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Senate
P.S. Resolution No. 1730

RECEIVED BY: *J*

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

A RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID
OF LEGISLATION, ON THE IMPLEMENTATION OF THE BMBE ACT OF 2002 IN SUPPORT
OF MICRO ENTERPRISES IN THE PHILIPPINES

WHEREAS, with the passage of Republic Act No. 9178, otherwise known as the "Barangay Micro Business Enterprises (BMBE) Act of 2002," it became the declared policy of the State to accelerate the country's economic growth and 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." The BMBE Act of 2002 identified "the rationalization of bureaucratic restrictions, the active intervention of the government specially in the local level, and the granting of incentives and benefits " as the means to generate employment and address poverty in the country;

WHEREAS, the BMBE Act of 2002 defined a "Barangay Micro Business Enterprise" or a "BMBE" as "any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services." It further provides that a BMBE's total assets shall not be more than Three Million Pesos (P3,000,000.00). The computation of said assets includes those arising from loans but excludes land on which the enterprise's office, plant and equipment are located. The said definition shall be subject to review and upward adjustment by the MSMED Council;

WHEREAS, there are 844,764 micro business enterprises as of 2012, constituting 89.40% of all businesses operating in the country, generating needed income and employment across the country.¹ As such, the micro enterprise sector plays a critical role in promoting an inclusive society and social economy. Targeted support for the sector is envisioned to help to address unemployment and poverty especially in rural and marginalized areas;

WHEREAS, the BMBE Act of 2002 provides benefits and incentives to support and promote the micro enterprise sector. The law provides the following incentives and benefits for enterprises that qualify as BMBEs: (1) exemption from income tax from income arising from the operations of the enterprise, (2) exemption from the coverage of the Minimum Wage Law, and (3) access to special credit and guarantee windows to address the financing needs of BMBEs. Aside from these incentives, the Act also provides support for technology transfer, production and management training, marketing assistance and trade and investment promotion;

WHEREAS, despite the significant incentives and benefits provided by law, the Department of Trade and Industry (DTI) has reported that less than two percent (2%) of all micro enterprises have registered as BMBEs and have been able to avail of these benefits.

¹ <http://www.dti.gov.ph/dti/index.php/resources/sme-resources/sme-statistics>

Based on numerous complaints received by DTI and its partners, this dismal rate appears to be attributable to the lack of information dissemination at the local level, and the tedious bureaucratic process and difficult conditions and requirements imposed both by Local Government Units and some National Government Agencies for securing the Certificate of Authority (COA) needed to avail the BMBE incentives and to actually avail of these incentives, specifically the tax exemption;

WHEREAS, the imposition of burdensome bureaucratic requirements and additional conditions for registering as BMBEs is contrary and in direct violation of the real intent and spirit of the BMBE Act of 2002 and the declared policy of the State to support micro and small businesses and generate employment for the poor;

WHEREAS, with the passage of Republic Act 10644, otherwise known as the "Go Negosyo Act," the DTI, through the Negosyo Center in the city or municipal level, was given the sole power to issue the Certificate of Authority for BMBEs. While DTI is now responsible for issuing the COA, it still needs the full cooperation of concerned LGUs and National Government Agencies to ensure that BMBEs are able to receive the support that is due them by law, in accordance with both the BMBE Act of 2002 and the Go Negosyo Act;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved to direct the appropriate Senate Committees to conduct an inquiry, in aid of legislation, on the implementation of the BMBE Act of 2002 in support of micro enterprises in the Philippines.

Adopted,

A handwritten signature in black ink, appearing to read "Ben Aquino". The signature is written in a cursive, flowing style.