



Republic of the Philippines  
**QUEZON CITY COUNCIL**  
Quezon City  
19<sup>th</sup> City Council

PO19CC-096

46<sup>th</sup> Regular Session

ORDINANCE NO. SP- **2360**, S-2014

**AN ORDINANCE ADOPTING A MAGNA CARTA FOR MICRO AND SMALL BUSINESS ENTERPRISES IN QUEZON CITY.**

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*Introduced by Councilors BAYANI V. HIPOL, CANDY A. MEDINA, MELENCIO "Bobby" T. CASTELO, JR., KARL EDGAR C. CASTELO, ESTRELLA C. VALMOCINA, ALEXIS R. HERRERA, JOSE A. VISAYA and LENA MARIE P. JUICO.*

*Co-Introduced by Councilors Anthony Peter D. Crisologo, Dorothy A. Delarmente, Victor V. Ferrer, Jr., Voltaire Godofredo L. Liban III, Roderick M. Paulate, Ranulfo Z. Ludovica, Ramon P. Medalla, Allan Benedict S. Reyes, Gian Carlo G. Sotto, Franz S. Pumaren, Eufemio C. Lagumbay, Jose Mario Don S. De Leon, Jaime F. Borres, Jesus Manuel C. Suntay, Raquel S. Malañgen, Jessica Castelo Daza, Julianne Alyson Rae V. Medalla, Godofredo T. Liban II, Andres Jose G. Yllana, Jr., Allan Butch T. Francisco, Diorella Maria G. Sotto, Marivic Co-Pilar, Rogelio "Roger" P. Juan, Donato C. Matias and Ricardo B. Corpuz.*

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*WHEREAS, micro and small enterprises (MSEs) dominate the business sector in terms of number of establishments, which more or less represent eighty percent (80%) of the total registered businesses in Quezon City. Hence, it is often dubbed as the backbone of the economy or the linchpin of economic development;*

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*WHEREAS, in Quezon City, the MSE sector is seen as a vital driver for the City's economic growth. This can improve and strengthen domestic linkages and enhance the efficiency and competitiveness of large enterprises. The MSE sector also plays a vital role in the economy being the entry point of entrepreneurs to build new businesses some of which will grow into large businesses that will create wealth and employment;*

*WHEREAS, the Quezon City Government affirms the State's recognition of the potential of micro and small enterprises to generate sustainable employment and stimulate economic growth. To this end, it upholds the state's declared policy to promote, support, strengthen and encourage the growth and development of these enterprises in all productive sectors of the economy as envisioned in the Magna Carta for Micro, Small and Medium Enterprises (Republic Act No. 6977, as amended by R.A. No. 8289, R.A. No. 9501 and further amended by R.A. No. 10644);*

*WHEREAS, Barangay Micro Business Enterprises (BMBE) under R.A. No. 9178, also known as the BMBE Act of 2002, as amended by R.A. No. 10644 was enacted primarily to hasten the country's economic development by encouraging the formation and growth of BMBEs which effectively serve as seedbeds of Filipino entrepreneurial talents, and integrating those in the informal sector with the mainstream economy, through the rationalization of bureaucratic restrictions, the active intervention of the government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty;*

*WHEREAS, BMBEs, though falls within the capitalization requirement of micro enterprises under R.A. No. 6977, as amended, but treated separately in terms of registration, operation and for taxation purposes under Republic Act No. 9178, as amended. Whereby, LGUs are encouraged either to reduce the amount of local taxes, fees and charges imposed or to exempt BMBEs from local taxes, fees and charges;*

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*WHEREAS, the Quezon City Government also recognizes the critical role that entrepreneurs play in spurring inclusive and sustainable growth as they continuously focus on growth potentials and innovations to seize opportunities that result in creating new ventures and opening markets for new products, processes and services;*

*WHEREAS, to maximize these potentials, the Quezon City Government finds it imperative to develop a measure that will provide for a holistic and comprehensive program and requisite support systems, mechanisms and infrastructures for the sustainable development and promotion of micro and small enterprises and entrepreneurship in the City.*

**NOW, THEREFORE,**

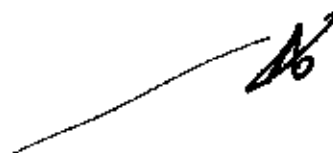
**BE IT ORDAINED BY THE CITY COUNCIL OF QUEZON CITY IN REGULAR SESSION ASSEMBLED:**

**SECTION 1. SHORT TITLE** – *This Ordinance shall be known as the "Magna Carta for Micro and Small Business Enterprises in Quezon City".*

**SECTION 2. DECLARATION OF POLICY** – *The Quezon City Government recognizes the potential of micro and small enterprises and entrepreneurs to generate sustainable employment and engender inclusive economic growth, thereby reducing the incidence of poverty and creating empowered citizens. To this end, it shall promote, support, strengthen and encourage the establishment, continuing viability, sustainable growth and development of innovative micro and small enterprises and entrepreneurs in the priority development sectors or investment drivers of the City.*

