

**[ REPUBLIC ACT NO. 6810, December 14, 1989 ]**

**AN ACT ESTABLISHING THE MAGNA CARTA FOR COUNTRYSIDE  
AND BARANGAY BUSINESS ENTERPRISES, GRANTING  
EXEMPTIONS FROM ANY AND ALL GOVERNMENT RULES AND  
REGULATIONS AND OTHER INCENTIVES AND BENEFITS  
THEREFOR, AND FOR OTHER PURPOSES**

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

SECTION 1. It is hereby declared to be the policy of the State that growth of countryside business enterprises shall be achieved through absence of bureaucratic restrictions and granting of incentives and other benefits.

SEC. 2. This Act shall be known and cited as the "Magna Carta for Countryside and Barangay Business Enterprises (Kalakalan 20)." As used in this Act, the term "countryside and barangay business enterprises," hereinafter referred to as the CBBE (Kalakalan 20), shall mean any business entity, association or cooperative registered under the provisions of this Act whose:

- a. Number of employees does not exceed twenty (20) at any time for the purpose of undertaking a productive business enterprise recommended by the Department of Trade and Industry (DTI) provincial office that will help develop the economy in its area. For this purpose, the term "productive business enterprise" shall not apply to business enterprises engaged principally in any of the following activities, namely: professional services, retailing, wholesaling or trading of commodities, products or merchandise;
- b. Assets, at the time of registration as CBBE, do not exceed Five hundred thousand pesos (P500,000.00) before financing; and
- c. Principal office and location of business operations are located in the countryside as defined in the implementing rules and regulations issued by the Secretary of Trade and Industry.

SEC. 3. Countryside business entities shall, upon registration, pay Two hundred and fifty pesos (P250.00) to the municipality or city where its principal place of office and business operations are located to cover the cost of the issuance of the license to operate, known as the CBBE authority.

All CBBEs shall be exempted from all taxes, national or local, license and building permit fees and other business taxes, except real property and capital gains taxes, import duties and other taxes on imported articles. In addition, any and all income, receipts and proceeds derived from the business operations of the CBBE shall be

excluded from the computation of gross income for purposes of computing the individual income tax of the owners/members thereof.

It shall be exempted from any and all government rules and regulations in respect of assets, income, and other activities indispensably and directly utilized in, proceeding from or connected with the business of the enterprise. CBBEs, however, shall pay the CBBE fee to the municipal or city treasurer where they are registered, starting on their second year of operations, based on the following schedule:

- a. Those with net assets before financing amounting to not more than P100,000.00....P1,000.00 per annum;
- b. Those with net assets before financing of more than P100,000.00 to P250,000.00....P2,500.00 per annum;
- c. Those with net assets before financing of more than P250,000.00 to P400,000.00....P4,000.00 per annum; and
- d. Those with net assets before financing of more than P400,000.00 to P500,000.00....P5,000.00 per annum.

In the event the CBBE uses a brand name on its products, such brand name shall first be registered with the Bureau of Domestic Trade, through the Department of Trade and Industry (DTI) provincial office.

SEC. 4. The collected CBBE fee shall accrue exclusively to the municipality or city and shall be used for developmental projects approved by the municipal or city council.

SEC. 5. CBBEs registered under the provisions of this Act shall acquire a separate and distinct juridical personality from the owners/members thereof and as such can own, dispose and encumber its properties and enter into contracts on its own account, with the capacity to sue and be sued, and transact business anywhere in the country.

SEC. 6. The CBBE shall, as far as practicable, recruit its employees and utilize the indigenous and other existing resources within the areas of its operations.

SEC. 7. All the exemptions and other benefits herein provided shall, after due notice and hearing, be forfeited in case of any violation of the provisions of this Act by the CBBE or by any of its officers and authorized representatives.

SEC. 8. The CBBE authority shall, after due notice and hearing, be revoked and cancelled upon the failure of the CBBE, without valid reasons, to commence its operations within forty-five (45) days from receipt of the authority to operate.

SEC. 9. The exemptions and other benefits provided in this Act shall apply for a period not exceeding five (5) years from the date of the registration of the CBBE, provided such CBBE is registered within five (5) years from the effectivity of this Act.

SEC. 10. The Secretary of Trade and Industry in consultation with the Secretaries of Finance, Labor, and Health, and the local government units shall formulate and