

**NINETEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES** )  
First Regular Session )

'22 SEP -6 P 4 :06

**SENATE**

RECEIVED BY: 

**S. B. NO. 1282**

---

Introduced by **SENATOR JOEL VILLANUEVA**

---

**AN ACT  
PROVIDING FOR SUPPORT FOR THE GROWTH AND  
DEVELOPMENT OF BARANGAY MICRO BUSINESS ENTERPRISES  
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9178,  
OTHERWISE KNOWN AS THE BARANGAY MICRO BUSINESS  
ENTERPRISES ACT OF 2002, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Micro-businesses comprise many existing enterprises in the Philippines. According to the Philippine Statistics Authority List of Establishments, there are 977,670 micro-enterprises in the country in 2021, constituting 90.5% of all business enterprises in the country.<sup>1</sup> They also generate a total of over 2.5 million jobs.<sup>2</sup>

Republic Act No. 9178, or the Barangay Micro Business Enterprises Act of 2002, declared it the policy of the state to hasten the country's economic development by encouraging the formation and growth of barangay micro business enterprises (BMBEs) which effectively serve as seedbeds of Filipino entrepreneurial talents. The law recognizes this sector's role in economic growth and employment and ensures that establishments registered as BMBEs are provided with certain incentives such, as among others, tax exemptions, exemptions from the Minimum Wage Law, and priority lanes/windows for credit facilities with financial institutions.<sup>3</sup> Despite these incentives, a relatively small number of micro businesses are registered as BMBEs. Based on the latest report of the Department of Trade and Industry (DTI) in 2018, there were only 28,531 businesses registered as BMBE since the DTI started accepting

---

<sup>1</sup> January 6, 2022. More than 1.08 million Establishments Operated in 2021 which Generated Total Employment of 8.57 million (2021 Updating of the List of Establishments Preliminary Results). Retrieved from: <https://psa.gov.ph/content/more-108-million-establishments-operated-2021-which-generated-total-employment-857-million> (date last accessed: August 30, 2022).

<sup>2</sup> 2020 MSME Statistics Retrieved from: <https://www.dti.gov.ph/resources/msme-statistics/> (date last accessed: August 30, 2022)

<sup>3</sup> CL registers highest number of barangay enterprises in 2017. Retrieved from: <https://www.dti.gov.ph/regions/region-3/region-3-news/cl-registers-highest-number-of-barangay-enterprises-in-2017/> (date last accessed: August 30, 2022).

applications in January of 2016.<sup>4</sup>

Thus, a revisit of Republic Act No. 9178 is needed to ensure that its provisions are still relevant and reflect the present needs of the BMBE industry. Currently, BMBEs are still recovering from the effects of the pandemic and are still enduring further business shocks because of natural calamities, such as typhoons, and global economic events, such as the Russia-Ukraine conflict, unprecedented global inflation and rising fuel prices. Thus, amendments to the law, which aim to provide BMBEs with much needed support, concessions and incentives to register, are in order.

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

  
**SENATOR JOEL VILLANUEVA**

---

<sup>4</sup> May 18, 2018. DTI encourages micro enterprises to avail of incentives under BMBE Law. Retrieved from: <https://www.dti.gov.ph/archives/news-archives/dti-micro-entrep-bmbe-law/> (date last accessed: August 30, 2022)

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

'22 SEP -6 P 4 :06

SENATE

RECEIVED BY: \_\_\_\_\_



S. B. No. 1282

---

Introduced by **SENATOR JOEL VILLANUEVA**

---

**AN ACT**  
**PROVIDING FOR SUPPORT FOR THE GROWTH AND**  
**DEVELOPMENT OF BARANGAY MICRO BUSINESS ENTERPRISES**  
**AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9178,**  
**OTHERWISE KNOWN AS THE BARANGAY MICRO BUSINESS**  
**ENTERPRISES ACT OF 2002, AND FOR OTHER PURPOSES**

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

1           **SECTION 1.** Section 2 of Republic Act No. 9178, otherwise known as the  
2 "Barangay Micro Business Enterprises Act of 2002" is hereby amended to read as  
3 follows:  
4

