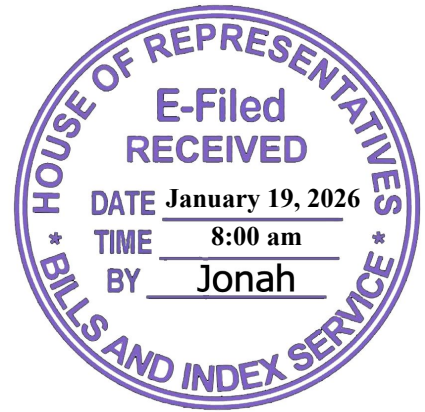




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



House Bill No. 7141

Introduced by CIBAC Party-List Representative
EDUARDO "BRO. EDDIE" C. VILLANUEVA

EXPLANATORY NOTE

Micro Businesses are establishments which either employ not more than nine (9) employees or with asset size and value up to Three Million Pesos (Php 3,000,000.00). Micro establishments comprise a large number of all existing enterprises in the Philippines. According to the Philippine Statistics Authority (PSA), there are 1,127,058 micro-enterprises in the country in 2023. This constitutes 90.4% of all business establishments in the country. In sad year, micro-enterprises generated a total of over 3.21 million jobs or 33.9 of the entire employment in the country.¹

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. Despite these incentives, a relatively small number of micro businesses are registered as BMBEs. As of 2022, it is estimated that there were only around 90,000 registered BMBEs in the country.²

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 vulnerable to business shocks as a result 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

¹ MSMEs: Pillars of Inclusive Growth and Resilience in the Philippine Economy. Bangko Sentral ng Pilipinas. Available at https://www.bsp.gov.ph/Inclusive%20Finance/EFLP/EFLP_MSMEs_01a.pdf. (Accessed on January 12, 2026.)

² October 24, 2022. Portal launched for BMBE registration, renewal processes. PhilExport Cebu. Available at <https://www.philexportcebu.org/portal-launched-for-bmbe-registration-renewal-processes/>. (Accessed on January 12, 2026).

provide BMBEs with additional needed support, concessions and incentives to register, are in order.

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


EDUARDO "BRO. EDDIE" C. VILLANUEVA



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HOUSE BILL NO. 7141

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

22 **SEC. 2.** Section 4 of the Barangay Micro Business Enterprises Act of 2002 is
23 hereby amended to read as follows:
24

1 “Section 4. Registration and Fees. - The Office of the Treasurer of each city or
2 municipality shall register ~~[the BMBE's]~~ and **PROMPTLY** issue a Certificate of
3 Authority, **FREE OF CHARGE, TO ALL BMBES WITHIN ITS JURISDICTION**
4 **UPON SUBMISSION OF PROOF OF TOTAL ASSETS**, to enable the BMBE
5 to avail of the benefits under this Act. Any such application shall be processed
6 **NOT LATER THAN FIVE** ~~[within fifteen (15)]~~ working days upon submission of
7 complete documents. Otherwise, the BMBEs shall be deemed registered. The
8 Municipal or City Mayor may appoint a BMBE Registration Officer who shall be
9 under the Office of the Treasurer. Local government units (LGUs) are
10 encouraged to establish a One-Stop-Business Registration Center to handle
11 the efficient registration and processing of permits/licenses of BMBEs.”
12

13 Likewise, LGUs shall make a periodic evaluation of the BMBEs' financial status,
14 **AS WELL AS THE NUMBER OF JOBS IT GENERATES**, for monitoring and
15 reporting purposes.
16

17 ~~[The LGUs shall issue the Certificate of Authority promptly and free of charge.~~
18 ~~However,]~~ **NOTWITHSTANDING ANYTHING TO THE CONTRARY**, to defray
19 the administrative costs of registering and monitoring the BMBEs, the LGUs
20 may charge a fee not exceeding One Thousand Pesos (P1,000.00).
21

