



What document should be filed with the BIR by an income tax exempt BMBE?

In lieu of an income tax return, an income tax exempt BMBE is required to submit an Annual Information Return. This is filed on or before the 15th day of the 4th month after the close of the taxable year with an Account Information Form, which contains data from its financial statement and Sworn Statement of Assets Owned and/or Used.

How much will it cost to register?

The registration and issuance of the CA shall be free of charge.

What is the validity period of the BMBE Certificate of Authority registration?

The BMBE Certificate of Authority shall be effective for a period of two (2) years commencing from the date of issuance. The CA may be renewed for the same period of two (2) years and every two (2) years thereafter subject to the applicant's continued compliance with the eligibility requirements prescribed by law and DTI DAO No. 16-01 Series of 2016.

Does the BMBE have to report any changes in the status of its ownership structure?

The BMBE shall report to the DTI through the Negosyo Center of any change in the status of its ownership structure and shall surrender the original copy of the BMBE Certificate of Authority for notation.

NC Bacoor City	(046) 436 - 2165
NC Kawit	(046) 489 - 8902
NC Ternate	(046) 443 - 2329
NC Carmona	(046) 413 - 5473
NC Gen. Trias	(046) 509 - 5053
NC Cavite City	(046) 432 - 2638
NC Imus City	(046) 543 - 5158
NC Dasmarinas	(046) 481 - 4600
NC Naic	(046) 443 - 9261
NC GMA	(046) 423 - 2219
NC Amadeo	(046) 404 - 2007
NC Maragondon	(046) 412 - 1476
NC Magallanes	0966 - 330 - 2690
NC Rosario	(046) 438 - 2690
NC Alfonso	0926 - 755 - 0441
NC Indang	(046) 460 - 4708-09
NC Gen. Emilio	0999 - 522 - 3167
NC Mendez	0956 - 885 - 0559
NC Noveleta	0956 - 885 - 0571
NC Trece Martires	0995 - 832 - 3249
NC Tagayaty	---
NC Tanza	---
NC Silang	---

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Frequently Asked Questions

Guide to R.A. 9178:
Barangay Micro
Business Enterprises
(BMBEs) Act
of 2002



What is the law all about?

The “BMBEs Act of 2002” encourages the formation and growth of Barangay micro business enterprises by granting them incentive and other benefits.

The Act was signed into law by President Gloria Macapagal-Arroyo on 13 November 2002. Its Implementing Rules and Regulations (IRR) which was issued on 7 February 2003, as DTI Department Administrative Order No. 1 Series of 2003, was published twice in the February 11 and 26, 2003 issue of the Manila Bulletin.

A **BMBE** is defined as any business enterprise engaged in production, processing or manufacturing of products, including agro-processing, as well as trading and services, with total assets of not more than P3 million. Such assets shall include those arising from loans but not the land on which the plant and equipment are located.

For the purpose of the 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 (e.g. Accountant, Lawyer, Doctor, etc.)

The DOF Department Order No. 17-04 also provides that, an enterprise can only qualify for registration if its not a branch, subsidiary, division or office of a large scale enterprise and its policies and business modus operandi are not determined by a large scale enterprise or by persons who are not owners or employees of the enterprise (i.e., franchises).

How does one register as a BMBE?

Based on the revised guidelines issued by the DTI under DTI DAO No. 16-01, Series of 2016, any person, natural or juridical, such as partnership, corporation, association and cooperative, having the qualifications and none of the disqualifications shall be eligible to register as BMBEs.

A person applying to be registered as a BMBE shall meet the following qualifications:

- With an asset of not more than Three Million PESOS (Php3,000,000.00) excluding land;
- Engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services;
- Registered with the Department of Trade and Industry for sole proprietorships; for juridical persons: with the Securities and Exchange Commission (SEC), for corporations, partnerships and associations; and with the Cooperative Development Authority for cooperatives.

However, entities rendering services in connection with the exercise of one’s profession by a person duly licensed by the government after having passed a government licensure examination are disqualified from applying for BMBE Certificate of Authority.

Applications for BMBE Certificate of Authority shall be filed with the Negosyo Centers established in each province, city or municipality, or in the DTI offices where Negosyo Centers have not been set up.

The following shall be submitted in support of the duly filled up BMBE application form:

- Certificate of Business Name Registration from the Department of Trade and Industry (DTI), or
- Certificate of Registration from the Securities and Exchange Commission (SEC), or
- Certificate of Registration from the Cooperative Development Authority (CDA).

What are the incentives granted to BMBEs?

Registered BMBEs can avail of the following incentives:

- income tax exemption** from income arising from the operations of the enterprise;
- exemption from the coverage of the Minimum Wage Law** (BMBE employees will still receive the same social security and health care benefits as other employees);
- priority to a special credit window** set up specifically for the financing requirements of BMBEs; and
- technology transfer, production and management training, marketing assistance programs** for BMBE beneficiaries.

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

What are the steps in availing of the Income Tax Exemption?

The BMBE registers with the BIR Revenue District Office (RDO) where the principal office or place of business is located and its submission of the necessary documents.

What are the documents to be submitted to the BIR to avail of Income Tax Exemption?

- Copy of the BMBE’s Certificate of Authority
- Sworn Statement of Assets of the BMBE and/or its affiliates, supported by pertinent documents
- Certified list of branches, sales outlets, places of production, warehouses and storage facilities
- Certified list of affiliates
- Latest audited Financial Statement or Account Information Form or its equivalent



