



**Department Administrative Order No. 14-5
Series of 2014**

**IMPLEMENTING RULES AND REGULATIONS FOR REPUBLIC ACT NO. 10644
AN ACT PROMOTING JOB GENERATION AND INCLUSIVE GROWTH
THROUGH THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM
ENTERPRISES, OTHERWISE KNOWN AS THE "GO NEGOSYO ACT"**

The following rules and regulations implementing Republic Act No. 10644, otherwise known as the "Go Negosyo Act", pursuant to Section 13 thereof, are hereby promulgated.

RULE 1

Preliminary Provisions on Title and Construction and Interpretation

SECTION 1. Title. These Rules shall be referred to as the "Implementing Rules and Regulations for Republic Act No. 10644" otherwise known as the "Go Negosyo Act" and for brevity, may be referred to as the IRR of the "Go Negosyo Act".

Sec. 2. Construction and Interpretation. These Rules shall be interpreted, construed and carried out pursuant to the intents and purposes of the Declaration of Policy of RA No. 10644 and which shall be made an integral part hereof.

Sec. 3. Relation to other Laws on Micro, Small and Medium Enterprises (MSMEs). This IRR recognizes the existing policies of the State on MSMEs insofar as their provisions have not been amended or repealed by RA No. 10644, "Go Negosyo Act," under the following laws:

- (a) Republic Act No. 9178, Barangay Micro Business Enterprises (BMBEs) Act of 2002;
- (b) Republic Act No. 6977, Magna Carta for Micro, Small and Medium Enterprises (MSMEs), as amended by Republic Act No. 8289 and Republic Act No. 9501; and
- (c) Other laws, insofar as their provisions have not been amended or repealed by RA No. 10644, the "Go Negosyo Act."

RULE 2
Declaration of Policy and other General Policy Statements

SECTION 1. *Declaration of Policy.* These rules and regulations shall be in accordance with the Declaration of Policy set forth in Section 2 of R.A. No. 10644.¹

Sec. 2. *Local Economic Development.* In order to pursue the policies of the State as declared in Republic Act No. 10644, particularly with regard to inclusive growth and job generation, this IRR recognizes the imperatives of working with Local Government Units (LGUs) and other agencies and organizations, both in the public and private sectors towards Local Economic Development.

To avoid duplication of efforts and to foster coordinated actions, all initiatives towards this end must ensure coordination and collaboration with existing structural mechanisms promoting MSMEs and entrepreneurship.

RULE 3
Implementation of Provisions on Negosyo Centers

SECTION 1. *Establishment and Management of Negosyo Centers.* The establishment and management of Negosyo Centers shall be in accordance with Section 3 of R.A. No. 10644.²

Sec. 2. *Set-up and approval of a multi-phase plan for creation/strengthening of Negosyo Center.*

- (a) Within one hundred eighty (180) days from its reconstitution, the MSMED Council shall approve a multi-phase plan, for the establishment and management of the afore-mentioned Negosyo Centers.
- (b) The multi-phase plan shall consider the different modes of establishing the Negosyo Centers based on the needs of the MSMEs, as well as the capacities and capabilities of the LGUs and other necessary factors.

¹ Sec. 2. Declaration of Policy. - It is hereby declared, the policy of the State to foster national development, promote inclusive growth, and reduce poverty by encouraging the establishment of micro, small and medium enterprises (MSMEs) that facilitate local job creation, production and trade in the country. MSMEs increase income for poor households and build both business equity and personal assets over a period of time. To this end, the State shall develop plans and initiate means to ease the constraints on the establishment of MSMEs in order to rationalize the existing bureaucratic regulations, providing greater incentives and benefits to MSMEs, and strengthening the Micro, Small and Medium Enterprise Development (MSMED) Council.

