

EIGHTEENTH CONGRESS  
REPUBLIC OF THE PHILIPPINES  
First Regular Session



HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 2757

EXPLANATORY NOTE

Section 1, Article XV (*The Family*) of the Constitution provides:

*"The State recognizes the Filipino family as the foundation of the nation. Accordingly, it shall strengthen its solidarity and actively promote its total development."*

This bill seeks the establishment of a Magna Carta for *Kalakalan Pampamilya* which shall grant family-owned businesses certain incentives and benefits.

The extreme poverty of majority of the Filipinos is an issue of national concern which the government should immediately address. If government wants to minimize poverty and hasten economic development, priority programs must be geared towards the development of the family.

The main purpose of the Magna Carta for *Kalakalan Pampamilya* is to encourage the family members to venture into business enterprise in order to provide work and source of livelihood for the family members. It will likewise augment the income of family members which can help provide for the basic human necessities. The proposed measure also seeks to respond to the national effort of alleviating poverty in the country and thereby accelerate economic development.

In view of the foregoing, approval of this bill is earnestly recommended.

  
RUFUS B. RODRIGUEZ

HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez*

House Bill No. **2757**

AN ACT  
ESTABLISHING THE MAGNA CARTA FOR KALAKALAN PAMPAMILYA,  
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:*

SECTION 1. **Short Title.** – This Act shall be known as the “Magna Carta for  
Kalakalan Pampamilya.”

SEC. 2. **Declaration of Policy.** – It is hereby declared to be the policy  
of the State to give priority to the family in the socio-economic development and  
enhance the quality of life of every Filipino.

SEC. 3. **Kalakalan Pampamilya.** – Any family business enterprise with  
employees of not more than twenty (20) and with assets of not more than Five  
Hundred Thousand Pesos (Php 500,000.00), at the time of registration, shall qualify  
for the incentives and benefits provided for under this Act.

SEC. 4. **Kalakalan Pampamilya Office.** – The Kalakalan Pampamilya  
Office, referred to as the Office, is hereby created under the Department of Trade  
and Industry to exercise the following functions:

- a) Effectively facilitate the financial assistance to qualified family  
business enterprise;
- b) Assist the designated banks in the collection of payments of loan  
granted to family business enterprises;
- c) Monitor and evaluate on a regular basis the status of the family  
business enterprises which availed of the benefits and incentives under this Act;
- d) Help family business enterprises achieve viability and success;
- e) Pursue appropriate measures to avail of foreign loans or grants; and
- f) Provide such guidelines as may be necessary to carry out the  
mandate of this Act.

SEC. 5. **Management Board.** – The Office shall be governed by a  
Management Board which shall be composed of the following:

- a) Representative of the Secretary of the Department of Trade and  
Industry, as Chairman;
- b) Representative from the Department of Science and Technology;
- c) Representative from the Department of Finance;
- d) Representative from the City Mayors' League of the Philippines;
- e) Representative from the Municipal Mayors' League of the Philippines;

and



f) Three (3) private sector representatives from the trade and commerce groups, from the labor groups and from the socio-civic groups, as members.

The private sector representatives of the Management Board shall be appointed by the President of the Philippines within thirty (30) days from approval of this Act.

The secretariat and the technical staff of the Management Board shall be provided by the Department of Trade and Industry and supplemented by personnel, as may be necessary, from other departments and agencies of the government.

**SEC. 6. Registration.** – To acquire a separate and distinct juridical personality from the owners or members thereof, the *Kalakalan Pampamilya* business enterprise shall register as provided under this Act. Upon such registration, the family business enterprise can own, dispose of 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 Philippines.

The registration fee of Five Hundred Pesos (Php 500.00) shall be paid to the municipality or city where its principal place of office and business operations is located.

**SEC. 7. Benefits and Incentives.** – All *Kalakalan Pampamilya* business enterprise shall be exempted from all taxes, national or local, 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 *Kalakalan Pampamilya* business enterprise shall be excluded from the computation of gross income of the individual income tax of the business owner or members thereof.

It shall be exempted from any and all government rules and regulations in respect to assets, income, and other activities indispensably and directly utilized in, proceeding from, or connected with the business enterprise.