5           "Section 2. *Declaration of Policy.* – [It is hereby declared to be the policy  
6 of the State to hasten the country's economic development by  
7 encouraging the formation and growth of barangay micro business  
8 enterprises which effectively serve as seedbeds of Filipino  
9 entrepreneurial talents, and integrating those in the informal sector with  
10 the mainstream economy, through the rationalization of bureaucratic  
11 restrictions, the active intervention of the government specially in the  
12 local level, and the granting of incentives and benefits to generate much-  
13 needed employment and alleviate poverty.] THE STATE RECOGNIZES  
14 THAT BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs),  
15 WHILE THE SMALLEST TYPE OF ALL ENTERPRISES, IS AMONG  
16 THE SIGNIFICANT ESTABLISHMENTS IN THE COUNTRY, AND IS  
17 ONE OF THE BIGGEST GENERATORS OF EMPLOYMENT. THUS, IT  
18 IS HEREBY DECLARED THE POLICY OF THE STATE TO SUPPORT,  
19 STRENGTHEN AND FACILITATE THE GROWTH OF BMBEs TO  
20 HELP THIS SECTOR CONTINUE TO FLOURISH AMIDST PUBLIC  
21 HEALTH EMERGENCIES, NATURAL CALAMITIES AND GLOBAL  
22 ECONOMIC SHOCKS."

1  
2  
3       **SEC. 2.** Section 4 of the Barangay Micro Business Enterprises Act of 2002 is  
4 hereby amended to read as follows:

5  
6       “Section 4. *Registration and Fees.* – The Office of the Treasurer of each  
7 city or municipality shall register [the BMBE's] and PROMPTLY issue a  
8 Certificate of Authority, FREE OF CHARGE, TO ALL BMBES WITHIN  
9 ITS JURISDICTION UPON SUBMISSION OF PROOF OF TOTAL  
10 ASSETS, to enable the BMBE to avail of the benefits under this Act. Any  
11 such application shall be processed NOT LATER THAN FIVE [within  
12 fifteen (15)] working days upon submission of complete documents.  
13 Otherwise, the BMBEs shall be deemed registered. The Municipal or  
14 City Mayor may appoint a BMBE Registration Officer who shall be under  
15 the Office of the Treasurer. Local government units (LGUs) are  
16 encouraged to establish a One-Stop-Business Registration Center to  
17 handle the efficient registration and processing of permits/licenses of  
18 BMBEs. Likewise, LGUs shall make a periodic evaluation of the BMBEs'  
19 financial status, AS WELL AS THE NUMBER OF JOBS IT  
20 GENERATES, for monitoring and reporting purposes.

21  
22       [The LGUs shall issue the Certificate of Authority promptly and free of  
23 charge. However,] NOTWITHSTANDING ANYTHING TO THE  
24 CONTRARY, to defray the administrative costs of registering and  
25 monitoring the BMBEs, the LGUs may charge a fee not exceeding One  
26 Thousand Pesos (P1,000.00).

27  
28       The Certificate of Authority shall be effective for a period of THREE (3)  
29 [two (2)] years, renewable for ANOTHER [period of] THREE (3) YEARS  
30 [two (2)] UPON [years for every renewal.] COMPLIANCE WITH THE  
31 REQUIREMENTS.

32  
33       [As much as possible,] IN ALL CASES, BMBEs shall be subject to  
34 minimal bureaucratic requirements and reasonable fees and charges.”

35  
36       **SEC. 3.** Section 5 of the Barangay Micro Business Enterprises Act of 2002 is  
37 hereby amended to read as follows:

38  
39       “Section 5. *Who are Eligible to Register.* – Any person, natural or  
40 juridical, or cooperative, or association, having the qualifications as  
41 defined in Section 3(a) hereof may apply for registration as BMBE.  
42 EACH LGU SHALL MAINTAIN AND CONTINUOUSLY UPDATE A  
43 DATABASE CONTAINING ALL REGISTERED BMBEs UNDER ITS  
44 JURISDICTION.”

45  
46       **SEC. 4.** Section 7 of the Barangay Micro Business Enterprises Act of 2002 is  
47 hereby amended to read as follows:

48  
49       “Section 7. *Exemption from Taxes and Fees.* – All BMBEs shall be  
50 exempt from tax for income arising from the operations of the enterprise.



1 FIRST TIME BMBE REGISTRANTS SHALL, IN ADDITION, BE  
2 EXEMPT FROM LOCAL TAXES, FEES AND CHARGES FOR THE  
3 FIRST THREE (3) YEARS OF OPERATION SUBJECT TO SEMI-  
4 ANNUAL SUBMISSION OF PROOF OF EMPLOYMENT GENERATED  
5 IN THE LOCALITY.  
6

7 [The LGUs are encouraged either to reduce the amount of local taxes,  
8 fees and charges imposed or to exempt BMBEs from local taxes, fees  
9 and charges.]”  
10

11 **SEC. 5.** Section 9 of Barangay Micro Business Enterprises Act of 2002 is  
12 hereby amended to read as follows:  
13

