

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
Second Regular Session
HOUSE BILL NO. 10349



Introduced by: **REP. ELMER V. CATULPOS**
(I Tahanan Partylist)

EXPLANATORY NOTE

When the flood recedes or the earthquake stills, the government arrives with ayuda — a sack of rice, a few days' relief. This is good and necessary, but it feeds a family only for a few days. What feeds them for good is the return of their livelihood: the chance to open the store again, to cook and sell again, to serve customers again. The Filipino does not wish to be kept in line for dole; the Filipino wishes to rise. Bangon. This bill is built on that truth — that the highest help the State can give a small enterprise after a disaster is not endless assistance, but a clear and open path to stand up again on its own.

The micro, small, and medium enterprises of this country are not faceless 'MSMEs.' They are the widow who runs the carinderia, the mother who sells at the market, the family whose sari-sari store is their only income, the mechanic in his small repair shop, the young couple who opened a souvenir stall by the pier, the tricycle operator who ferries visitors to the falls. They are nearly all of Philippine business and the largest source of its jobs. When a calamity strikes, they are the first to fall and the least able to recover — and when they cannot rise, an entire community's livelihood falls with them.

Here the law must see a problem that good intentions have long missed. When disaster strikes and the government grants 'tax relief,' it usually relaxes the tax on the current year's income — income the shuttered business has not yet earned, and may never earn. But the tax bill that actually crushes the survivor is last year's: the tax upon the good year now past, which falls due precisely in the ruined year, when the store is gone and there is no cash to pay it. To relieve the wrong year is to offer an umbrella after the rain. This bill directs relief to the liability that actually falls due in the disaster — not for any want of goodwill in those who have helped before, but because no law has yet told the system to aim there.

The relief is measured and responsible, not a blanket write-off, and it is given only to enterprises that have suffered real, documented loss from a calamity or economic shock. It is a graduated toolkit that scales to the damage — automatic deferment for breathing room, the waiver of penalties and interest so that delay is not punished, installment and restructuring for those who can recover over time, and, for the most severely destroyed, the abatement of the tax itself. And it invents nothing radical: the Bureau of Internal Revenue already possesses

the power, under Section 204 of the Tax Code and its own regulations, to abate taxes in cases of force majeure — typhoon, earthquake, and flood. This bill simply makes that existing mercy automatic, fast, and certain, so that a devastated storeowner need not hire a lawyer or wait months for what the law already allows. The President and the Bureau are further empowered to expand and expedite this consideration for the victims through every available means.

The same relief must reach the taxes of the local government, for a small enterprise often feels the local business tax and the mayor's permit more immediately than any national tax. Here the law works not by command but by partnership. Local governments already hold the power, under the Local Government Code, to condone or reduce their taxes after a calamity, and many already use it well; this Act enables and encourages every local government to do the same for affected enterprises, funded from their own calamity funds. And it gives them every reason to say yes: a business allowed to survive pays local taxes for a generation and keeps its workers employed, while a business taxed into the grave pays nothing and adds its workers to the relief rolls. To grant this relief is not to lose revenue but to protect the local tax base and the local jobs that sustain it. The local government grants and announces the relief to its own people; the law only ensures that no affected Filipino is left out for want of an ordinance.

Alongside relief from the old bill comes the right to rebuild the livelihood at once. A survivor should not be made to wait for permits while her family goes hungry. This bill allows affected enterprises to put up temporary, light structures and to resume trading in designated safe areas, under relaxed and free permitting with only the basic safety and sanitation conditions the local government sets — aligned with the swift reopening already provided under the disaster-response measure of this Congress. The point is dignity through speed: let the people go back to work, and they will rebuild what was lost.

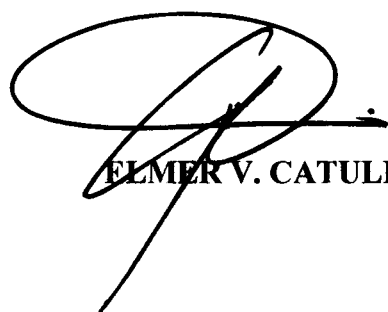
Because a small enterprise is also the livelihood of those it employs, this bill protects not only the owner but the workers — safeguarding their social protection through the shock and rewarding the enterprises that keep their people on. And because our micro and small businesses are the largest employers in the land, their rising lifts everyone around them: when the carinderia reopens, the market vendor who supplies it sells again, and the neighbor it hires eats again. To help them rise is to help a whole community rise.