² Sec. 3. Establishment of Negosyo Centers. There shall be established under the supervision of the Micro, Small and Medium Enterprise Development (MSMED) Council, a "Negosyo Center" in all provinces, cities and municipalities. The MSMED Council shall encourage public-private partnerships in the establishment and management of Negosyo Centers. In applicable areas, the existing MSME Centers shall continue to operate as Negosyo Centers subject to the provisions of this Act. The Negosyo Centers shall be responsible for promoting ease of doing business and facilitating access to services for MSMEs within its jurisdiction. The MSMED Council through the regional offices of the Department of Trade and Industry (DTI) shall perform oversight functions and shall assign personnel to fulfill the functions of the Negosyo Centers.

(c) The multi-phase plan shall include the management structure and processes for the MSMED Council's supervision of the Negosyo Centers.

(d) The creation and roll-out of the multi-phase plan, and as envisioned under paragraph (b) hereof, Negosyo Centers shall continue to be established and perform their mandates without prejudice to the MSMED Plan.

Sec. 3. Public-Private Partnerships. The MSMED Council, in the national and local levels, shall encourage public-private partnerships in the establishment and management of Negosyo Centers.

Section 4. Lead Role by LGU in creation of Negosyo Center. In cases where the province, city or municipality takes the lead role in the establishment and management of Negosyo Centers, the DTI, DILG and the LGA may offer assistance to the LGU in integrating this creation through the LGU's Local Development and Investment Plan, Annual Investment Plan and other relevant executive and legislative issuances.

Sec. 5. Operations of Existing SME Centers and National Economic Research and Business Assistance Center (NERBAC). In applicable areas, the existing SME Centers and NERBAC, administered by the DTI in provinces, cities and municipalities, if any, may be converted to Negosyo Centers subject to the provisions of this Act. Existing Regional NERBACs or SME Centers may be utilized as Negosyo Centers for the Provinces and Cities where they are physically located.

Sec. 6. Functions of the Negosyo Centers. The Negosyo Centers shall have the following functions:

(a) Business Registration Assistance

- i) Accept and facilitate all new registration and renewal application of MSMEs, including application for Barangay Micro-Business Enterprise (BMBE);
- ii) Coordinate with the respective local government units (LGUs) and liaise with concerned government agencies to process the duly accomplished forms submitted by the MSMEs;
- iii) Implement a unified business registration process preferably through automated systems such as the Philippine Business Registry (PBR);

(b) Business Advisory Services

- i) Assist MSMEs in meeting regulatory requirements to start and maintain the business;
- ii) Build local support networks and establish market linkages for MSME development through the Micro, Small and Medium Enterprise Development (MSED) Council and DTI;
- iii) Facilitate access to grants and other forms of financial assistance, shared service facilities and equipment, and other support for MSMEs through national government agencies (NGAs);

(ii) Timelines.

Should the concerned business permits and licensing offices (BPLO) fail to process the application, within fifteen (15) calendar days upon receipt of the BPLO, the MSME shall be deemed registered for a period of one (1) year: *Provided, however,* That within a period of thirty (30) calendar days from the date of application of an MSME with the BPLO, any business permit and licensing office shall have the authority to revoke the permit or license upon determination that an MSME has not met the requirements and qualifications imposed by the office. *Provided, further,* that the BPLO shall immediately inform the applicant by way of a written notice of revocation.

(b) Registration of Barangay Micro Business Enterprises (BMBEs)

The registration of Barangay Micro Business Enterprises (BMBEs) shall be in accordance with Section 5 (b) of R.A. No. 10644.³

The MSMED Council shall, through a resolution, provide guidelines for the issuance of the Certificate of Authority for BMBEs.

(c) Philippine Business Registry Databank – The establishment of the “Philippine Business Registry Databank” shall be in accordance with Section 5 (c) of R.A. No. 10644.⁴

Sec. 2. Eligibility. The definition of eligibility under these IRR shall be in accordance with the definition provided in Sec. 3. (a) of R.A. No. 9178.⁵

Sec. 3. Start-up Funds for MSMEs. The establishment of “Start-up Funds for MSMEs” shall be in accordance with Section 7 of R.A. 10644.⁶

³ Certificate of Authority for Barangay Micro Business Enterprises (BMBEs) – The DTI, through the Negosyo Center in the city or municipal level, shall have the sole power to issue the Certificate of Authority for BMBEs to avail of the benefits provided by Republic Act No. 9178, otherwise known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002”. Upon the approval of registration of the BMBE, the Negosyo Center shall issue the Certificate of Authority, renewable every two (2) years. The DTI, through the Negosyo Center may charge a fee which shall not be more than One thousand pesos (P1,000.00) to be remitted to the National Government.