The family business enterprise, however, shall pay the 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 One Hundred Thousand Pesos (Php 100,000.00) shall pay the fee of One Thousand Pesos (Php 1,000.00) per annum;

b) Those with net assets before financing of not less than One Hundred Thousand Pesos (Php 100,000.00) and not more than Two Hundred Fifty Thousand Pesos (Php 250,000.00) shall pay the fee of Two Thousand Five Hundred Pesos (Php 2,500.00) per annum;

c) Those with net assets before financing of not less than Two Hundred Fifty Thousand Pesos (Php 250,000.00) and not more than Four Hundred Thousand Pesos (Php 400,000.00) shall pay the fee of Four Thousand Pesos (Php 4,000.00) per annum; and

d) Those with net assets before financing of not less than Four Hundred Thousand Pesos (Php 400,000.00) and not more than Five Hundred Thousand Pesos (Php 500,000.00) shall pay the fee of Five Thousand Pesos (Php 5,000.00) per annum.

In the event the family business enterprise uses a brand name on its products, such brand name shall first be registered with the Bureau of Trade Regulation and Consumer Protection, through the Department of Trade and Industry (DTI) provincial office.

**SEC. 8. Local Development Council.** – The local development councils of the various local government units, shall receive all applications for the establishment or additional funding of family business enterprises, within its area of

jurisdiction; evaluate and approve or disapprove all applications within thirty (30) days from receipt thereof; endorse the applications to the Office for funding; and assist designated banks to collect payments of loan granted to the family business enterprises.

SEC. 9. **Registration Fee.** – Eighty percent (80%) of the registration fee shall accrue exclusively to the municipality or city where the *Kalakalan Pampamilya* is located, and shall be used for developmental projects approved by the municipal or city council. Twenty percent (20%) will be remitted to the National Treasury of the Philippines.

SEC. 10. **Forfeiture of Exemptions and Benefits.** – (a) In case of any violation of the provisions of this Act by the *Kalakalan Pampamilya* business enterprise or by any of its officers and authorized representatives, all the exemptions and benefits herein provided shall, after due notice and hearing, be forfeited and all existing loans be paid in full.

(b) 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.

SEC. 11. **Kalakalan Pampamilya Fund.** – The *Kalakalan Pampamilya* Fund hereinafter referred to as the Fund, is hereby created as a source of financial assistance to all qualified family business enterprises.

The Fund shall be appropriated from the national budget, and supplemented by funds from bilateral and multilateral sources which shall be negotiated and arranged by the National Government to ensure adequacy of the Fund.

The Fund shall be deposited with and managed by the Development Bank of the Philippines (DBP). Disbursements from the said Fund shall be made solely for investments as equity, grants or loans, in favor of family business enterprises.

SEC. 12. **Cancellation of the License.** – The license of *Kalakalan Pampamilya* business enterprise shall, after due notice and hearing, be revoked and cancelled upon the failure of the family business enterprise, without valid reasons, to commence its operations within forty five (45) days from receipt of the license to operate.

SEC. 13. **Implementing Rules and Regulations.** – The Secretary of Trade and Industry shall, in consultation with the Secretaries of Finance, Labor and the Interior and Local Government, formulate and prepare the necessary rules and regulations to implement the provisions of this Act within one hundred twenty (120) days after effectivity thereof.

The rules and regulations issued pursuant to this section shall take effect fifteen (15) days after publication in a newspaper of general circulation or by any other means of notification as the Secretary of Trade and Industry may deem reasonably sufficient to inform interested parties of such issuance.

SEC. 14. **Annual Report.** – The Management Board shall submit to the President and the Congress of the Philippines an annual report of its operations accounting for the availment and use of the financial assistance including its collection under this Fund.

SEC. 15. **Penalties.** – Any person who shall divert the financial assistance allocated under this Act shall, in addition to penalties imposed under existing laws, be punished with imprisonment ranging from three (3) years to five (5) years and a fine of Fifty Thousand Pesos (Php 50,000.00).



Any public officer or employee who shall, on his own or in connivance with others, commit the act mentioned under the preceding paragraph shall be punished with the maximum penalty imposed under the law in addition to perpetual disqualification from public office.

Finally, if the offender is an alien, he shall be deported immediately without further proceedings, after service of sentence.

SEC. 16. **Appropriations.** — There is hereby authorized to be appropriated from the unappropriated funds of the Office of the President, the amount of One Billion Pesos (Php 1,000,000,000.00) as initial capital of the *Kalakalan Pampamilya* Fund.

The Management Board shall submit to the Office of the President the budget needed for its operations for inclusion in the annual General Appropriations Act.

SEC. 17. **Repealing Clause.** — All laws, decrees, orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 18. **Effectivity Clause.** — This Act shall take effect thirty (30) days after its publication in two (2) national newspapers of general circulations.

Approved,