
Varimco Bldg., Brgy. Banca-Banca,
Victoria, Laguna
Phone: (+6349) 559.0520
Telefax: (+6349) 559.0254
Email: R04A.Laguna@dti.gov.ph

Quezon
2F Grand Central Terminal,
Ibabang Dupay, Lucena City, Quezon
Telefax: (+6342) 795.0442
Email: R04A.Quezon@dti.gov.ph

Rizal
2F Altica Arcade, 83 Circumferential
Road Brgy. San Jose, Antipolo City, Rizal
Telefax: (+632) 470.8824
Email: R04A.Rizal@dti.gov.ph

Region IV-B

Marinduque

GF Monta Bldg., R. Magsaysay St.
Brgy. Isok I, Boac, Marinduque
Telefax: (+6342) 311.1039/ 332.1750
Email: R04B.Marinduque@dti.gov.ph

Occidental Mindoro

SME Center, Municipal Compound
San Jose, Occidental Mindoro
Phone: (+6343) 491.2131
Telefax: (+6343) 491.2210
Email:
R04B.OccidentalMindoro@dti.gov.ph

Oriental Mindoro

Provincial Capitol Complex,
Brgy. Camilmil, Calapan City
5200 Oriental Mindoro
Phone: (+6343) 286.7093
Email:
R04B.OrientalMindoro@dti.gov.ph

Palawan

4F ERC Plaza Commercial Bldg.,
National Highway, Brgy. San Pedro,
Puerto Princesa City, Palawan
Phone: (+6348) 434.1092
Email: R04B.Palawan@dti.gov.ph

Romblon

GF LFH Suite, Promenade, J.P. Rizal St.,
Cocoville, Dapawan, Odiongan
5505 Romblon
Telefax: (+6342) 567.5090
Email: R04B.Romblon@dti.gov.ph

Region V

Albay

2F DBP Bldg., Quezon Ave.
Legaspi City, 4500 Albay
Phone: (+6352) 820.6830
Telefax: (+6352) 480.6834
Email: R05.Albay@dti.gov.ph

Camarines Norte

Merchant's Ave., Central Plaza
Complex, Lag-on, Daet

Camarines Norte

Telefax: (+6354) 440.13389
Email: R05.CamarinesNorte@dti.gov.ph

Camarines Sur

2F Old DBP Bldg., Panganiban Drive
Naga City, Camarines Sur
Phone: (+6354) 473.8110-11
Fax: (+6354) 473.8109
Email: R05.CamarinesSur@dti.gov.ph

Catanduanes

Catanduanes State Colleges
Compound, Calatagan, Virac,
Catanduanes
Email: R05.Catanduanes@dti.gov.ph

Masbate

DTI Building, Capitol Drive
Masbate City, Masbate
Phone: (+6356) 333.5733
Telefax: (+6356) 333.5734
Email: R05.Masbate@dti.gov.ph

Sorsogon

2F Benjamin Ty Bldg., cor. Vera &
Quezon Sts., Sorsogon City, Sorsogon
Phone: (+6356) 211.1475/421.5553
Telefax: (+6356) 421.5399
Email: R05.Sorsogon@dti.gov.ph

Region VI

Aklan

JSM Bldg., Veterans Ave., Kalibo, Aklan
Phone: (+6336)
268.3405/396.9086/500.7605
Telefax: (+6336) 268.5280
Email: R06.Aklan@dti.gov.ph

Antique

D123C Bldg., cor. Solana & T. Fornier
Sts., San Jose, Antique
Phone: (+6336) 396.9085
Telefax: (+6336) 540.8726
Email: R06.Antique@dti.gov.ph

Capiz

Sacred Heart of Jesus Ave., Pueblo de
Panay, Brgy. Lawaan, Roxas City

Phone: (+6336) 396.9082/621.1151
Telefax: (+6336) 621.2637
Email: R06.Capiz@dti.gov.ph

Guimaras
2F MAVIKKS Bldg., New Site,
San Miguel, Jordan, Guimaras
Phone: (+6333) 396.9083
Telefax: (+6333) 581.2119
Email: R06.Guimaras@dti.gov.ph

Iloilo
GF DTI Building
J.M. Basa-Peralta Sts., Iloilo City
Phone: (+6333) 335.0149/396.9081
Telefax: (+6333) 337.0392
Email: R06.Iloilo@dti.gov.ph

Region VII

Bohol
2F FCB Bldg., CPG Ave.
Tagbilaran City, Bohol
Phone: (+6338) 411.3302/
501.8260/501.8828
Telefax: (+6338) 411.3533
Email: R07.Bohol@dti.gov.ph

Cebu
DTI Bldg., Osmena Blvd. cor.
Lapu-lapu St. Cebu City
Phone: (+6332) 255.3926
Telefax: (+6332) 255.6971
Email: R07.Cebu@dti.gov.ph

Siquijor
CF Bldg., Legaspi St., Poblacion
Siquijor, Siquijor
Phone: (+6335) 480.9065
Telefax: (+6335) 344.2238
Email: R07.Siquijor@dti.gov.ph