⁴ A Philippine Business Registry Databank (PBRD) shall be established under the DTI to serve as a repository of information of all business enterprises in the Philippines.

⁵ “Barangay Micro Business Enterprise,” hereinafter referred to as BMBE, refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, shall not be more than Three Million Pesos (P3,000,000.00). The above definition shall be subject to review and upward adjustment by the SMED Council, as mandated under Republic Act No. 6977, as amended by Republic Act No. 8289

⁶ Aside from the existing benefits for MSMEs, the MSMED Council, through the DTI, the Department of Finance (DOF) and the appropriate financing institutions, shall establish a Start-up Fund for MSMEs to be sourced from the MSME Development Fund and BMBE Fund to provide financing for the development and promotion of MSMEs in priority sectors of the economy as specified in the MSMED Plan.

The amount to be allocated for the Start-Up Fund and the guidelines for its use must be identified by the MSMED Council through a resolution.

Sec. 4. Technology Transfer, Production and Management Training, and Marketing Assistance. The availment of technology transfer, production and management training and marketing assistance shall be done in accordance with Section 8 of RA 10644.⁷

The MSMED Council may, upon consultation with the above-mentioned agencies, issue a resolution on a Manual of Operations for this section specifically identifying the individual and collective roles of the above-mentioned agencies.

RULE 5

Micro, Small and Medium Enterprises Development Council

SECTION 1. *Composition of the Micro, Small and Medium Enterprises Development (MSMED) Council.* The composition of the Micro, Small and Medium Enterprises Development (MSMED) Council shall be in accordance with Section 9 of R.A. No. 10644.⁸

Sec. 2. Additional Functions of the MSMED Council. The additional functions of the MSMED Council shall be in accordance with Sec. 10 of R.A. No. 10644.⁹

⁷ The Negosyo Centers shall provide assistance to MSMEs in the availment of technology transfer, production and management training programs and marketing assistance of the DTI, Department of Science and Technology (DOST), University of the Philippines-Institute for Small-Scale Industries (UP-ISSI), Cooperative Development Authority (CDA), Technical Education and Skills Development Authority (TESDA) and other agencies concerned.

⁸ The members of the Council shall be the following:

- (a) The Secretary of Trade and Industry as Chair;
- (b) The Secretary of Agriculture;
- (c) The Secretary of the Interior and Local Government;
- (d) Three (3) representatives from the MSME sector to represent Luzon, Visayas and Mindanao with at least one (1) representative from the microenterprise sector;
- (e) One (1) representative from the women sector designated by the Philippine Commission on Women;
- (f) One (1) representative from the youth sector designated by the National Youth Commission; and
- (g) The Chairman of Small Business Corporation.

A. Advisory Unit. – There shall be an Advisory Unit to the Council, which shall consist of the following:

- (a) The Secretary of Science and Technology;
- (b) The Governor of the *Bangko Sentral ng Pilipinas*;
- (c) The President of the Land Bank of the Philippines;
- (d) The President of the Development Bank of the Philippines;
- (e) The Director General of the National Economic and Development Authority;
- (f) One (1) representative from the labor sector, to be nominated by accredited labor groups;
- (g) A representative from the private banking sector to serve alternatively between the chamber of thrift banks, and the Rural Banker's Association of the Philippines (RBAP);
- (h) A representative of the microfinance nongovernment organizations (NGOs);
- (i) A representative of the University of the Philippines-Institute for Small Scale Industries (UP-ISSI); and
- (j) The President of the Credit Information Corporation.