14 **“Section 9. Credit Delivery** – Upon the approval of this Act, the Land  
15 Bank of the Philippines (LBP), the Development Bank of the Philippines  
16 (DBP), the SMALL BUSINESS CORPORATION (SB CORPORATION)  
17 [Small Business Guarantee and Finance Corporation (SBGFC)], and the  
18 People's Credit and Finance Corporation (PCFC) shall set up a special  
19 credit window that will service the financing needs of BMBEs registered  
20 under this Act consistent with the Bangko Sentral ng Pilipinas (BSP)  
21 policies; rules and regulations. The Government Service Insurance  
22 System (GSIS) and Social Security System (SSS) shall likewise set up  
23 a special credit window that will serve the financing needs of their  
24 respective members who wish to establish a BMBE. The concerned  
25 financial institutions (FIs) encouraged to wholesale the funds to  
26 accredited private financial institutions including community-based  
27 organizations such as credit, cooperatives, non-government  
28 organizations (NGOs) and people's organizations, which will in turn,  
29 directly provide credit support to BMBEs.  
30

31 All loans from whatever sources granted to BMBEs under this Act shall  
32 be considered as part of [alternative] THE OTHER MODES OF  
33 compliance to [Presidential Decree No. 717, otherwise known as the  
34 Agri-Agra Law,] REPUBLIC ACT NO. 11901, OTHERWISE KNOWN AS  
35 THE AGRICULTURE, FISHERIES, AND RUAL DEVELOPMENT  
36 FINANCING ACT OF 2022, AND SUCH OTHER APPLICABLE LAW  
37 PROVIDING A LIMIT FOR LOANS GRANTED TO MICRO, SMALL AND  
38 MEDIUM ENTERPRISES (MSMES) [, or to Republic Act. No. 6977,  
39 known as the Magna Carta for Small and Medium Enterprises, as  
40 amended]. For purposes of compliance with THE FOREGOING LAWS,  
41 [Presidential Decree No. 717 and Republic Act No. 6977, as amended,]  
42 loans granted to BMBEs under this Act shall be computed at TWO AND  
43 A HALF TIMES (2.5) [twice] the amount of the face value of the loans.  
44

45 To minimize the risks in lending to the BMBEs, THE PHILIPPINE  
46 GUARANTEE CORPORATION (PHILGUARANTEE) [SBGFC and the  
47 Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) under  
48 the Department of Agriculture, in case of agribusiness activities,] shall  
49 set up a special guarantee window to provide the necessary credit  
50 guarantee to BMBEs under their respective guarantee programs.

1  
2 The LBP, DBP, PCFC, [SBGFC] SB CORPORATION,  
3 PHILGUARANTEE, SSS, AND GSIS[, and QUEDANCOR] shall  
4 annually report to the appropriate Committee of both Houses of  
5 Congress on the status of the implementation of this provision.  
6

7 The BSP shall formulate the rules for the implementation of this  
8 provision and shall likewise establish incentive programs to encourage  
9 and improve credit delivery to the BMBEs.  
10

11 TO FACILITATE THE GROWTH AND RECOVERY OF BMBEs, A  
12 BMBE REGISTERED UNDER THIS ACT SHALL BE ENTITLED TO  
13 INTEREST-FREE LOANS FROM THE CREDIT WINDOW OF THE  
14 LBP, DBP, SMALL BUSINESS CORPORATION AND PCFC;  
15 *PROVIDED*, THAT THE LOAN AMOUNT SHALL (I) NOT EXCEED  
16 ONE MILLION PESOS (P1,000,000.00), (II) NOT REQUIRE A  
17 COLLATERAL, AND (III) BE PAYABLE UP TO THREE (3) YEARS;  
18 *PROVIDED, FURTHER*, THAT IN THE EVENT THAT SUCH LOAN IS  
19 GRANTED TO ACCREDITED PRIVATE FINANCIAL INSTITUTIONS,  
20 INCLUDING COMMUNITY BASED ORGANIZATIONS SUCH AS  
21 COOPERATIVES, NGOS AND PEOPLE'S ORGANIZATIONS  
22 ENGAGED IN GRANTING CREDIT, THAT IN TURN RELEND SUCH  
23 AMOUNT TO BMBEs, ONLY THE LOAN GRANTED TO THE BMBE  
24 SHALL BE INTEREST-FREE AND ANY SUCH INTEREST  
25 FOREGONE BY THE PRIVATE FINANCIAL INSTITUTION SHALL BE  
26 DEDUCTED FROM THE INTEREST DUE ON ITS LOAN PROVIDED  
27 BY THE CONCERNED GOVERNMENT FINANCIAL INSTITUTION;  
28 *PROVIDED, FINALLY*, THAT IN ORDER TO PROPERLY IMPLEMENT  
29 THE PROVISION OF THIS SECTION, AN AMOUNT OF FIVE  
30 HUNDRED MILLION PESOS (P500,000,000) SHALL BE  
31 APPROPRIATED TO ANSWER FOR THE INTEREST SUBSIDY  
32 PROVIDED UNDER THIS ACT.”  
33

