



Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

TWENTIETH (20<sup>TH</sup>) CONGRESS  
First Regular Session

HOUSE BILL NO. 101



---

Introduced by KAMANGGAGAWA Partylist  
Representative **ELIJAH R. SAN FERNANDO**

---

### EXPLANATORY NOTE

Micro, small, and medium enterprises (MSMEs) are widely recognized as vital contributors to inclusive growth. MSMEs, particularly those belonging to the micro and small enterprise category, make up the majority of businesses and employ most of the labor force. According to the 2023 List of Establishments released by the Philippines Statistics Authority (PSA), microenterprises comprise 90.43% of all registered businesses, while small enterprises account for 8.82%. Collectively, they employ approximately 60% of the national labor force, playing a central role in ensuring local economic activity, particularly in underserved communities and rural areas.

While various legal frameworks and programs exist to support MSMEs—including the Magna Carta for MSMEs (Republic Act No. 6977, as amended by R.A.s 8289 and 9501), the Barangay Micro Business Enterprises (BMBE) Law (RA 9178), and the Go Negosyo Act (RA 10644), among others, these programs have not sufficiently addressed the sector's core vulnerabilities including low productivity, and vulnerability to economic disruptions. In addition, these businesses often operate with narrow margins that constrain their capacity to offer fair and stable wages, leading to job insecurity and informal labor practices.

This situation became evident during the COVID-19 pandemic, which severely disrupted business operations and exposed the vulnerabilities of SMEs. While emergency programs like the Small Business Wage Subsidy (SBWS) Program launched by the Department of Finance (DOF) as part of the "Bayanihan to Recover As One Act" during the COVID-19 pandemic provided temporary relief to over three million workers in 2020 and helped prevent permanent closure of affected small businesses during the ECQ, the lack of a permanent, legislated subsidy scheme has left SMEs and their workers at risk in the face of economic uncertainty.

To address this gap, this bill proposes the creation of a Micro and Small Enterprises (MSEs) Subsidy Program as a strategic and inclusive policy response. The program is designed with the following objectives:

- 1) Provide business tax incentives, monthly wage support, rent subsidy, or replacement of damaged equipment to qualified micro and small enterprises registered under the BMBE or Go Negosyo Act during periods of economic downturn or recovery, national state of calamity as declared by the appropriate authority;
- 2) Strengthen formal employment practices by mandating compliance with social protection systems (SSS, PhilHealth, Pag-IBIG); and
- 3) Prioritize highly vulnerable segments such as women-led businesses, agri-based microenterprises, and those newly transitioned from informal to formal status.

By cushioning a portion of monthly operating expenses during critical periods, this measure intends not only to safeguard jobs and formal employment but also to complement poverty alleviation programs like the Conditional Cash Transfer (4Ps). Unlike one-time cash transfers, this targeted MSE support promotes sustainable livelihoods, encourages formalization of unregistered/informal micro businesses, and provides income security for the most marginalized workers. It is an investment in inclusive growth and economic resilience, particularly for the entrepreneurial poor, many of whom rely on microbusinesses as their pathway out of poverty.

In solidarity with the working class, the passage of this bill is earnestly sought.



**ELIJAH R. SAN FERNANDO**  
*Representative*  
KAMANGGAGAWA PARTYLIST



Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

TWENTIETH (20<sup>TH</sup>) CONGRESS  
First Regular Session

HOUSE BILL NO. 101

---

Introduced by KAMANGGAGAWA Partylist  
Representative **ELIJAH R. SAN FERNANDO**

---

**AN ACT**  
**ESTABLISHING A MICRO AND SMALL ENTERPRISES SUBSIDY PROGRAM TO**  
**PROMOTE SUSTAINABLE EMPLOYMENT AND INCLUSIVE GROWTH,**  
**PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

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

**SECTION 1. Short Title.** — This Act shall be known as the “*Micro and Small Enterprises (MSEs) Subsidy Act of 2025.*”

**SEC. 2. Declaration of Policy.** — It is hereby declared the policy of the State to support the micro and small enterprise sector as a critical engine of national development. In line with the Constitution’s mandate to promote full employment and inclusive economic growth, the State shall provide support to help retain and formalize workers, promote decent employment, and jumpstart long-term resilience of micro and small enterprises, especially during times of national or regional economic distress