⁹ Aside from its existing functions as mentioned under Section 7-B of Republic Act No. 9501, otherwise known as the "Magna Carta for Micro, Small and Medium Enterprises (MSMEs)", the MSMED Council shall have the following additional functions:

The MSMED Council shall, through a resolution, identify the other functions of the Regional and Provincial MSMED Councils to pursue the function as coordination and oversight body for the Negosyo Centers.

RULE 6 Public Information Dissemination

SECTION 1. *Information Dissemination.* The Philippine Information Agency (PIA), in coordination with the DTI and the DILG, shall ensure the proper and adequate information dissemination of the contents and benefits of RA No. 10644 and this IRR to pertinent media entities and all cities, municipalities and barangays and widely to other stakeholders. To ensure wide dissemination to as many stakeholders as possible, the agencies concerned shall utilize electronic updates and posting in their respective websites and social media and provide leaflets or brochures which shall contain frequently asked questions.

RULE 7 Appropriations

SECTION 1. *Appropriations.* The amount necessary to carry out the initial implementation of this Act shall be sourced from the current budget of the DTI.

Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the succeeding General Appropriations Act. The amount to be allocated shall include, but not be limited to, support for the provincial, city and municipal operations of the Negosyo Centers.

(a) Coordinating and Oversight Body for the Negosyo Center. – The MSMED Council, through the DTI, shall act as the coordinating and supervising body for all the agencies involved in the establishment and operation of the Negosyo Centers. Further, the MSMED Council shall monitor and assess the progress of the Negosyo Centers, which shall be included in its annual report submitted to the Congress.

(b) Provision of a Compliance Guide. – For each rule or group of related rules issued by any government agency for compliance by MSMEs, the Council shall publish compliance guidelines which shall be written in plain language or in the local dialect, if necessary.

The Council shall prepare separate compliance guides covering groups or classes of similarly affected MSMEs and shall cooperate with industry associations to develop and distribute such compliance guides. The publication of each compliance guide shall include the posting of the guide in an easily identified location on the website of the agency, and distribution of the guide to known industry contacts, such as small entities, associations or industry leaders affected by the rule. The issuing government agency shall publish and disseminate the compliance rules within ninety (90) days from the date of issuance.

(c) Conduct of Research on Women Entrepreneurship. – The Council shall conduct research to support women entrepreneurship including, but not limited to entrepreneurial behavior, barriers, participation and cessation rates, discriminatory practices and contribution to the national economy and growth.

(d) Policy Formulation on Women Entrepreneurship. – The Council shall provide policy direction towards recognizing women's propensity in doing business as well as establish linkages that will enable more opportunities for women to engage in entrepreneurship.

(e) Development of Entrepreneurial Education and Training. – The MSMED Council shall develop, in coordination with the Department of Education, TESDA and CHED, a course curriculum or training program in entrepreneurship that will promote entrepreneurial culture and competence. Entrepreneurship shall be integrated in the curriculum of educational and training institutions in all levels.

RULE 8
Provision of Amendments to the IRR

SECTION 1. *Amendments to the IRR.* In the event that amendments may be needed to this IRR, the BSMED shall submit the proposed amendments to the Secretary of Trade and Industry for approval.

RULE 9
Transitory Provisions

SECTION 1. *Full Reconstitution of MSMED Council.* The Secretary of the Department of Trade and Industry, as Chair of the MSMED Council, shall ensure that the MSMED Council as presently constituted shall meet to deliberate and act appropriately on policy and program matters, until such time that the MSMED Council is fully reconstituted pursuant to RA 10644. The presently constituted MSMED Council shall be limited to matters with identified timeframes, and urgent concerns from consultations for the formulation of this IRR, to ensure that there is no gap in policy and program formulation for the MSMEs.

In this regard, the MSMED Council Chair shall ensure that the MSMED Council shall be reconstituted within sixty (60) days from the approval of this IRR. The Philippine Commission on Women (PCW) and the National Youth Commission (NYC) shall submit the names of their designated representatives before the scheduled reconstitution of the MSMED Council.

Sec. 2. Constitution of the Advisory Unit. In order to ensure continuity in the support and assistance to the MSMEs, any current member of the MSMED Council whose representation has now been designated as being part of the Advisory Unit, will continue to be a member of the Advisory Unit until such time that the MSMED Council issues the relevant policy concerning the term of office of each Advisory Unit member which are not ex-officio in nature.