*In the pursuit of such policy, the Quezon City Government shall be guided by the following principles:*

- a. Prescribe only a minimum set of rules and regulations and simplify procedures and requirements for doing business and accessing support programs and services; x*



- b. *Coordinate, consolidate and converge all stakeholder efforts to develop and promote micro and small enterprises and entrepreneurship under the stewardship of the LGU;*
- c. *Encourage full participation of the private sector and concerned national government agencies in these endeavours, and provide incentives for such participation where feasible;*
- d. *Customize support programs and services to the actual needs of micro and small enterprises and entrepreneurs through regular dialogues and institutionalized exchanges, and ensure that these are in consonance with national and international best practices; and*

*Ensure inclusiveness, transparency and accountability in the development and implementation of all responses to the needs of micro and small enterprises and entrepreneurs.*

**SECTION 3. DEFINITION OF TERMS** – For purposes of this Ordinance, the following terms shall be defined as such:

- a. *"Micro and Small Enterprises (MSEs)" shall refer to any business activity within the major sectors of the economy namely: industry, trade, services, including the practice of one's profession, the operation of tourism-related establishments, and agri-business, which for this purpose refers to any business activity involving the manufacturing, processing and/or production of agricultural produce, whether single proprietorship, cooperative, partnership or corporation- }*

*AB*

*B*

*D*

*[Signature]*

1. 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, have value falling under the following categories:

Micro - not more than PhP3,000,000; and  
Small - more than P3,000,000 to P15,000,000.

2. duly registered with the appropriate agencies as presently provided by law and its implementing rules and regulations.

The accepted convention of using the short term "Small Business" to encompass MSEs, cooperatives and BMBEs is hereby adopted in this Ordinance.

- b. "Barangay Micro Business Enterprises (BMBE)" - shall refer to enterprises defined in Section 3(a) of Republic Act No. 9178, also known as "BMBE Act of 2002" and its Implementing Rules and Regulations. For purposes of BMBE registration and operation, Republic Act No. 9178, as amended by RA 10644 and its Implementing Rules and Regulations are hereby adopted in this Ordinance.
- c. "Entrepreneurs" shall refer to individuals who start or expand a business to harness growth potentials and innovation. They "identify an innovation to seize an opportunity, mobilize money, mobilize management skills, and take calculated risks to open markets for new products, processes and services". Their primary aim is not just to improve or expand their businesses.
- d. "Innovation Active Firm" shall mean an enterprise that is a product or process innovator, attempts to innovate, has on-going innovation activities, or has innovation spending. A

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- e. "Product Innovator" shall refer to an enterprise that has introduced to the market a new product or a significantly improved product which may include improvements in user-friendliness, ingredients or components. The new or improved product need not be new to the market but it has to be new to the establishment. The word "product" in this definition shall encompass both products and services.
- f. "Process Innovator" shall refer to an enterprise that has implemented a new or significantly upgraded manufacturing process, distribution system or in other activities undertaken for the over-all operation of the establishment but excluding organizational and marketing innovations.

SECTION 4. COVERAGE – The following are covered by this Ordinance:

1. All Quezon City registered micro and small businesses eligible for government assistance under Section 4 of Republic Act No. 9501, otherwise known as the "Magna Carta for Micro, Small and Medium Enterprises";
2. All Quezon City registered Barangay Micro Business Enterprises pursuant to Republic Act No. 9178, as amended by RA 10644;
3. All Quezon City registered cooperatives governed by 9520, also known as the "Cooperative Code of the Philippines," except for credit and/or financial types of cooperatives, shall likewise be covered by this Ordinance but shall automatically be excluded upon the passage of another Ordinance creating the Cooperative Development Office or its equivalent.

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**SECTION 5. DEVELOPMENT GOALS AND OBJECTIVES –**  
Quezon City shall be a globally competitive growth center, where there is a steady increase in start-ups and near-zero incidence of closures of home-grown, local micro and small enterprises that continuously innovate to produce products and services that are developed, promoted and distinctly branded as Quezon City. This shall be achieved through the development and implementation of a holistic and comprehensive program with the required support systems, mechanisms and infrastructures for the sustainable development and promotion of micro and small enterprises and entrepreneurship in the City. In detailing such program, the following development objectives shall be considered:

- a. **Business Environment (BE)** - Create an enabling business environment that is conducive to the establishment, innovation, development and sustainable growth of MSEs and entrepreneurship in the City.
- b. **Access to Financing (A2F)** - Enable MSEs and entrepreneurs to conveniently access appropriate and affordable financial products, services and programs (i.e. savings, credit, insurance, remittance, transfers) from multiple sources and for various purposes.
- c. **Access to Markets (A2M)** - Enable MSEs and entrepreneurs to maintain their current markets and penetrate new markets through the establishment and sustainable operations of marketing support systems and structures.
- d. **Productivity and Efficiency (P&E)** - Enable MSEs and entrepreneurs to be innovation active and improve their capacities to develop, produce and deliver competitive products and services for the local, national and international markets. A

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*Socio-Economic Environment (SEE) - Enable MSEs and entrepreneurs to be active contributors to the overall socio-economic development of society by providing them with knowledge on emerging themes and cross-cutting social concerns such as, but not limited to, social inclusion, environment protection, climate change, risk reduction, culture and heritage preservation; together with emerging economic and business systems, models and practices such as, but not limited to, corporate social responsibility, social economy, social solidarity economy, social enterprises, and fair trade.*

**SECTION 6. MICRO AND SMALL ENTERPRISE DEVELOPMENT (MSED) COUNCIL** - To effectively spur the growth and development of MSEs in Quezon City, and to carry out the declared policy and principles in this Ordinance, a MSED Council is hereby created. The MSED Council shall be composed of the following:

Chairman - Mayor

Vice-Chairman - Vice-Mayor

Members - Chairperson, City Council  
Committee on Micro, Small &  
Medium Business Enterprises  
and Entrepreneurship  
Development

Chief, Business Permits and  
Licensing Office (BPLO)

Head, Public Employment  
Service Office (PESO)

City Treasurer

Head, Market Development and  
Administration Department





*DTI - NCR Director or his duly authorized representative*

*DOST - NCR Director or his duly authorized representative*

*TESDA - NCR Director or his duly authorized representative*

*President, Philippine Chamber of Commerce and Industry-Quezon City*

*President, Quezon City Polytechnic University (QCPU)*

*Representative from duly organized Micro and Small Enterprises Sector to be appointed by the Chairman of the MSED Council*

*All Members of the QC-MSED Council shall receive per diem for every meeting actually attended subject to existing budgeting, accounting and auditing laws, rules and regulations on compensation, honoraria and allowances. Provided, that when an authorized representative attends a meeting, the representative shall be entitled to receive per diem.*

**SECTION 7. DUTIES AND FUNCTIONS OF MSED COUNCIL** - *The Council shall be the primary agency responsible for the promotion, growth and development of MSEs in Quezon City by way of facilitating and closely coordinating with national efforts to promote the viability and growth of MSEs. It shall recommend policies to enhance the business climate, support existing businesses and to fully realize the development objectives and principles of this Ordinance.* †

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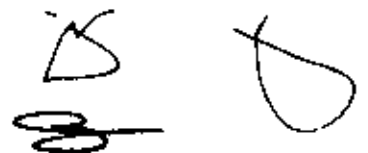
The Council shall conduct quarterly meetings. In addition to its regular meetings, the Chairman of the Council, or upon the request of the majority of the members thereof, may convene a special meeting, provided there is proper written notice, and provided further that the matters taken up in such special meetings shall cover no other matters than those provided for in the Notice of Special Meeting and its corresponding agenda. A majority of the members of the Council shall constitute a quorum (1/2+1). The affirmative vote of the members of the Council present at a meeting validly held shall be deemed necessary to perform its duties, which shall be as follows:

1. Approve the Micro and Small and Entrepreneurship Development Plan prepared by the Quezon City Small Business Development and Promotion Office, which shall be effective for three (3) years;
2. To help establish the needed environment and opportunities conducive to the growth and development of MSE sector;
3. Review, evaluate and approve or disapprove the applications for incentive/assistance packages for MSEs;
4. Recommend, for the action of the City Mayor, agreements and/or contracts that can be entered into by the Quezon City Government with other government agencies and/or private organizations for the purpose of improving the ease of doing business in Quezon City through, but not limited to, systems integration and simplification, technical cooperation, data sharing, and other ways of expediting and/or simplifying transactions and procedures;

5. *Ensure the establishment of Negosyo Center in Quezon City as mandated by R.A. No. 10644 in coordination with appropriate departments or agencies of the national government;*
6. *To coordinate and integrate various government and private sector activities relating to small business development;*
7. *Recommend to the City Council all policy matters affecting small businesses that require legislation to amend, revise and/or modify this Ordinance;*
8. *To exercise all powers necessary to attain the objectives and purposes of this Ordinance.*
9. *To perform other functions as mandated by existing laws, rules and regulations affecting micro and small enterprises.*

**SECTION 8. SPECIAL BUSINESS TAX INCENTIVES FOR BMBEs** - *In addition to the privileges and benefits of the registered BMBEs provided under R.A. No. 9178, as amended by R.A. No. 10644 and other policy incentives under various laws, all BMBEs issued with a valid Certificate of Authority shall be entitled to the following special local business tax incentives:*

- a. *Twenty percent (20%) of the gross sales/receipts of the BMBEs shall be exempt from payment of business tax for three (3) years which shall commence in 2016 and shall end by the year 2018.*
- b. *Exemption of BMBEs from payment of Closure/Retirement Fees and other charges due to substantial financial losses, provided that, the closure/retirement is made within three (3) years from the effectivity of this Ordinance. /*



Immediately after the year 2018, all BMBEs in Quezon City shall be subject to regular business tax impositions.