22 The Certificate of Authority shall be effective for a period of **THREE (3)** ~~[two (2)]~~
23 years, renewable for **ANOTHER** ~~[period of]~~ **THREE (3) YEARS** ~~[two (2)]~~ **UPON**
24 ~~[years for every renewal.]~~ **COMPLIANCE WITH THE REQUIREMENTS.**
25

26 ~~[As much as possible,]~~ **IN ALL CASES, BMBEs** shall be subject to minimal
27 bureaucratic requirements and reasonable fees and charges.
28

29 **SEC. 3.** Section 5 of the Barangay Micro Business Enterprises Act of 2002 is
30 hereby amended to read as follows:
31

32 “Section 5. Who are Eligible to Register. - Any person, natural or juridical, or
33 cooperative, or association, having the qualifications as defined in Section 3(a)
34 hereof may apply for registration as BMBE. **EACH LGU SHALL MAINTAIN**
35 **AND CONTINUOUSLY UPDATE A DATABASE CONTAINING ALL**
36 **REGISTERED BMBEs UNDER ITS JURISDICTION.**”
37

38 **SEC. 4.** Section 7 of the Barangay Micro Business Enterprises Act of 2002 is
39 hereby amended to read as follows:
40

41 “Section 7. Exemption from Taxes and Fees. - All BMBEs shall be exempt from
42 tax for income arising from the operations of the enterprise. **FIRST TIME BMBE**
43 **REGISTRANTS SHALL, IN ADDITION, BE EXEMPT FROM LOCAL TAXES,**
44 **FEES AND CHARGES FOR THE FIRST THREE (3) YEARS OF OPERATION**
45 **SUBJECT TO SEMI-ANNUAL SUBMISSION OF PROOF OF EMPLOYMENT**
46 **GENERATED IN THE LOCALITY.**
47

48 ~~[The LGUs are encouraged either to reduce the amount of local taxes, fees and~~
49 ~~charges imposed or to exempt BBEs from local taxes, fees and charges.]”~~
50

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

3
4 “Section 9. Credit Delivery - Upon the approval of this Act, the Land Bank of the
5 Philippines (LBP), the Development Bank of the Philippines (DBP), the **SMALL**
6 **BUSINESS CORPORATION** (SB CORPORATION) [~~Small Business~~
7 ~~Guarantee and Finance Corporation (SBGFC)~~], and the People's Credit and
8 Finance Corporation (PCFC) shall set up a special credit window that will
9 service the financing needs of BMBEs registered under this Act consistent with
10 the Bangko Sentral ng Pilipinas (BSP) policies; rules and regulations. The
11 Government Service Insurance System (GSIS) and Social Security System
12 (SSS) shall likewise set up a special credit window that will serve the financing
13 needs of their respective members who wish to establish a BMBE. The
14 concerned financial institutions (FIs) encouraged to wholesale the funds to
15 accredited private financial institutions including community-based
16 organizations such as credit, cooperatives, non-government organizations
17 (NGOs) and people's organizations, which will in turn, directly provide credit
18 support to BMBEs.

19
20 All loans from whatever sources granted to BMBEs under this Act shall be
21 considered as part of ~~[alternative]~~ **THE OTHER MODES OF** compliance to
22 ~~[Presidential Decree No. 717, otherwise known as the Agri-Agra Law,]~~
23 **REPUBLIC ACT NO. 11901, OTHERWISE KNOWN AS THE AGRICULTURE,**
24 **FISHERIES, AND RUAL DEVELOPMENT FINANCING ACT OF 2022, AND**
25 **SUCH OTHER APPLICABLE LAW PROVIDING A LIMIT FOR LOANS**
26 **GRANTED TO MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES)** [~~or~~
27 ~~to Republic Act. No. 6977, known as the Magna Carta for Small and Medium~~
28 ~~Enterprises, as amended]~~. For purposes of compliance with **THE FOREGOING**
29 **LAWS**, [~~Presidential Decree No. 717 and Republic Act No. 6977, as amended,~~]
30 loans granted to BMBEs under this Act shall be computed at **TWO AND A**
31 **HALF TIMES (2.5)** [~~twice~~] the amount of the face value of the loans.

