

Republic of the Philippines  
House of Representatives  
Quezon City



SEVENTEENTH CONGRESS  
Third Regular Session

HOUSE BILL NO. 7943

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INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

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**AN ACT**  
**TO EXPAND THE COVERAGE OF MICRO ENTERPRISES AS**  
**BENEFICIARIES OF THE MAGNA CARTA FOR MICRO, SMALL, AND**  
**MEDIUM ENTERPRISES OR REPUBLIC ACT NO. 6977, AS AMENDED**  
**BY REPUBLIC ACT NO. 8289 AND FURTHER AMENDED BY REPUBLIC**  
**ACT NO. 9501**

**EXPLANATORY NOTE**

Helping the micro, small, and medium enterprises (MSMEs) sector is vital to the promotion of a fast-growing economy. In 2016, MSMEs account for 99.57% of the recorded 915,726 business establishments in the country.<sup>1</sup> 82.5% of the total number of MSMEs in the country are comprised of the following industries: 1) wholesale and retail trade; repair of motor vehicles and motorcycles with 420,638 establishments; (2) accommodation and food service activities with 119,718; (3) manufacturing with 115,748 establishments; (4) other service activities with 56,466 establishments; and (5) financial and insurance activities with 39,925 establishments.<sup>2</sup> In the same year, MSMEs generated a total of 4.879 million jobs or almost 63.3% of total jobs from all types of businesses.<sup>3</sup>

Section 13, Article XII of the 1987 Constitution expressly states that the State shall pursue a trade policy that serves the general welfare and utilizes all forms of arrangements of exchange on the basis of equality and reciprocity. Under Republic Act No. 6977 or the “Magna Carta for Small Enterprises”, the State recognized its role in promoting, supporting, strengthening, and encouraging growth and development of MSMEs in all productive sectors of the economy.<sup>4</sup> Enacted in 2008, the law provided the definitions of MSMEs by categorizing them based on total

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<sup>1</sup> Department of Trade and Industry, “2016 MSME Statistics,” <https://www.dti.gov.ph/businesses/msmes/msme-resources/msme-statistics>

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> “Republic Act No. 6977,” *The LawPhil Project*, [https://www.lawphil.net/statutes/repacts/ra1991/ra\\_6977\\_1991.html](https://www.lawphil.net/statutes/repacts/ra1991/ra_6977_1991.html)

assets. However, these outdated definitions have remained the same despite inflation and other economic changes.

This bill thus seeks to amend the categories in order to ensure that more businesses are qualified to enjoy the benefits of specialized programs for the said sector. In particular, micro enterprises will now cover those with total assets of less than P7.5 million; small enterprises are defined as those with assets of more than P7.5 million but less than P15 million; and medium enterprises include businesses with assets of more than P15 million but less than P100 million.

Through this, the State better aids the development of MSMEs which directly benefits thousands of Filipinos and provides significant contribution to the national economy. This further fosters the potential for employment generation and economic growth that MSMEs bring about.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



**ALFRED VARGAS**

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ACT NO. 9501

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

**Section 1. Amendment to R.A. No. 6977.** – Section 3 of the Magna Carta for Micro, Small, and Medium Enterprises or Republic Act No. 6977, as amended by Republic Act No. 8289 and further amended by Republic Act No. 9501, is hereby further amended to read as follows:

“Sec. 3. *Micro, Small, and Medium Enterprises (MSMEs) as Beneficiaries.* – MSMEs shall be defined as 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] **P7,500,000**

Small: [P3,000,001 – P15,000,000] **P7,500,001 – P15,000,000**

Medium: [P15,000,001 – P100,000,000] **P15,000,001 – P100,000,000.**

x x x

x x x”

**Section 2. Repealing Clause.** – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule, or regulation, contrary to or inconsistent with the provisions of this Act is hereby repealed, modified, or amended accordingly.

**Section 3. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,