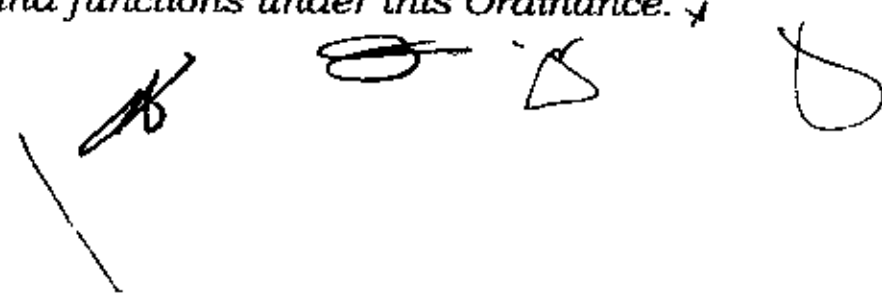
**SECTION 9. REGISTRATION OF MICRO ENTERPRISES WITH A CAPITAL OF PHP 50, 000.00 AND BELOW** – All micro enterprises that will officially register in Quezon City with a capital of Php50,000.00 and below shall be exempt from payment of city tax for its initial registration. Provided however that, the registration shall be made within three (3) years from the effectivity of this Ordinance.

Notwithstanding any provision to the contrary, all micro and small enterprises in Quezon City regardless of capitalization, shall secure all the necessary permits and clearances required by the city government in order to avail of the privileges, benefits and incentives provided in this Ordinance.

**SECTION 10. IMPLEMENTING OFFICE** – The Quezon City Small Business Development and Promotion Office (QC-SBDPO) shall be the primary office in-charge to implement the policies and programs of this Ordinance. Further, the QC-SBDPO shall facilitate and assist all qualified micro and small business enterprises in Quezon City to avail the incentives, benefits and privileges granted herein.

**SECTION 11. IMPLEMENTING RULES AND REGULATIONS** – Within ninety (90) days after the passage of this ordinance, the MSED Council through the QC-SBDPO shall adopt the Implementing Rules and Regulations (IRR) of this Ordinance subject to confirmation by the City Council.

**SECTION 12. TRANSITORY PROVISIONS** - Within thirty (30) days after the enactment of this Ordinance, the City Mayor shall convene the Members of the MSED Council to perform their duties and functions under this Ordinance. ✓




**SECTION 13. SEPARABILITY CLAUSE** – *If, for any reason, any part or provision of this Ordinance shall be held unconstitutional or invalid, other parts or provisions hereof, which are not affected thereby, shall be in full force and effect.*

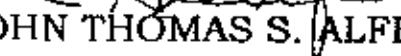
**SECTION 14. REPEALING CLAUSE** – *All Ordinances, Resolutions, Rules, Executive Orders, Memorandum Circulars and Office Orders or parts thereof, which are inconsistent with any provisions of this Ordinance, are hereby repealed or modified accordingly.*

**SECTION 15. EFFECTIVITY** – *This Ordinance shall take effect immediately upon its approval.*

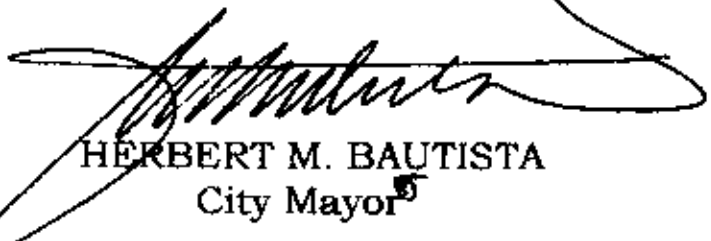
ENACTED: November 24, 2014.

  
MA. JOSEFINA G. BELMONTE  
Vice Mayor  
Presiding Officer

ATTESTED:


  
Atty. JOHN THOMAS S. ALFEROS III  
City Gov't. Asst. Dept. Head III

APPROVED: 19 DEC 2014

  
HERBERT M. BAUTISTA  
City Mayor

**CERTIFICATION**

*This is to certify that this Ordinance was APPROVED by the City Council on Second Reading on November 24, 2014 and was PASSED on Third/Final Reading on December 1, 2014.*

  
Atty. JOHN THOMAS S. ALFEROS III  
City Gov't. Asst. Dept. Head III