



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. 3455



Introduced by **REPRESENTATIVE GERALD CLOYD ALEXIS V. GALANG**

EXPLANATORY NOTE

Republic Act No. 9178, known as the Barangay Micro Business Enterprises (BMBE) Act of 2002, was established to stimulate the development of barangay micro businesses through incentives and other benefits.

Barangay Micro Business Enterprises (BMBEs) constitute a critical component of the Philippines' economic development strategy, functioning as primary seedbeds for entrepreneurial talent. The principal objective of the Act is therefore to facilitate the integration of micro enterprises currently operating within the informal sector into the formal, mainstream economy. Further strengthening of BMBEs is instrumental in generating increased employment and livelihood opportunities, thereby contributing to an enhanced quality of life for the citizenry.

In 2023¹, the Philippines' business ecosystem was overwhelmingly dominated by MSMEs, which constituted 99.63% (1,241,733) of the country's 1.24 million establishments (PSA LE). Large enterprises represented a marginal 0.37% (4,640).

Critically, MSMEs are the backbone of national employment, generating 6.35 million jobs (66.97% of total). Micro and small enterprises drive this contribution (33.95% and 26.26%, respectively), while medium enterprises add 6.77%. In contrast, large enterprises account for 33.03% (3.13 million jobs) of total employment.

A comprehensive review of Republic Act No. 9178 is urgently needed. This will ensure its provisions remain relevant and responsive to the current challenges facing Barangay Micro Business Enterprises (BMBEs). These entities continue recovering from pandemic impacts while confronting new shocks—including natural disasters like typhoons, global events such as unprecedented inflation, and rising fuel costs. Consequently, targeted amendments are essential to provide BMBEs with critical support, registration incentives, and strategic partnerships with online payment gateways.

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


GERALD GALANG
Second District, Valenzuela City

¹ <https://www.dti.gov.ph/resources/msme-statistics/>



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AN ACT
FURTHER STRENGTHENING THE BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs) PROGRAM AND AMENDING REPUBLIC ACT NO. 9178, OTHERWISE KNOWN AS THE BARANGAY MICRO BUSINESS ENTERPRISES ACT OF 2002

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

SECTION 1. Sec. 2 of Republic Act No. 9178 otherwise known as Barangay Micro Business Enterprises (BMBE's) Act of 2002, is hereby amended to read as follows:

Section 2. Declaration of Policy. — **IT IS HEREBY DECLARED THE POLICY OF THE STATE TO SUPPORT, STRENGTHEN AND FACILITATE THE GROWTH OF BARANGAY MICRO BUSINESS ENTERPRISES (BMBE'S) TO HELP THIS SECTOR CONTINUE TO FLOURISH AMIDST PUBLIC HEALTH EMERGENCIES, NATURAL CALAMITIES AND GLOBAL ECONOMIC SHOCKS AS WELL AS AID THEM IN INNOVATING AND DIGITIZATION THROUGH THE USE OF ONLINE PAYMENT GATEWAY FACILITIES.**

SEC. 2. Sec. 3 (a) of Republic Act No. 9178, is hereby amended to read as follows:

(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 FIVE MILLION PESOS (Php5,000,000.00) The Above definition shall be subjected 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 this Act, "service" shall exclude those rendered by any one, who is duly licensed government after having passed a government licensure examination, in connection with the exercise of one's profession.

(b) xxx

SEC. 3. Sec. 4 of Republic Act No. 9178, is hereby amended to read as follows:

Section 4. Registration and Fees - The Office of the Treasurer of each city or municipality shall register and **PROMPTLY** issue a Certificate of Authority, **FREE OF CHARGE, TO ALL BMBEs WITHIN ITS JURISDICTION UPON submission of PROOF OF TOTAL ASSETS** to enable the BMBE to avail of the benefits under this Act. Any such applications shall be processed **NOT LATER THAN FIVE (5)** 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 (LGU's) 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 BMBE's financial status, **AS WELL AS THE NUMBER OF JOBS IT GENERATES**, for monitoring and reporting purposes.