**SEC. 3. Definition of Terms.** — As used in this act, the following terms shall mean:

- (a) *Economic emergency* refers to a situation, as determined by the President, involving an actual or imminent abnormal disruption of the national market caused by extraordinary circumstances, including but not limited to severe weather conditions, natural disasters, catastrophic failure of energy supply, strikes, civil unrest, war or military conflict, or other declared national emergencies, which:
  - 1. Results in or poses a credible threat of a shortage or significant price increase of commodities, and
  - 2. Is likely to cause serious harm to the Philippine economy or to public health, safety, or general welfare.
- (b) *Formal status* refers to businesses that are registered with the government and operate within existing legal frameworks.
- (c) *Micro enterprise* refers to any business entity or enterprise engaged in the production, processing, or manufacturing of products or commodities, including

agro-processing, trading, and services, with total assets not exceeding ₱3,000,000 and employing 1–9 workers, as defined in RA 9178.

For the purpose of this Act, "services" shall exclude those rendered by any person duly licensed by the government after having passed a government licensure examination, in connection with the exercise of one's profession.

(d) *Public health emergency* is declared by the President upon the recommendation of the Secretary of Health, as provided under Section 7 of Republic Act No. 11332 or the "Mandatory Reporting of Notifiable Diseases and Health Events of Public Health Concern Act," as triggered by an occurrence or imminent threat of an illness or health condition that:

1. Is caused by epidemics or pandemics of infectious diseases, outbreaks of communicable diseases, bioterrorist attacks, or highly fatal infectious agents or biological toxins; and
2. Poses a high probability of causing a large number of deaths, serious or long-term disabilities or widespread exposure to an infectious or toxic agent that may pose a significant risk to public health.

(e) *Qualified employers* are enterprises registered in the Barangay Micro Business Enterprise registry under Republic Act No. 9178 (BMBE Law) or the MSME registry under Republic Act No. 10644 (Go Negosyo Act), or other legally recognized MSME frameworks.

(f) *Small enterprises* refers to any business entity or enterprise employing 10–99 workers and with assets between ₱3,000,001 to ₱15,000,000.

(g) *State of calamity*, as defined by Republic Act No. 10121, refers to "a condition involving mass casualty and/or major damages to property, disruption of means of livelihoods, roads, and normal way of life of people in the affected areas as a result of the occurrence of natural or human-induced hazard."

(h) *Wage subsidy*, for the purpose of this Act, is a form of government financial assistance provided to micro and small enterprises to support employee wages during periods of national emergency or economic downturn, or recovery.

**SEC. 4. Creation of the MSEs Subsidy Program.** — There is hereby created a Micro and Small Enterprises Subsidy Program, which shall:

- (a) Provide assistance to qualified micro and small enterprises in the form of subsidies and privileges as stipulated under Section 8 of this Act;
- (b) Strengthen the capacity of the MSEs to manage their business by requiring the enterprises enrolled under the program to participate in training under the Go Negosyo Act;

- (c) Activate during national economic downturns, states of calamity, or during economic recovery phases as declared by the President or the National Disaster Risk Reduction and Management Council (NDRRMC);
- (d) Be administered by the Micro and Small Business Subsidy Program (MSBSP) Committee as established under this Act; and
- (e) Prioritize microenterprises, especially women-led businesses, agri-based MSEs, and businesses newly transitioned from informal to formal status.

**SEC. 5. Eligibility Criteria.** — Qualified micro and small enterprise employers are eligible to avail of the MSEs Subsidy Program if:

(a) Microenterprise:

1. Is duly registered under the BMBE Act;
2. Has been in continuous operation for at least one (1) year at the time of application;
3. Employs at least one (1) and no more than nine (9) workers with total assets not exceeding ₱3,000,000; and
4. Is compliant with the regulations of the Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), and the Home Development Mutual Fund (Pag-IBIG).

(b) Small enterprise:

1. Is duly registered under the Magna Carta for MSMEs;
2. Employs 10 to 99 workers with assets of more than ₱3,000,000 but not exceeding ₱15,000,000;
3. Is compliant with the regulations of the Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), and the Home Development Mutual Fund (Pag-IBIG); and
4. Is BIR-registered and has been consistently complying with tax obligations since the start of its operations.

**SEC. 6. Coverage.** — Only micro and small enterprises (MSEs) that have been adversely affected by a declared economic emergency, public health emergency, or state of calamity, as officially proclaimed by the appropriate authority, shall be eligible to apply for assistance under the program: *Provided*, That the affected micro or small enterprise meets at least one of the following conditions, supported by the corresponding documentation:

- (a) **Sustained Decline in Net Income** — The enterprise has experienced a consistent decline in net income of at least twenty-seven percent (27%) or the equivalent of the total labor cost of enterprise operations in the last six (6) months immediately preceding the declared emergency, as shown in its financial statements, income tax returns, or bank-certified financial records showing comparative monthly net income.