Region VIII

Biliran
2F R. Kho Bldg., cor. Caneja &
Castin Sts., 6543 Naval, Biliran
Phone: (+6353) 500.9677

Telefax: (+6353) 500.9390
Email: R08.Biliran@dti.gov.ph

Eastern Samar
GF Wheelers Bldg., Baybay 5, Songco
Borongan City, Eastern Samar
Phone: (+6355) 560.9746
Telefax: (+6355) 261.3124
Email: R08.EasternSamar@dti.gov.ph

Leyte
2F Himalayan Bldg., Brgy 78,
Marasbaras, Tacloban City, Leyte
Phone: (+6353) 832.4167
Email: R08.Leyte@dti.gov.ph

Northern Samar
Luisa Angley Bldg., Rizal St.,
6400 Catarman, Northern Samar
Phone: (+6353) 500.9298
Telefax: (+6355) 251.8334
Email: R08.NorthernSamar@dti.gov.ph

Samar
2F Moratal Bldg., cor. Mabini Ave. &
San Francisco St., Catbalogan
6700 Samar
Phone: (+6355) 251.6417
Telefax: (+6355) 251.2196
Email: R08.Samar@dti.gov.ph

Southern Leyte
2F SJC Bldg., cor. T. Oppus and E.
Cabrera Sts., Tunga-tunga, Maasin,
Southern Leyte
Phone: (+6353) 570.8595-96
Fax: (+6353) 381.4099
Email: R08.SouthernLeyte@dti.gov.ph

Region IX

Isabela City
City Hall Bldg., Sunrise
Isabela City, Basilan
Email: R09.IsabelaCity@dti.gov.ph

Zamboanga City
2F Vicente Wee Bldg., Veterans Ave.
Zamboanga City
Phone: (+6362) 991.2704-05

Fax: (+6362) 993.0594
Email: R09.ZamboangaCity@dti.gov.ph

Zamboanga del Norte
GF Felicidad I Bldg., Quezon Ave.,
Miputak, Dipolog City
Zamboanga del Norte
Phone: (+6365) 212.2331/212.2944
Fax: (+6365) 212.5862
Email:
R09.ZamboangaDelNorte@dti.gov.ph

Zamboanga del Sur
NACIDA Bldg., Capitol Complex,
Pagadian City, Zamboanga del Sur
Phone: (+6362) 214.3326/214.2516
Fax: (+6362) 850.7001
Email:
R09.ZamboangaDelSur@dti.gov.ph

Zamboanga Sibugay
2F Montebello Bldg., National Highway,
Poblacion, Ipil, Zamboanga Sibugay
Phone: (+6362) 333.5532
Telefax: (+6362) 955.4054
Email:
R09.ZamboangaSibugay@dti.gov.ph

Region X

Bukidnon
Manuel Bldg., San Isidro St.
8700 Malaybalay City, Bukidnon
Telefax: (+6388) 813.2101
Email: R10.Bukidnon@dti.gov.ph

Camiguin
DBP Bldg., cor. Gen. B. Aranas & J.P.
Rizal Sts., 9100 Mambajao, Camiguin
Phone: (+6388) 387.0036
Telefax: (+6388) 387.0037
Email: R10.Camiguin@dti.gov.ph

Lanao del Norte
0171 PM Durias Bldg., Quezon Ave. Ext.
Pala-o, 9200 Iligan City, Lanao del Norte
Phone: (+6363) 221.5534/221.5532/
492.0025
Telefax: (+6363) 221.6151
Email: R10.LanaoDelNorte@dti.gov.ph

Misamis Occidental
1F Dajao Bldg., cor. Rizal-Pastrano Sts.,
Poblacion I, 7207 Oroquieta City
Misamis Occidental
Phone: (+6388) 521.2891
Telefax: (+6388) 531.1231
Email:
R10.MisamisOccidental@dti.gov.ph

Misamis Oriental
Antolin Building, Tiano-, Akut Sts.
9000 Cagayan de Oro City, Misamis
Oriental
Phone: (+638822) 712.473; (088)
857.4034
Telefax: (+ 638822) 722.291/857.4034
Email: R10.MisamisOriental@dti.gov.ph

Region XI

Compostela Valley
2F Genacor Bldg., Arabejo Ave.,
Nabunturan Compostela Valley
Province
Telefax: (+6384) 376.0500
Email:
R11.CompostelaValley@dti.gov.ph

Davao City
2F Mintrade Bldg., Monteverde Ave.
cor. Sales St., Davao City
Phone: (+6382) 224.0511
Fax: (+6382) 225.4847
Email: R11.DavaoCity@dti.gov.ph

Davao del Norte
Gov't. Center, Brgy. Mankilam,
Tagum City, Davao del Norte
Phone: (+6384) 216.2390
Fax: (+6384) 216.3505
Email: R11.DavaodelNorte@dti.gov.ph