RULE 10
Final Provisions


SECTION 1. *Effectivity Clause.* Pursuant to Section 13 of RA 10644, these Implementing Rules and Regulations formulated by the Secretary of the Department of Trade and Industry, in consultation with the appropriate agencies as may be deemed necessary, shall prescribe the implementation of the Act. Upon approval of the

Secretary of Trade and Industry, these rules shall take effect within fifteen (15) days from its publication in a newspaper of general circulation.

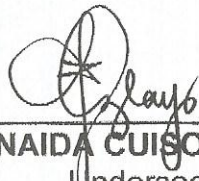
Sec. 2. Separability Clause. If, for any reason, any section or provision of the herein "IRR" or application of such rules and regulations or provision to any person or circumstances is declared unconstitutional or invalid, the remainder of this "IRR of the Go Negosyo Act", or application of such provisions to other circumstances, shall not be affected by such declaration.

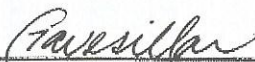
Sec. 3. Repealing Clause. Any provisions of the rules, regulations, codes, orders, resolutions, measures, and other policies or parts thereof issued and promulgated pursuant to RA 9178 and Republic Act No. 6977, as amended by Republic Act No. 8289 and Republic Act No. 9501, which are inconsistent with this "IRR of the Go Negosyo Act" are hereby superseded, repealed or amended accordingly.

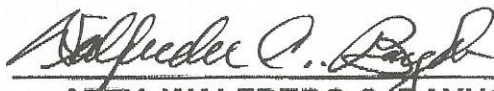
Issued this 19th day of December 2014 in Makati City, Philippines.


GREGORY L. DOMINGO
Secretary
Department of Trade and Industry

Recommended by:


ZENAIDA CUISON-MAGLAYA
Undersecretary
Regional Operations Group
Department of Trade and Industry


JERRY T. CLAVESILLAS
Director III
Bureau of Small and Medium
Enterprise Development
Department of Trade and Industry


ATTY. WALFREDO C. BAYHON
Director
Legal Service
Department of Trade and Industry

MEMORANDUM

FOR : Secretary GREGORY L. DOMINGO

THRU : Director WALFREDO C. BAYHON
Legal Services *WCB* *2/10/15*

FROM : Assistant Director JERRY T. CLAVESILLAS
OIC, BSMED *JTC*

DATE : 1 February 2015

SUBJECT : **IRR of RA 10644 – “Go Negosyo Act”**

This is with reference to the Implementing Rules and Regulations of RA 10644 which was revised by the OSEC, signed last 19 December 2014, and returned to BSMED last 22 December 2014 for appropriate processing.

- 1) We have noticed on page 6 of the document in Rule 5 Sec. 2. (see attached) that the ruling has made reference to an incorrect provision of the law and with a typographical error, which read as:

*“Sec.2. Additional Functions of the MSMED Council. The additional functions of the MSMED Council shall be in accordance with **Sec. 7-B of R.A. No. 95-1.**”*

Note that the functions of the MSMED Council here pertains not those in Section 7-B of RA 9501 otherwise known as Magna Carta for MSMEs which has a separate IRR by virtue of DTI DAO No. 9 Series of 2008, but that of the additional functions mentioned in Section 10 of RA 10644. Thus, we have revised the said ruling to read as:

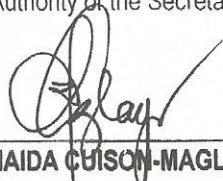
*“Sec.2. Additional Functions of the MSMED Council. The additional functions of the MSMED Council shall be in accordance with **Sec. 10 of R.A. No. 10644.**”*

The above revision has been reflected in the published IRR in major dailies last December 29, 2014.

- 2) Further, we have corrected a typographical error on page 5, footnote no. 5 line 4, from “...land on which...plant and equipment are **situation**,...” to “...land on which...plant and equipment are **situated**,...”
- 3) For DTI records purposes, we would like to seek your concurrence on these revisions. Attached is a copy of the revised IRR for your reference.