- (b) **Reduction in Operations, Workforce, or Business Activity** — The enterprise has significantly reduced its business operations, employee count, or activity levels as a direct consequence of the emergency verified through barangay or local government certification, affidavits of closure or downsizing, employee termination records, or payroll documents showing the decline in employee count.
- (c) **Damage to Essential Physical Assets** — The enterprise has incurred damage to physical assets, such as, but not limited to, equipment, machinery, inventory, or facilities, which are vital for business continuity, as evidenced by photographs or videos of the damage, insurance assessment reports, inspection reports from the LGU or DTI, or affidavits from authorized personnel or property owners.

Employers enrolling under the wage subsidy program shall ensure that employees are not presently recipients or have been recipients in the last three (3) months of other government subsidy programs such as, but not limited to, the Pantawid Pamilyang Pilipino Program (4Ps), the Ayuda sa Kapos Ang Kita Program (AKAP), and the Tulong Panghanapbuhay Sa Ating Disadvantaged/Displaced Workers (TUPAD), or other government programs similar in nature.

**SEC. 7. *Micro and Small Business Subsidy Program Committee.*** — A Micro and Small Business Subsidy Program (MSBSP) Committee is hereby created to be headed by the DTI.

The MSBSP shall have, as members, representatives from the DTI, DOLE, DRRMC, BIR, and DSWD, which shall have the following functions:

- (a) Receive, evaluate, validate, and process applications in the MSEs Subsidy Program, which shall not exceed one (1) month starting from the date of receipt of the application;
- (b) Determine the appropriate assistance for eligible applicants;
- (c) Supervise and monitor compliance of the beneficiaries in the MSEs Subsidy Program;
- (d) Conduct monitoring and assessment of the implementation of the program;
- (e) Publish a full report of the program implementation that shall be submitted to Congress in the first quarter of every year; and
- (f) Coordinate with the Bangko Sentral ng Pilipinas (BSP) and the Department of Finance (DOF) to ensure synergy with other financial assistance programs for SMEs.

**SEC. 8. *Subsidies and Duration.*** — Qualified micro and small enterprises shall be entitled to one or more of the following forms of assistance and relief under this Act, subject to the recommendation of the Micro and Small Business Subsidy Program (MSBSP) Committee:

- (a) **Employee Wage Support** — Employee wage subsidy of Eight thousand pesos (P8,000.00) per month for a period not exceeding six (6) months per subsidy cycle that shall be renewable for one (1) additional consecutive subsidy cycle per

officially declared economic emergency, public health emergency, or state of calamity, as determined by the appropriate authority. The subsidy amount shall be credited directly to eligible employees or through the employer's payroll system, whichever is deemed more appropriate by the MSBSP Committee. Wage support subsidy shall cover:

1. All employees of microenterprises; and
2. Up to fifty (50) employees or two-thirds (2/3) of the total number of employees, whichever is higher, for small enterprises.

The MSBSP Committee shall conduct an evaluation of the micro and small enterprise beneficiary upon completion of the first subsidy cycle to assess the enterprise's eligibility for a second subsidy cycle.

- (b) **Temporary Business Tax Exemption** — Exemption from business taxes for a minimum period of six (6) months and up to a maximum of twelve (12) months, or until such time the MSBSP Committee deems the enterprise to have sufficiently recovered from the adverse impact of the emergency.
- (c) **Rent Subsidy** — A rental subsidy covering payment of the enterprise's place of business for a maximum of six (6) months and not exceeding Two hundred thousand pesos (P200,000): Provided, That the approved subsidy amount shall be transferred to the eligible enterprise's official business deposit account on a monthly basis.
- (d) **Asset-Based Cash Assistance** — A one-time cash grant of not more than One hundred fifty thousand pesos (P150,000.00) credited to the eligible enterprise's official business deposit account to cover the replacement or repair of damaged equipment and/or physical assets essential to business operations. The amount shall be determined based on the latest appraised value of the affected assets required to ensure business continuity.
- (e) **Loan Moratorium for SB Corporation Borrowers** — A mandatory loan moratorium shall be imposed for a period of six (6) months on all loan repayments due from borrowers of the Small Business Corporation (SB Corp.) under its regular lending and Pondo sa Pagbabago at Pag-asenso (P3) loan programs, during which:
1. Borrowers availing of this subsidy scheme shall automatically qualify upon application for a loan moratorium under this Act;
  2. No interest, penalties, or late fees shall accrue;
  3. The loan term shall be extended accordingly; and
  4. Further extensions may be granted subject to assessment by the MSBSP Committee and approval of the appropriate regulatory agencies.