ANY BMBE WITH OPERATIONS OR BRANCHES IN OTHER JURISDICTION SHALL BE ALLOWED TO REGISTER AS BMBE AND ENJOY ALL BENEFITS AND ASSISTANCE IN ANOTHER JURISDICTION WITH NO PREJUDICE TO THE BENEFITS ENJOYED FROM THE ORIGINAL REGISTRATION.

NOTWITHSTANDING ANYTHING TO THE CONTRARY, to defray the administrative costs of registering and monitoring the BMBEs, the LGUs may charge a fee renewal.

The Certificate of Authority shall be effective for a period of **THREE (3)** years, renewable for **ANOTHER** period of **THREE (3) UPON COMPLIANCE WITH THE REQUIREMENTS.**

IN ALL CASES, BMBEs shall be subject to minimal bureaucratic requirements and reasonable fees and charges.

SEC. 4. Sec.5 of Republic Act No. 9178, is hereby amended to read as follows:

Section 5. Who are Eligible to Register **ANY NATURAL OR JURIDICAL PERSON, COOPERATIVE, OR ASSOCIATION POSSESSING THE QUALIFICATIONS DEFINED IN SECTION 3(A) IS ELIGIBLE TO APPLY FOR REGISTRATION AS A BMBE. EACH LGU IS REQUIRED TO MAINTAIN AND CONTINUOUSLY UPDATE A DATABASE CONTAINING ALL REGISTERED BMBEs UNDER ITS JURISDICTION.**

SEC. 5. Sec.7 of Republic Act No. 9178, is hereby amended to read as follows:

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

FIRST TIME BMBE REGISTRANTS SHALL, IN ADDITION, BE EXEMPT FROM LOCAL TAXES, FEES AND CHARGES

**FOR THE FIRST THREE (3) YEARS OF OPERATION
SUBJECT TO SEMI-ANNUAL SUBMISSION OF PROOF OF
EMPLOYMENT GENERATED IN THE LOCALITY**

SEC. 6. Sec.9 of Republic Act No. 9178, is hereby amended to read as follows:

Section 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 CORPORATION (SB CORPORATION)**, 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 Banko 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) 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 **THE OTHER MODES OF** compliance to **REPUBLIC ACT NO. 11901, OTHERWISE KNOWN AS THE AGRICULTURE, FISHERIES, AND SUCH DEVELOPMENT FINANCING ACT OF 2022, AND SUCH OTHER APPLICABLE LAW PROVIDING A LIMIT FOR LOANS GRANTED TO MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**. For purposes of compliance with [Presidential Decree no. 717 and Republic Act No. 6977, as amended,] **THE FOREGOING LAWS**, loans granted to BMBEs under this Act shall be computed at **TWO AND A HALF TIMES (2.5)** the amount of the face value of the loans.

To minimize the risks in lending to the BMBEs, **THE PHILIPPINE GUARANTEE CORPORATION (PHILGUARANTEE)** shall set up a special guarantee window to provide the necessary credit guarantee to BMBEs under their respective guarantee programs.

The LBP, DBP, PCFC, SSS, GSIS, **PHILGUARANTEE, AND SB CORPORATION**, shall annually report to the appropriate Committee 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.