And while this measure lifts every small enterprise, it gives special place to those that serve our tourism — the homestays, the food stalls, the souvenir makers, the small tour and transport operators — for they are the living face of a delightful destination, the first enterprises a visitor meets and the first to fall when calamity empties a town. To help them rise is to protect not only their families but the welcome and the good name of the Philippines itself. In them, the promise of this Act is seen most clearly, and so they are made its priority sector.

The wisdom of this approach was confirmed by the President himself in his State of the Nation Address of July 27, 2026. He reported that, to give relief to micro-entrepreneurs “na nalugi o kaya’y lumiiit ang kita dala ng hirap ng panahon,” the Bureau of Internal Revenue

is implementing a one-time tax abatement this year — precisely the mercy this bill provides — and he declared the standard that guides all recovery: “Hindi lamang minsanang paghatid ng tulong ang ating ginagawa. Ang misyon natin ay sila’y muling makabangon at maitaguyod.” The President has shown that it can be done; this bill ensures it will always be done — that the survivors of the next calamity shall receive the same relief automatically, as a right written in law, without waiting upon the compassion or the calendar of any future administration.

Let it be plainly said what this bill asks. It asks that we not send a tax collector to a storeowner standing in the mud of her ruined shop to demand last year’s taxes. It asks that we clear the path for her to open again, rather than keep her in line for dole. This is not a favor to business; it is faith in the Filipino’s will to rise. In view of the foregoing, the immediate passage of this bill is earnestly sought.



ELMER V. CATULPOS

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10343

Introduced by Representative ELMER V. CATULPOS

AN ACT PROMOTING THE WELFARE AND RECOVERY OF MICRO, SMALL, AND MEDIUM ENTERPRISES AND THEIR EMPLOYEES BY EASING THE CONDUCT OF BUSINESS, ESTABLISHING A RIGHT TO REBUILD AFTER CALAMITIES, GRANTING TARGETED TAX RELIEF ON LIABILITIES FALLING DUE DURING DISASTERS AND ECONOMIC SHOCKS, AND PROVIDING RECOVERY FINANCING, WITH TOURISM ENTERPRISES AS A PRIORITY SECTOR, 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 “Bangon Negosyo Act” or the “MSME Welfare and Recovery Act.”

SECTION 2. Declaration of Policy. — It is the policy of the State to uplift and protect micro, small, and medium enterprises and the workers they employ as the backbone of the national economy and the largest source of Filipino livelihood. The State recognizes that, after a calamity or economic shock, the surest help it can give a small enterprise is not endless assistance but a clear and open path to rise again — to bangon — and that the dignity of restored livelihood serves the family, the community, and the nation far better than prolonged dependence on dole. Toward this end, the State shall ease the conduct of business, guarantee the right to rebuild swiftly after disaster, direct tax relief to the liabilities that actually fall due in times of calamity, protect the enterprise’s employees, and provide the financing to recover. The State further recognizes tourism MSMEs as a priority sector under this Act, being the living face of every delightful destination and among the most exposed to calamity, and shall give them the particular support provided in Part II. This Act shall complement the Magna Carta for Micro, Small and Medium Enterprises and Republic Act No. 9593, and the companion measures of this Congress.

SECTION 3. Definition of Terms. — As used in this Act:

- (a) *MSME* refers to a micro, small, or medium enterprise as classified under the Magna Carta for Micro, Small and Medium Enterprises and related law, whether or not engaged in tourism.
- (b) *Tourism MSME* refers to an MSME engaged in or directly supporting tourism, including homestays and small accommodations, carinderias and small eateries, souvenir and handicraft sellers, food-street and market vendors serving visitors, small tour operators and transport providers, and similar enterprises.
- (c) *Documented material loss* refers to a substantial loss or disruption of an MSME’s operations, income, or property arising from a disaster, calamity, or economic shock, as verified by the local government unit or barangay upon simple proof.
- (d) *Prior-year tax liability* refers to the internal-revenue tax upon the income or receipts of the taxable year preceding a calamity, which falls due for filing or payment during the calamity year or its immediate aftermath.

- (e) *Right to rebuild* refers to the authority granted under Section 7 for an affected MSME to resume operations swiftly after a calamity under simplified conditions.