34 **SEC. 6.** Section 10 of the Barangay Micro Business Enterprises Act of 2002 is  
35 hereby amended to read as follows:  
36

37 *“Section 10. Technology Transfer, Production and Management*  
38 *Training, and marketing Assistance. –*  
39

40 x x x  
41

42 The Department of Trade and Industry (DTI), the Department of Science  
43 and Technology (DOST), the University of the Philippines Institute for  
44 Small Scale Industries (UP ISSI), Cooperative Development Authority  
45 (CDA), AND Technical Education and Skills Development Authority  
46 (TESDA)[, and Technology and Livelihood Resource Center (TLRC)]  
47 may avail of the said Fund for technology transfer, production and  
48 management training and marketing assistance to BMBEs.  
49  
50

1 The DTI, in coordination with the private sector and non-government  
2 organization (NGOs), shall explore the possibilities of linking or  
3 matching-up BMBEs with small, medium and large enterprises and  
4 likewise establish incentives therefor. THE DTI, IN COORDINATION  
5 WITH THE DEPARTMENT OF INTERIOR AND LOCAL  
6 GOVERNMENT (DILG), SHALL ENACT PROGRAMS THAT PROVIDE  
7 BMBEs WITH MARKETING ASSISTANCE, SUCH AS, BUT NOT  
8 LIMITED, TO BUSINESS MATCHING ACTIVITIES, TRADE FAIRS,  
9 OVERSEAS MARKETING PROMOTIONS, AND BUSINESS  
10 DEVELOPMENT ACTIVITIES, INCLUDING ENTREPRENEURSHIP  
11 AND SKILLS DEVELOPMENT, AND OTHER RELATED ACTIVITIES.  
12

13 THE DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), IN  
14 COORDINATION WITH THE DILG AND OTHER RELEVANT  
15 GOVERNMENT AGENCIES, SHALL ALSO IMPLEMENT PROGRAMS  
16 GEARED TOWARDS PROVIDING BMBEs WITH APPROPRIATE  
17 TECHNOLOGY INTERVENTIONS WHICH CAN HELP IMPROVE  
18 THEIR PRODUCTION PROCESSES, ACCOUNTING SYSTEMS, AND  
19 OTHER AREAS OF BUSINESS OPERATIONS.  
20

21 The DTI, in behalf of the DOST, UP ISSI, CDA, AND TESDA [and TLRC]  
22 shall be required to furnish the appropriate Committees of both Houses  
23 of Congress a yearly report on the development and accomplishments  
24 of their projects and programs in relation to technology transfer,  
25 production and management training and marketing assistance  
26 extended to BMBEs.”  
27

28 **SEC. 7.** A new Section 10-A is hereby inserted to read as follows:  
29

30 “SEC. 10-A. *BMBE EDUCATION AND TRAINING.* – THE DTI, IN  
31 COORDINATION WITH THE DEPARTMENT OF EDUCATION  
32 (DEPED), TECHNICAL EDUCATION AND SKILLS DEVELOPMENT  
33 AUTHORITY (TESDA), AND COMMISSION ON HIGHER EDUCATION  
34 (CHED), SHALL PROVIDE FREE TRAININGS, COURSES, AND  
35 OTHER DEVELOPMENT PROGRAMS FOR OWNERS AND  
36 EMPLOYEES OF REGISTERED BMBEs TO IMPROVE THEIR  
37 BUSINESS PRACTICES AND TO ENABLE THEM TO INNOVATE IN  
38 LIGHT OF RAPID TECHNOLOGICAL CHANGES.”  
39

40 **SEC. 8. Appropriations.** – In addition to the amount provided under Section 5  
41 of this Act, amending Section 9 of the Barangay Micro Business Enterprises Act of  
42 2002, the sums necessary for the implementation of this Act shall be charged against  
43 the responsible agency’s current appropriations. Thereafter, such sums as necessary  
44 for the continued implementation of this Act shall be included in the annual General  
45 Appropriations Act.  
46

47 **SEC. 9. Implementing Rules and Regulations.** – Within sixty (60) days from  
48 the effectivity of this Act, the DILG and DTI, upon consultation with appropriate  
49 government agencies and other stakeholders, shall promulgate the necessary rules  
50 and regulations to effectively implement this Act.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15

**SEC. 10. Separability Clause.** – Any portion or provision of this Act that is declared unconstitutional or invalid shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions can still subsist and be given effect in their entirety.

**SEC. 11. Repealing Clause.** – All laws, ordinances, rules, regulations, other issuances, or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

**SEC. 12. Effectivity.** – This 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.