TO FACILITATE THE GROWTH AND RECOVERY OF BMBES, A BMBE REGISTERED UNDER THIS ACT SHALL BE ENTITLED TO INTEREST-FREE LOANS FROM THE CREDIT WINDOW OF THE LBP, DBP, SMALL BUSINESS CORPORATION AND PCFC; PROVIDED, THAT THE LOAN AMOUNT SHALL:

- (i) NOT EXCEED ONE MILLION PESOS (P1,000,000.00);
- (ii) NOT REQUIRE A COLLATERAL; AND
- (iii) BE PAYABLE UP TO THREE (3) YEARS; PROVIDED, FURTHER, THAT IN THE EVENT THAT SUCH LOAN IS GRANTED TO ACCREDITED PRIVATE FINANCIAL INSTITUTIONS, INCLUDING COMMUNITY BASED ORGANIZATIONS SUCH AS COOPERATIVES, NGOS AND PEOPLE'S ORGANIZATIONS ENGAGED IN GRANTING CREDIT, THAT IN TURN RELEND SUCH AMOUNT TO BMBES, ONLY THE LOAN GRANTED TO THE BMBE SHALL BE INTEREST-FREE AND ANY SUCH INTEREST FOREGONE BY THE PRIVATE FINANCIAL INSTITUTION SHALL BE DEDUCTED FROM THE INTEREST DUE ON ITS LOAN PROVIDED BY THE CONCERNED GOVERNMENT FINANCIAL INSTITUTION; PROVIDED, FINALLY, THAT IN ORDER TO PROPERLY IMPLEMENT THE PROVISIONS OF THIS SECTION, AN AMOUNT OF FIVE HUNDRED MILLION PESOS (P500,000,000.00) SHALL BE APPROPRIATED TO ANSWER FOR THE INTEREST SUBSIDY PROVIDED UNDER THIS ACT.

SEC. 7. Sec. 10 of Republic Act No. 9178, is hereby amended to read as follows:

Section 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 organization (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 COORDINATION WITH THE DILG, SHALL ENACT PROGRAMS THAT PROVIDES BMBES WITH VARIOUS TECHNICAL AND MARKETING ASSISTANCE, SUCH AS, BUT NOT LIMITED, TO BUSINESS MATCHING ACTIVITIES, PRODUCT DEVELOPMENT, DESIGN ASSISTANCE, TRADE FAIRS, ACCESS TO SHARED SERVICE FACILITIES, OVERSEAS MARKETING PROMOTIONS, AND INCLUDING ENTREPRENEURSHIP AND SKILLS DEVELOPMENT, REFERRALS TO OTHER MSME PROGRAMS FROM OTHER DEPARTMENTS AND AGENCIES, AND OTHER RELATED ENABLING ACTIVITIES.**

THE DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), IN COORDINATION WITH THE DILG AND OTHER

RELEVANT GOVERNMENT AGENCIES, SHALL ALSO IMPLEMENT PROGRAMS GEARED TOWARDS PROVIDING BMBEs WITH APPROPRIATE TECHNOLOGY INTERVENTIONS WHICH CAN HELP IMPROVE THEIR PRODUCTION PROCESSES, ACCOUNTING SYSTEMS, AND OTHER AREAS OF BUSINESS OPERATIONS.

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. 7. A new Section 10-A is hereby inserted to read as follows:

SEC. 10-A. BMBE EDUCATION AND TRAINING. - THE DTI, IN COORDINATION WITH THE DEPARTMENT OF EDUCATION (DEPED), TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA), AND COMMISSION ON HIGHER EDUCATION (CHED), SHALL PROVIDE FREE TRAININGS, COURSES, AND OTHER DEVELOPMENT PROGRAMS FOR OWNERS AND EMPLOYEES OF REGISTERED BMBEs TO IMPROVE THEIR BUSINESS PRACTICES AND TO ENABLE THEM TO INNOVATE IN LIGHT OF RAPID TECHNOLOGICAL CHANGES.

SEC. 8. Appropriations. - In addition to the amount provided under Section 5 of this Act, amending Section 9 of the Barangay Micro Business Enterprises Act of 2002, the sums necessary for the implementation of this Act shall be charged against the responsible agency's current appropriations. Thereafter, such sums as necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 9. 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. 10. 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. 11. Repealing Clause All 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. 12. Effectivity This Act shall take effect fifteen (15) days after its publication in the *Office Gazette* or in at least two (2) newspapers of general circulation.

Approved.