32
33 To minimize the risks in lending to the BMBEs, **THE PHILIPPINE GUARANTEE**
34 **CORPORATION (PHILGUARANTEE)** [SBGFC and the Quedan and Rural
35 Credit Guarantee Corporation (QUEDANCOR) under the Department of
36 Agriculture, in case of agribusiness activities,] shall set up a special guarantee
37 window to provide the necessary credit guarantee to BMBEs under their
38 respective guarantee programs.

39
40 The LBP, DBP, PCFC, [SBGFC] SB CORPORATION, PHILGUARANTEE,
41 SSS, AND GSIS[~~and QUEDANCOR~~] shall annually report to the appropriate
42 Committee of both Houses of Congress on the status of the implementation of
43 this provision.

44
45 The BSP shall formulate the rules for the implementation of this provision and
46 shall likewise establish incentive programs to encourage and improve credit
47 delivery to the BMBEs.

48
49 **TO FACILITATE THE GROWTH AND RECOVERY OF BMBEs, A BMBE**
50 **REGISTERED UNDER THIS ACT SHALL BE ENTITLED TO INTEREST-**

1 FREE LOANS FROM THE CREDIT WINDOW OF THE LBP, DBP, SMALL
2 BUSINESS CORPORATION AND PCFC; PROVIDED, THAT THE LOAN
3 AMOUNT SHALL (I) NOT EXCEED ONE MILLION PESOS (P1,000,000.00),
4 (II) NOT REQUIRE A COLLATERAL, AND (III) BE PAYABLE UP TO THREE
5 (3) YEARS; PROVIDED, FURTHER, THAT IN THE EVENT THAT SUCH
6 LOAN IS GRANTED TO ACCREDITED PRIVATE FINANCIAL
7 INSTITUTIONS, INCLUDING COMMUNITY BASED ORGANIZATIONS
8 SUCH AS COOPERATIVES, NGOS AND PEOPLE'S ORGANIZATIONS
9 ENGAGED IN GRANTING CREDIT, THAT IN TURN RELEND SUCH
10 AMOUNT TO BMBEs, ONLY THE LOAN GRANTED TO THE BMBE SHALL
11 BE INTEREST-FREE AND ANY SUCH INTEREST FOREGONE BY THE
12 PRIVATE FINANCIAL INSTITUTION SHALL BE DEDUCTED FROM THE
13 INTEREST DUE ON ITS LOAN PROVIDED BY THE CONCERNED
14 GOVERNMENT FINANCIAL INSTITUTION; PROVIDED, FINALLY, THAT IN
15 ORDER TO PROPERLY IMPLEMENT THE PROVISION OF THIS SECTION,
16 AN AMOUNT OF FIVE HUNDRED MILLION PESOS (P500,000,000) SHALL
17 BE APPROPRIATED TO ANSWER FOR THE INTEREST SUBSIDY
18 PROVIDED UNDER THIS ACT.

19
20 **SEC. 6.** Section 10 of the Barangay Micro Business Enterprises Act of 2002 is
21 hereby amended to read as follows:

22
23 "Section 10. Technology Transfer, Production and Management Training, and
24 marketing Assistance. –

25
26 x x x

27
28 The Department of Trade and Industry (DTI), the Department of Science and
29 Technology (DOST), the University of the Philippines Institute for Small Scale
30 Industries (UP ISSI), Cooperative Development Authority (CDA), AND
31 Technical Education and Skills Development Authority (TESDA), ~~and~~
32 ~~Technology and Livelihood Resource Center (TLRC)]~~ may avail of the said
33 Fund for technology transfer, production and management training and
34 marketing assistance to BMBEs.

