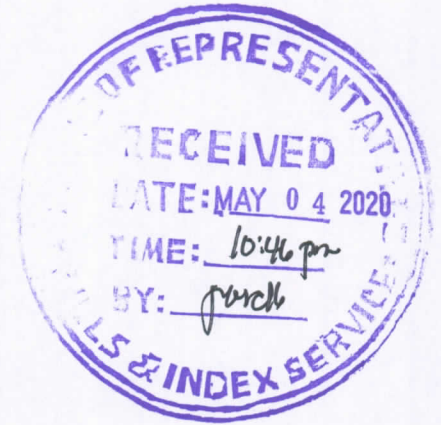


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6683



Introduced by **HON. JOY MYRA S. TAMBUNTING**

EXPLANATORY NOTE

The micro, small and medium enterprises sector is observed to be among those severely hit by the COVID-19 crisis, with the implementation of the enhanced community quarantine to mitigate the transmission of the COVID-19. The enhanced community quarantine has forced non-essential businesses to temporarily cease their operations in compliance to the strict home quarantine measures imposed by Proclamation No. 929 effective 16 March 2020. With most of these non-essential businesses being MSMEs, these enterprises are struggling to cope with the crisis as there is no cash flow coming in during and even before the implementation of enhanced community quarantine.

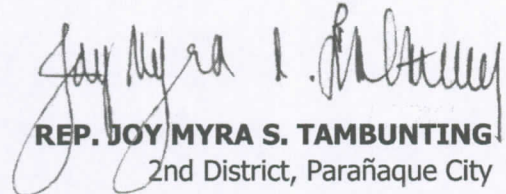
Based on the 2018 statistics of the Department of Trade and Industry, micro, small and medium enterprises (MSMEs) make up 99.52% (which amounts to 998,342 MSMEs) of the recorded total of 1,003,111 business enterprises in the country. Majority of the MSME establishments are micro enterprises which constitutes 88.45% of the total, while small and medium enterprises make up 10.58% and 0.49% of the total, respectively. During the same year, MSMEs have generated a total of 5,714,262 which constitutes over 60% of the country's total employment.

While a thirty-day grace period for loan payments have already been imposed under the Bayanihan to Heal as One Act, it is still necessary for the government to provide further relief to these enterprises in order to prevent them from closing down and causing mass unemployment. As these businesses rely heavily on daily income, these businesses are now facing liquidity issues due to the closure of establishments under the enhanced community quarantine. Despite the zero cash flow during the months of March, April and May 2020, these enterprises still need to shell out money to cover operational expenses such as utilities, rent, wages and benefits to their employees, and taxes. Further, there is no guarantee that the cash flow upon the resumption of business operations will revert to the typical cash flow before the COVID-19 crisis.

In this regard, this proposed measure shall provide the following relief a to affected micro, small and medium enterprises: (1) imposing discounted rent or lease rates during the period wherein enhanced community quarantine and a month thereafter; (2) rent subsidy program for the months of March, April and May 2020; (3) waiving of both employer and employee share of

premium payments to SSS, PhilHealth and Pag-IBIG; and (4) deferral of tax payments for MSMEs. The abovementioned relief measures are proposed to enable MSMEs to recover from the losses they incurred for the past few months and continue their operations to further contribute to the economic recuperation of the country.

On behalf of the people of Parañaque City Second District, and for the common good of the Filipino people, the approval of the said measure is earnestly sought.



REP. JOY MYRA S. TAMBUNTING
2nd District, Parañaque City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6683

Introduced by **HON. JOY MYRA S. TAMBUNTING**

**AN ACT PROVIDING RELIEF TO MICRO, SMALL AND MEDIUM ENTERPRISES
(MSMEs) IN RELATION TO THE COVID-19 PANDEMIC AND APPROPRIATING FUNDS
THEREFOR**

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 and cited as “**COVID-19 MSMEs Relief Act.**”

SEC. 2. Declaration of Policy. – The COVID-19 pandemic measures have greatly disrupted the economy with temporary cease in the operations of business enterprises due to the implementation of Community Quarantine. Most of these business enterprises are micro, small and medium enterprises (MSMEs) which makes up the majority of the country’s employers. In recognition of the valuable MSMEs as employers and their potential in spurring the recovery of the economy, it is hereby declared the policy of the State to provide direct and immediate support MSMEs and their workers as they navigate around liquidity issues during the implementation of strict quarantine measure during the COVID-19 crisis.

SEC. 3. Definition of terms. – As used in this Act, the following terms are defined as follows:

- (a) *Landlord* – refers to any owner of a facility or building or any other person, including mall owners and property lessors making space available to micro, small and medium enterprises.
- (b) *Period covered by community quarantine* – refers to the period where strict home quarantine is implemented in all households, movement of both people and goods are regulated, and heightened presence of uniformed personnel is enforced in accordance to the Proclamation No. 929 dated 16 March 2020.
- (c) *Micro, small, and medium enterprise (MSME)* – refers to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from

loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:

micro	:	not more than P3,000,000
small	:	P3,000,001 – P15,000,000
medium	:	P15,000,001 – P100,000,000

SEC. 4. Discounted Rent Rates for Business Spaces. – Landlords must provide a fifty percent (50%) discount in the rent or lease rates of business spaces occupied by MSMEs for the period covered by community quarantine and a month thereafter.

SEC. 5. Rent Subsidy Program for MSMEs. The Department of Trade and Industry (DTI) shall establish a program under which affected MSMEs can apply for subsidy for the rent or lease of business spaces for the months of March, April and May 2020.

DTI shall issue the guidelines and regulations for the implementation of this section within thirty (30) days from the approval of this Act.

SEC. 6. Payment of Mandatory Employee Benefits and Contributions. – Premium payments or contribution to Social Security Service (SSS), Philippine Health Insurance Corporation (PhilHealth) and Home Development Mutual Fund (Pag-IBIG) of both employer and employees of MSMEs shall be waived and considered paid for the period covered by community quarantine.

SSS, PhilHealth and Pag-IBIG shall jointly issue the guidelines and regulations for the implementation of this section within thirty (30) days from the approval of this Act.

SEC. 7. Tax Deferral for MSMEs. – All payments of direct and indirect taxes such as the income tax, value added tax and withholding tax for the period covered by the community quarantine shall be deferred for at least three months without penalty to the MSMEs.

The Bureau of Internal Revenue shall issue the guidelines and regulations for the implementation of this section within thirty (30) days from the approval of this Act.

SEC. 8. Appropriations. – The amount necessary to effectively implement the provisions of this Act shall be charged against the current year's appropriations of the concerned agencies.

SEC. 9. Separability Clause. – If for any reason or reasons, any part or provision of this Act is declared invalid or unconstitutional, the other parts hereof not affected thereby shall remain valid.

SEC. 10. Repealing Clause. – All laws, orders, proclamations, rules and regulations, or parts thereof, which are inconsistent with any provision of this Act are hereby repealed or modified accordingly.

SEC. 11. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,