SECTION 4. Scope and Relationship to Existing Laws. — This Act shall be implemented in harmony with Republic Act No. 6977 as amended by Republic Act No. 9501 (Magna Carta for Micro, Small and Medium Enterprises), Republic Act No. 9178 (Barangay Micro Business Enterprises Act), Republic Act No. 10644 (Go Negosyo Act), Republic Act No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act of 2018), the National Internal Revenue Code, Republic Act No. 9593 (Tourism Act of 2009), and the disaster-response, destination-framework, and tourism-frontliner measures of this Congress. The provisional reopening of enterprises after a calamity shall be read together with, and shall not duplicate, the Provisional Operation Permit under the disaster-response measure.

SECTION 5. Coverage. — This Part shall cover all micro, small, and medium enterprises and the workers they employ. Nothing herein shall diminish any benefit already enjoyed under existing law, including the incentives available to Barangay Micro Business Enterprises.

SECTION 6. Ease of Doing Business for MSMEs. — Consistent with Republic Act No. 11032 and the Go Negosyo Act, local government units, through their business-permitting and investment-facilitation offices and the Negosyo Centers, shall not merely assist but actively help process the permits and requirements of MSMEs, with lighter and simplified requirements for micro and small enterprises, so that the fear of the permitting process no longer prevents ordinary Filipinos from starting or continuing a livelihood.

SECTION 7. Right to Rebuild After Calamity. — Upon a declaration of a state of calamity affecting a locality, or upon a documented material loss even without such declaration, an affected MSME shall have the right to resume operations swiftly. To this end, the enterprise may reopen under the Provisional Operation Permit established in the disaster-response measure of this Congress — which allows temporary and light structures, operation in designated safe areas, and relaxed and free permitting subject only to the basic safety and sanitation conditions set by the local government unit. This Act shall not duplicate that permit but shall build upon it: in addition to reopening, an affected MSME shall be entitled to the enhanced recovery support provided in this Act, including the tax relief, the protection of employees, and the recovery financing herein. Local government units shall administer the reopening with the swift restoration of livelihood foremost, and shall not use permitting to delay the reopening of an affected enterprise.

SECTION 8. Prior-Year Tax Relief for Calamity-Affected MSMEs. — Upon a declaration of a state of calamity affecting a locality, or upon a documented material loss to an MSME arising from a disaster or economic shock even without such declaration, the affected enterprise shall be granted relief from the internal-revenue tax liability that falls due during the calamity or its immediate aftermath — principally the prior-year tax liability — through a graduated relief scaled to the extent of the damage, as follows:

- (a) Automatic deferment or extension of the deadlines for filing and payment, without surcharge or interest during the extension;
- (b) Waiver of the surcharges, penalties, and interest attributable to the calamity;
- (c) Payment by installment or restructuring of the liability over a reasonable period; and
- (d) Abatement or cancellation of the tax, including the basic tax in meritorious cases of severe destruction, pursuant to Section 204 of the National Internal Revenue Code and its implementing regulations, which already recognize force majeure such as typhoon, earthquake, and flood as grounds for abatement.

This relief shall be granted upon simple proof of loss verified by the local government unit or barangay, without the need for a case-by-case application requiring counsel, and the Bureau of Internal Revenue shall issue simplified and fast procedures therefor. The relief is triggered only by real, documented calamity or economic-shock loss, and is not a general or permanent exemption. The

President and the Bureau of Internal Revenue are hereby authorized and encouraged to grant, expand, and expedite such consideration for the victims through every available means consistent with law. Relief from local business taxes, fees, and charges is separately provided in Section 9. This relief is in addition to, and shall not diminish, any exemption or incentive already enjoyed under existing law.

SECTION 9. Empowering Local Government Units to Grant Local Tax Relief and Protect Local Jobs. — Recognizing that the local business tax, the mayor's permit, and local regulatory fees often burden a small enterprise more immediately than any national tax, and that keeping an enterprise alive protects both the local tax base and the jobs of its workers, local government units are hereby empowered and encouraged to grant relief on local taxes, fees, and charges to calamity-affected MSMEs, pursuant to their authority under Republic Act No. 7160. To this end:

- (a) Upon a declaration of a state of calamity, or upon documented material loss even without such declaration, the running of the surcharges, penalties, and interest on the local taxes, fees, and charges of an affected MSME shall be held in abeyance for the duration of the calamity, giving affected enterprises immediate breathing room while the sanggunian acts under paragraph (b);
- (b) The Sanggunian concerned shall, within a reasonable period, act to grant the deferment, installment, reduction, or condonation of the local taxes, fees, and charges of affected MSMEs, scaled to the extent of the damage, consistent with Republic Act No. 7160;
- (c) Such relief shall be funded by the local government unit from its own resources, including its Local Disaster Risk Reduction and Management Fund, and existing national disaster assistance may be availed of as provided by law; and
- (d) The local government unit shall grant and administer this relief as its own act, and shall give affected MSMEs a simple and accessible means to avail of it.

