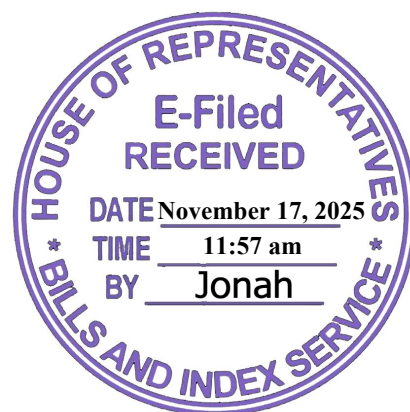




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 6014



**Introduced by Representatives Ferdinand Martin G. Romualdez,
Yedda Marie K. Romualdez, Andrew Julian K. Romualdez
and Jude A. Acidre**

AN ACT
ESTABLISHING A PROGRAM TO FORMALIZE MICRO AND SMALL
ENTERPRISES THROUGH SIMPLIFIED REGISTRATION,
TRANSITIONAL SUPPORT, AND ACCESS TO GOVERNMENT
ASSISTANCE

EXPLANATORY NOTE

A large portion of the Philippine economy continues to operate in the informal sector. Many enterprises are unregistered, unregulated, and often excluded from the full benefits of government support and protection. These informal businesses, while vibrant and entrepreneurial, face barriers to growth and resilience due to their lack of legal recognition, limited access to finance, and vulnerability to economic shocks.

The proposed measure aims to make formalization an attractive, accessible, and beneficial pathway for our country's micro and small enterprises. By streamlining registration through a Simplified and Unified Registration System, reducing upfront costs, and offering a package of transitional support, the bill encourages informal businesses to take the leap into the formal economy.

Under this proposed measure, businesses that register under the Micro and Small Enterprise Formalization Program will benefit from:

- A one-time tax amnesty and a presumptive tax rate of one percent on gross sales for five years;
- Subsidized contributions to social protection programs like SSS, PhilHealth, and Pag-IBIG;
- A limited exemption from the minimum wage law to ease early employment costs.

In turn, formalization will be required for access to government services, ensuring that public support goes to businesses that are part of the formal economy and committed to long-term growth and compliance.

This bill builds on the principle that economic inclusion must be matched by ease of doing business and a supportive policy environment. It also advances the goals of poverty reduction, job creation, and resilient enterprise development, all while strengthening the tax base and expanding the reach of government safety nets.

When we make it easier and more worthwhile for informal businesses to formalize, we create a win-win scenario: for entrepreneurs, for workers, and for our country's economy as a whole.

In view of the foregoing, approval of this bill is earnestly requested.



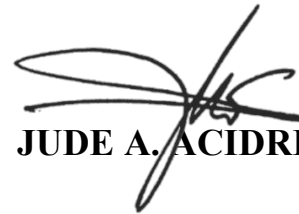
FERDINAND MARTIN G. ROMUALDEZ



YEDDA MARIE K. ROMUALDEZ



ANDREW JULIAN K. ROMUALDEZ



JUDE A. ACIDRE



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*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 “Business Formalization, Integration and Transition Act of 2025.”

SEC. 2. *Declaration of Policy.* – It is the declared policy of the State to foster a vibrant and inclusive economy by encouraging the integration of informal enterprises into the formal sector. The State shall simplify registration processes, reduce the costs of formalization, and provide a package of transitional support

to make formalization an attractive and beneficial pathway for micro and small enterprises.

SEC. 3. *The Micro and Small Enterprise Formalization Program.* – There is hereby established a Micro and Small Enterprise Formalization Program, hereinafter referred to as the "Program," to be led by the Department of Trade and Industry (DTI). The Program shall be open to all existing unregistered micro and small enterprises.

SEC. 4. *Simplified and Unified Registration.* – The DTI, in coordination with the Anti-Red Tape Authority (ARTA), shall establish a Simplified and Unified Registration System for enterprises applying under the Program. This system shall:

- (a) Be accessible online through the Philippine Business Hub and physically through all Negosyo Centers nationwide.
- (b) Utilize a single, simplified application form that simultaneously registers the enterprise with the DTI or Securities and Exchange Commission (SEC), the Bureau of Internal Revenue (BIR), the concerned Local Government Unit (LGU) for the business permit, the Social Security System (SSS), the Philippine Health Insurance Corporation (PhilHealth), and the Home Development Mutual Fund (Pag-IBIG Fund).
- (c) Impose a single, consolidated registration fee not to exceed One Thousand Pesos (PhP 1,000.00).

SEC. 5. *Transitional Support Regime.* – An enterprise that formalizes under this Program shall be entitled to the following benefits for a period of five (5) years from its date of registration:

- (a) Tax Amnesty and Presumptive Taxation. - The enterprise shall be granted a one-time amnesty from all tax liabilities for prior periods of informal operation. For the three-year transitional period, it shall be subject to a simplified and presumptive tax rate of one percent (1%) of its gross annual sales in lieu of all other national and local taxes.
- (b) Subsidized Social Security Contributions. - The National Government shall subsidize fifty percent (50%) of the employer's share of the contributions to SSS, PhilHealth, and Pag-IBIG Fund for the owner and up to five (5) employees.
- (c) Exemption from Minimum Wage Law. - Enterprises registered under this Program shall be exempt from the coverage of the minimum wage law, provided that this exemption shall only apply to the first five (5) employees hired.

SEC. 6. *Linking Formality to Government Support.* – Upon the effectivity of this Act, formal registration shall be a mandatory requirement for any MSME to access any form of government assistance, including but not limited to:

- (a) Financing programs from the Small Business Corporation and other Government Financial Institutions.
- (b) Participation in government-sponsored trade fairs, marketing events, and training programs.
- (c) Eligibility to participate in government procurement under Republic Act No. 9184 and its amendments.

SEC. 7. *Appropriations.* – The amount necessary to implement the provisions of this Act shall be charged against the current year's appropriations of the Department of Trade and Industry (DTI). Thereafter, such amounts as may be

necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act (GAA).

SEC. 8. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Trade and Industry (DTI), in coordination with the Anti-Red Tape Authority (ARTA), Bureau of Internal Revenue (BIR), Department of the Interior and Local Government (DILG), Securities and Exchange Commission (SEC), Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (Pag-IBIG Fund), Department of Labor and Employment (DOLE), and other concerned agencies, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 9. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 10. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, and other issuances inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,