35
36 The DTI, in coordination with the private sector and non-government
37 organization (NGOs), shall explore the possibilities of linking or matching-up
38 BMBEs with small, medium and large enterprises and likewise establish
39 incentives therefor. **THE DTI, IN COORDINATION WITH THE DEPARTMENT**
40 **OF INTERIOR AND LOCAL GOVERNMENT (DILG), SHALL ENACT**
41 **PROGRAMS THAT PROVIDE BMBEs WITH MARKETING ASSISTANCE,**
42 **SUCH AS, BUT NOT LIMITED, TO BUSINESS MATCHING ACTIVITIES,**
43 **TRADE FAIRS, OVERSEAS MARKETING PROMOTIONS, AND BUSINESS**
44 **DEVELOPMENT ACTIVITIES, INCLUDING ENTREPRENEURSHIP AND**
45 **SKILLS DEVELOPMENT, AND OTHER RELATED ACTIVITIES. THE**
46 **DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), IN**
47 **COORDINATION WITH THE DILG AND OTHER RELEVANT GOVERNMENT**
48 **AGENCIES, SHALL ALSO IMPLEMENT PROGRAMS GEARED TOWARDS**
49 **PROVIDING BMBEs WITH APPROPRIATE TECHNOLOGY**
50 **INTERVENTIONS WHICH CAN HELP IMPROVE THEIR PRODUCTION**

1 **PROCESSES, ACCOUNTING SYSTEMS, AND OTHER AREAS OF**
2 **BUSINESS OPERATIONS.**

3
4 The DTI, in behalf of the DOST, UP ISSI, CDA, AND TESDA [and TLRC] shall
5 be required to furnish the appropriate Committees of both Houses of Congress
6 a yearly report on the development and accomplishments of their projects and
7 programs in relation to technology transfer, production and management
8 training and marketing assistance extended to BMBEs.”

9
10 **SEC. 7.** A new Section 10-A is hereby inserted to read as follows:

11
12 **“SEC. 10-A. BMBE EDUCATION AND TRAINING. - THE DTI, IN**
13 **COORDINATION WITH THE DEPARTMENT OF EDUCATION (DEPED),**
14 **TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY**
15 **(TESDA), AND COMMISSION ON HIGHER EDUCATION (CHED), SHALL**
16 **PROVIDE FREE TRAININGS, COURSES, AND OTHER DEVELOPMENT**
17 **PROGRAMS FOR OWNERS AND EMPLOYEES OF REGISTERED BMBEs**
18 **TO IMPROVE THEIR BUSINESS PRACTICES AND TO ENABLE THEM TO**
19 **INNOVATE IN LIGHT OF RAPID TECHNOLOGICAL CHANGES.”**

20
21 **SEC. 8. Appropriations.** - In addition to the amount provided under Section 5
22 of this Act, amending Section 9 of the Barangay Micro Business Enterprises Act of
23 2002, the sums necessary for the implementation of this Act shall be charged against
24 the responsible agency's current appropriations. Thereafter, such sums as necessary
25 for the continued implementation of this Act shall be included in the annual General
26 Appropriations Act.

27
28 **SEC. 9. Implementing Rules and Regulations.** - Within sixty (60) days from
29 the effectivity of this Act, the DILG and DTI, upon consultation with appropriate
30 government agencies and other stakeholders, shall promulgate the necessary rules
31 and regulations to effectively implement this Act.

32
33 **SEC. 10. Separability Clause.** – If any portion or provision of this Act is
34 declared unconstitutional, the remainder hereof or any provisions not affected thereby
35 shall remain in force and effect.

36
37 **SEC. 11. Repealing Clause.** – Any law, presidential decree or issuance,
38 executive order, letter of instruction, rule, or regulation inconsistent with the provisions
39 of this Act is hereby repealed or modified accordingly.

40 **SEC. 12. Effectivity.** – This Act shall take effect fifteen (15) days after its
41 complete publication in the Official Gazette or in a newspaper of general circulation.

42
43 Approved,