Davao del Sur
2F Medic Pharma Bldg., cor. Doña
Aurora & Corregidor Sts., Digos City
Davao del Sur
Phone: (+6382) 272.0534
Telefax: (+6382) 553.2507
Email: R11.DavaodelSur@dti.gov.ph

Davao Oriental
3F Valles Bldg., Rizal St.
Mati City, Davao Oriental
Phone: (+6387) 388.3735
Telefax: (+6387) 811.4072
Email: R11.DavaoOriental@dti.gov.ph

Sultan Kudarat
2F Quality Appliance Bldg., Alunan
Highway ,9800 Tacurong City
Sultan Kudarat
Phone: (+6364) 477.0059
Telefax: (+6364) 200.3166
Email: R12.SultanKudarat@dti.gov.ph

Region XII

Cotabato City
5F CYM Bldg., Don Rufino Alonzo St.
9600 Cotabato City
Phone: (+6364) 421.9952
Fax: (+6364) 421.3351
Email: R12.CotabatoCity@dti.gov.ph

General Santos City
Mezzanine Flr., R.A. Bldg., South
Osmeña St.
9500 General Santos City
Phone: (+6383) 552.8385
Fax: (+6383) 553.1033
Email: R12.GeneralSantos@dti.gov.ph

North Cotabato
Singao Road, Apo Sandawa Homes
Phase III, 9400 Kidapawan City, North
Cotabato
Phone: (+6364) 577.1531
Telefax: (+6364) 577.1527
Email: R12.NorthCotabato@dti.gov.ph

Sarangani
2F National Agency Bldg.
Capital Compound Alabel
9501 Sarangani Province
Phone: (+6383) 508.2277
Fax: (+6383) 508.2014
Email: R12.Sarangani@dti.gov.ph

South Cotabato
2F del Rosario Bldg.,
Gensan Drive cor. Zulueta St.,
9506 Koronadal City, South Cotabato
Telefax: (+6383) 228.2659
(+6383) 878.3648
Email: R12.SouthCotabato@dti.gov.ph

CARAGA

Agusan del Norte
Rudy Tiu Bldg., KM. 2, J.C. Aquino Ave.,
8600 Butuan City, Agusan del Norte
Phone: (+6385) 341.5221
Telefax: (+6385) 225.3341

Agusan del Sur
Faustino A. Asis Bldg., Gov. D.O. Plaza
Gov't. Center, Prosperidad
Agusan del Sur
Telefax: (+6385) 343.7100
Fax: (+6385) 839.2025
Email:
CARAGA.AgusandelSur@dti.gov.ph

Surigao del Norte
2F Simtoco Bldg., Burgos St.
8440 Surigao City, Surigao del Norte
Phone: (+6386) 232.4047
Telefax: (+6386) 826.2373
Email:
CARAGA.SurigaodelNorte@dti.gov.ph

Surigao del Sur
2F JTP Bldg., Donasco St., Tandag City
Surigao del Sur
Telefax: (+6386) 211.3029
Email:
CARAGA.SurigaodelSur@dti.gov.ph

Province of Dinagat Island
Bernaldo Bldg., P-3 Poblacion, San Jose
Province of Dinagat Islands
Phone: (0908) 227.0146
Email: CARAGA.Dinagat@dti.gov.ph

NEGROS ISLAND REGION

Negros Occidental
3F Prudential Life Bldg.
San Juan & Luzurriaga Sts.
Bacolod City, Negros Occidental
Phone: (+6334) 396.9084 Telefax:
(+6334) 433.0250/704.2203
Email:
R06.NegrosOccidental@dti.gov.ph

Negros Oriental
2F Uymatiao Bldg., San Jose St.
Dumaguete City, Negros Oriental
Phone: (+6335) 225.7210-11/422.5509
Telefax: (+6335) 422.1764
Email: R07.NegrosOriental@dti.gov.ph

NCR

Area I
(Manila, Pasay, Parañaque)
Mezzanine Floor, Roxas Strip Bldg.,
Roxas Blvd. cor. Arnaiz Ave., Pasay
Phone: (+632) 659.4203
Fax: (+632) 804.0307

Area II
(Las Piñas, Makati, Muntinlupa, Taguig
City, Pateros, Pasig City)
2F Metro House Bldg.
345 Sen. Gil J. Puyat Ave., Makati City
Phone: (+632) 811.8236
Fax: (+632) 811.8271
Email: NCR@dti.gov.ph

Area III
(Mandaluyong City, Marikina, Quezon
City, San Juan)
3F Lux Bldg., Highway 54 Plaza, EDSA,
Mandaluyong City
Phone: (+632) 570.3716
Fax: (+632) 571.4751
Email: NCR.Area3@dti.gov.ph

Area IV
(Caloocan, Navotas, Malabon,
Valenzuela)
3F Lux Bldg., Highway 54 Plaza, EDSA,
Mandaluyong City
Phone: (+632) 570.3716
Fax: (+632) 571.4751

*A copy of the Republic Act No. 9178: BMBEs Act of 2002 and its IRR can
be downloaded at www.dti.gov.ph - MSME Laws section.*