This section shall be construed to strengthen, and not to diminish, the fiscal autonomy and taxing powers of local government units. Its purpose is to make the relief that many local governments already grant fair, swift, and available to every affected enterprise, so that no worker loses a job and no business is lost for want of timely local action.

SECTION 10. Protection of Employees and Worker-Retention Support. — The State shall protect the workers of MSMEs through calamities and economic shocks, including the continuity of their social protection under existing law, and shall provide incentives to MSMEs that retain their employees through such shocks.

SECTION 11. Access to Recovery Financing. — The State, through the Land Bank of the Philippines, the Development Bank of the Philippines, the Small Business Corporation, and other government financial institutions, shall provide affected MSMEs with priority access to low-interest or zero-interest recovery loans and other financing on simplified terms, so that they may rebuild and reopen. A dedicated recovery-financing window shall be established for this purpose, within which tourism MSMEs shall be given priority.

SECTION 12. Tourism MSMEs as a Priority Sector. — The State recognizes tourism MSMEs as a priority sector under this Act. Being the living face of every delightful destination — the first enterprises a visitor meets, and the first to fall when calamity empties a town — tourism MSMEs shall be given priority in the recovery financing under Section 11, in the facilitation under Section 6, and in the administration of relief under this Act. To help them rise is to protect not only their families but the welcome and the good name of the Philippines itself.

SECTION 13. Alignment with the Tourism Framework. — The support to tourism MSMEs under this Act shall follow the destination framework of the companion tourism measure of this Congress, which categorizes destinations as Top Destinations, Rising Star Destinations, and Hidden Gems, so that support reaches tourism enterprises in emerging and established destinations alike. This Act shall complement the tourism-frontliner measure, which protects the individual

tourism worker, and the destination-framework measure, which builds the place; together they lift the worker, the place, and the enterprise of a delightful destination.

SECTION 14. Recognition of Tourism Micro-Enterprises and Vendors. — Food-street and market vendors, souvenir and handicraft makers, homestays, and similar tourism micro-enterprises shall be recognized as part of the local culture that attracts visitors, and shall be given a simple and accessible path to legitimate operation and to the benefits of this Act.

SECTION 15. Implementing Agencies. — The Department of Trade and Industry, through its Negosyo Centers, shall lead the implementation of this Act, in coordination with the Department of Tourism for the tourism-MSME provisions. The Department of Finance and the Bureau of Internal Revenue shall implement the tax-relief provisions; local government units shall implement the ease-of-doing-business, right-to-rebuild, and local-tax-relief provisions; the SSS, PhilHealth, and Pag-IBIG shall implement the worker-protection provisions; and the government financial institutions shall implement the recovery financing.

SECTION 16. Appropriations. — The amount necessary to carry out this Act, particularly the recovery-financing window and the facilitation and administration hereof, shall be provided under a new appropriation in the annual General Appropriations Act, and shall not be sourced by diminishing existing MSME, tourism, or social-welfare programs. The tax relief under Section 8 shall be treated as foregone national revenue and reported accordingly; the local tax relief under Section 9 shall be borne by the local government units from their own resources as therein provided, and shall not require national appropriation.

SECTION 17. Implementing Rules and Regulations. — Within ninety (90) days from the effectivity of this Act, the Department of Trade and Industry, in coordination with the DOT, DOF, BIR, DILG, DBM, the government financial institutions, and representatives of MSMEs, shall promulgate the implementing rules and regulations. Failure to promulgate the same shall not prevent the implementation of this Act.

SECTION 18. Congressional Oversight. — A Congressional Oversight Committee, composed of the chairpersons and members of the appropriate committees of both Houses, shall monitor the implementation of this Act and review its effectiveness, particularly the speed of tax relief and the reopening of affected enterprises, within three (3) years from its effectivity.

SECTION 19. Separability Clause. — If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SECTION 20. Repealing Clause. — All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SECTION 21. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.