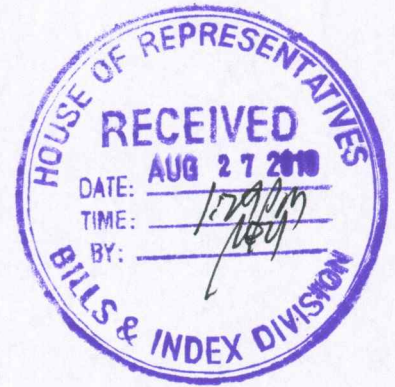




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



EIGHTEENTH CONGRESS
First Regular Session

4174
H. B. No. _____

Introduced by Representative TEODORICO "NONONG" T. HARESCO, JR.

AN ACT
EXPANDING THE COVERAGE OF MICRO ENTERPRISES AS BENEFICIARIES
OF THE MAGNA CARTA FOR MICRO, SMALL AND MEDIUM ENTERPRISES,
AMENDING FOR THE PURPOSE REPUBLIC ACT NOUMBER 6977, AS
AMENDED, AND FOR OTHER PURPOSES

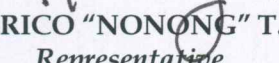
EXPLANATORY NOTE

Micro, small and medium scale enterprises (MSMEs) compose 99.7 percent of the business enterprises operating in the Philippines. Of the total number of MSMEs, about 92% are micro enterprises. MSMEs also accounted for 35.7% of Gross Value-Added (GVA) to the economy. It is the accepted view that MSMEs still has immense potential for GVA growth such as being exhibited by their counterparts in Indonesia (53.28%), Vietnam (39%) and Thailand (37.8%).

Though it is recognized that MSMEs have the potential for more employment generation and economic growth that can help provide a self-sufficient industrial foundation for the country, its full potential as a sector is yet to be realized because of stiff competition capital with the large-scale enterprises.

This bill seeks to maximize the untapped potential of the MSME sector by redefining the asset value thresholds of the Micro, Small and Medium Enterprise categories in order to by enhance government support, give incentives and grant benefits strengthening participation of the private sector.

In view of the importance of micro, small and medium scale enterprises and of their contribution to our economy, the passage of this bill is earnestly sought.


HON. TEODORICO "NONONG" T. HARESCO, JR.
Representative
2nd District, Province of Aklan



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

- 1 SECTION 1. Section 3 of the Magna Carta for Micro, Small and Medium Enterprises of
2 Republic Act Number 6977, as amended, is hereby further amended to read as follows:
3
4 "Sec. 3. *Micro, Small and Medium Enterprises (MSMEs) as Beneficiaries.*
5 - MSMEs shall be defined as any business activity or enterprise engaged
6 in industry, agribusiness and/or services, whether single proprietorship,
7 cooperative, partnership or corporation whose total assets, inclusive of
8 those arising from loans but exclusive of the land on which the particular
9 business entity's office, plant and equipment are situated, must have value
10 falling under the following categories:
11
12 micro: not more than ₱5,000,000
13
14 small: MORE THAN ₱5,000,000 TO ₱20,000,000
15
16 medium: MORE THAN ₱20,000,000 TO ₱100,000,000.
17
18 "x x x,
19
20 "x x x."
21
22 SEC. 2. *Implementing Rules and Regulations.* - Within ninety (90) days from effectivity
23 of this Act, the Department of Trade and Industry, in coordination with the Micro, Small
24 and Medium Enterprise Development Council, shall promulgate the rules and
25 regulations to effectively implement the provisions of this Act.
26
27 SEC. 3. *Separability Clause.* - If any provisions of this Act or the application of such
28 provision to any person or circumstances be declared unconstitutional, the remainder of

1 this Act or the application of such provision to other person or circumstances shall not be
2 affected by such declaration.

3
4 **SEC. 4. *Repealing Clause.*** – All laws, decrees, proclamations, executive orders, rules and
5 regulations or other issuances or parts thereof contrary to inconsistent with the
6 provisions of this Act are hereby repealed, amended or modified accordingly.

7
8 **SEC. 5. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the
9 Official or in at least two (2) national newspapers of general circulation.

10
11 *Approved,*