

[REPUBLIC ACT NO. 9178, November 13, 2002]

AN ACT TO PROMOTE THE ESTABLISHMENT OF BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs), PROVIDING INCENTIVES AND BENEFITS THEREFOR, AND FOR OTHER PURPOSES

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

PRELIMINARY PROVISIONS

SECTION 1. *Short Title.* — This Act shall be known as the "Barangay Micro Business Enterprises (BMBEs) Act of 2002."

SEC. 2. *Declaration of Policy.* — It is hereby declared, to be the policy of the State to hasten the country's economic development by encouraging the formation and growth of barangay micro business enterprises which effectively serve as seedbeds of Filipino entrepreneurial talents, and integrating those in the informal sector with the mainstream economy, through the rationalization of bureaucratic restrictions, the active intervention of the government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty.

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

- 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 Three Million Pesos (P3,000,000.00). The above definition shall be subject 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, "services" shall exclude those rendered by any one, who is duly licensed by the government after having passed a government licensure examination, in connection with the exercise of one's profession.

- b. "Certificate of Authority" is the certificate issued granting the authority to the registered BMBE to operate and be entitled to the benefits and privileges accorded thereto.

- c. "Assets" refers to all kinds of properties, real or personal, owned by the BMBE and used for the conduct of its business as defined by the SMED Council: *Provided*, That for the purpose of exemption from taxes and fees under this Act, this term shall mean all lands of properties, real or personal, owned and/or used by the BMBE for the conduct of its business as defined by the SMED Council.
- d. "Registration" refers to the inclusion of BMBE in the BMBE Registry of a city or municipality.
- e. "Financing" refers to all borrowings of the BMBE from all sources after registration.

REGISTRATION AND OPERATION OF BMBEs

SEC. 4. *Registration and Fees.* — The Office of the Treasurer of each city or municipality shall register the BMBEs and issue a Certificate of Authority to enable the BMBE to avail of the benefits under this Act. Any such application shall be processed within fifteen (15) 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 (LGUs) 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 BMBEs' financial status for monitoring and reporting purposes.

The LGUs shall issue the Certificate of Authority promptly and free of charge. However, to defray the administrative costs of registering and monitoring the BMBEs, the LGUs may charge a fee not exceeding One Thousand Pesos (P1,000.00).

The Certificate of Authority shall be effective for a period of two (2) years, renewable for a period of two (2) years for every renewal.

As much as possible, BMBEs shall be subject to minimal bureaucratic requirements and reasonable fees and charges,

SEC. 5. *Who are Eligible to Register.* — Any person, natural or juridical, or cooperative, or association, having the qualifications as defined in Section 3(a) hereof may apply for registration as BMBE.

SEC. 6. *Transfer of Ownership.* — The BMBE shall report to the city or municipality of any change in the status of its ownership structure, and shall surrender the original copy of the BMBE Certificate of Authority for notation of the transfer.

INCENTIVES AND BENEFITS

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

The LGUs are encouraged either to reduce the amount of local taxes, fees and charges imposed or to exempt the BMBEs from local taxes., fees and charges.

SEC. 8. *Exemption from the Coverage of the Minimum Wage Law.* — The BMBEs shall be exempt from the coverage of the Minimum Wage Law: *Provided*, That all