**SEC. 9. Responsibilities of Beneficiary Enterprises.** — Enterprises availing of the subsidy shall:

- (a) Submit quarterly payroll records and proof of wage payments;
- (b) Retain employment levels and comply with labor standards; and
- (c) Agree to random compliance audits by the MSBSP Committee.

Failure to comply shall result in suspension or revocation of subsidy eligibility and recovery of misused funds.

**SEC. 10. *Conditions for Granting Subsidies.*** — Qualified MSEs receiving subsidies and cash grants under this Act shall provide:

- (a) **Employment Security** — Employers shall not terminate employees receiving wage subsidies without just cause during the period of wage support;
- (b) **Liquidation Requirement** — MSE beneficiaries of asset-based cash assistance shall submit a complete liquidation report, including official receipts or equivalent proof of purchase, to the MSBSP Committee;
- (c) **Regulatory Compliance** — Enterprises shall maintain active registration with DTI, Securities and Exchange Commission (SEC), Bureau of Internal Revenue, Social Security System, Philippine Health Insurance Corporation (PhilHealth), Pag-IBIG Fund, and other government regulatory agencies and social protection programs, if applicable, and shall submit periodic compliance reports as required by the MSBSP Committee; and
- (d) **Capacity Building Participation** — Employers shall actively participate in training, education, and capacity-building programs provided by the DTI through Go Negosyo Centers, and other relevant programs designed to support enterprise recovery, resilience, and growth.

**SEC. 11. *Monitoring and Compliance.*** — The Micro and Small Business Subsidy Program (MSBSP) Committee, in coordination with the LGUs and other relevant agencies, shall conduct periodic monitoring of SMEs availing of the subsidy program to ensure:

- (a) Compliance with this Act, other legal frameworks for MSMEs, and with labor laws;
- (b) Retention of workforce levels as reported at the time of application;
- (c) Accuracy of disbursement and utilization of subsidy funds;
- (d) Financial disclosures of beneficiary MSEs; and
- (e) Disclosure of other important information relative to the implementation of this Act.

**SEC. 12. *Reporting.*** — The DTI and DOLE, through the Micro and Small Business Subsidy Program (MSBSP) Committee, shall submit a full annual report to Congress in the first quarter of every year.

**SEC. 13. *Joint Congressional Oversight Committee.*** — A Joint Congressional Oversight Committee (JCOC) is hereby constituted to oversee, monitor, and evaluate the implementation of this Act.

The JCOC shall be composed of five (5) members each from the House of Representatives and from the Senate, which shall be co-chaired by the Chairpersons of the House Committee on Trade and Industry and the Senate Committee on Trade, Commerce and Entrepreneurship. This JCOC shall review the implementation of this Act and determine the necessary remedial legislation or executive measures to strengthen the law.

**SEC. 14. *Implementing Rules and Regulations.*** — Within sixty (60) days from the effectivity of this Act, the Secretary of the Department of Trade and Industry, in coordination with the Department of Interior and Local Government (DILG), DOLE, Department of Budget Management (DBM), DOF, and the BSP Governor, shall promulgate the necessary rules and regulations to carry out the provisions of this Act.

**SEC. 15. *Penalties.*** — Any person found to have committed fraud or misuse of subsidy funds under this Act shall refund the full amount received and may be disqualified from future government programs. Responsible government officers shall be held liable under existing civil and criminal laws.

**SEC. 16. *Appropriations.*** — An initial Fifteen billion pesos (P15,000,000,000.00) is hereby appropriated out of any funds actually available in the National Treasury of the Philippines not otherwise appropriated, the unutilized MSME support funds, and international grants. Thereafter, the subsequent amounts necessary for the full implementation of this Act shall be included in the annual General Appropriations Act.

**SEC. 17. *Separability Clause.*** — If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall remain in full force and effect.

**SEC. 18. *Repealing Clause.*** — All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

**SEC. 19. *Effectivity.*** — This Act shall take effect sixty (60) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*