Conforme:

By Authority of the Secretary


ZENAIDA CUISON-MAGLAYA
Undersecretary
Regional Operations Group

Enabling Business, Empowering Consumers

20 February 2015

JUSTIFICATION

This is to justify the late filling of the published Implementing Rules and Regulations (IRR) of Republic Act 10644 otherwise known as the "Go Negosyo Act" at the UP Law Center - Office of the National Administrative Register (UPLC-ONAR). Following are the circumstances that have caused the delay:

1. Last 16 December 2014, the draft IRR signed by Directors Jerry T. Clavesillas, Walfredo C. Bayhon and Usec. Zenaida C. Maglaya as recommending authorities was submitted to the Office of the Secretary for approval of Secretary Gregory L. Domingo. Upon further review, the OSEC found it necessary to reword certain provisions of the IRR. The draft IRR was revised accordingly, reprinted and was signed by Director Bayhon of Legal Services at the OSEC for signature of the Secretary.
2. The IRR was signed by the Secretary last 19 December 2014, and returned to BSMED on 22 December for signature of Dir. Clavesillas and Usec. Maglaya and subsequent publication in major dailies. However, upon examination of the document, BSMED noticed that there were revised provisions that have made incorrect referencing and some typographical errors. BSMED made the proper corrections and have it signed by Director Clavesillas and Undersecretary Maglaya prior to the numbering of the approved IRR to DTI DAO No 14-5 by the DTI Records Section.
3. DTI DAO 14-5 was published in Philippine Daily Inquirer, Philippine Star and Manila Bulletin on 29 December 2014.
4. In compliance to the documentary and material requirements for filling of the IRR at the UPLC-ONAR, BSMED provided three (3) proof of publication in leading newspaper, three (3) certified true copies, three (3) copies of DTI-DAO 14-4 and the published version in CD on 6 January 2015. Upon checking of the documents, the Records Section noticed that some of the pages of the IRR do not have countersignature/initialized by Director Bayhon. BSMED explained that revisions were made on certain pages to reflect rectification on the incorrect referencing and typographical error which were made prior to the numbering of the IRR.
5. In order to make official the revisions made by BSMED on the IRR after it was signed by the Secretary, the Records Section required a document from BSMED reflecting the concurrence of the Secretary on corrections made.
6. BSMED prepared a memorandum dated 9 January 2015 to the Secretary where he will affix his signature signifying his conformé on the revisions made. On 30 January 2015, Director Bayhon has informed BSMED in a memorandum that as per discussion with with OSEC, the Secretary delegated the signing of conformé to Undersecretary Maglaya.
7. On 13 February 2015, Undersecretary Maglaya signed the conformé memorandum by authority of the Secretary.

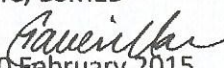

JERRY T. CLAVESILLAS
OIC, BSMED

Enabling Business, Empowering Consumers

MEMORANDUM

FOR : Director JOEL R. CRUZ
HRAS

FROM : Assistant Director JERRY T. CLAVESILLAS
OIC, BSMED

DATE : 
20 February 2015

SUBJECT : **Filing of DTI-DAO 14-5, IRR of RA 10644 Otherwise Known as "Go Negosyo Act with UP Law Center - Office of the National Administrative Register (UPLC-ONAR)**

This is with reference to the late filing of DTI-DAO 14-5 Series of 2014, Implementing Rules and Regulations (IRR) of RA 10644 otherwise known as the "Go Negosyo Act", with the UPLC – ONAR due to revisions made on the signed IRR.

In compliance with the verbal instruction of Ms. Yvette Velarde of Records Section, we are submitting a memorandum conformé signed by Undersecretary Maglaya by authority of the Secretary which signifies the concurrence of the Secretary to the rectifications made on the IRR and the corresponding justification for the late filing of the IRR with the UPLC - ONAR.

Attached are the following for the appropriate filing with UPLC-ONAR:

1. Proof of publication in Philippine Daily Inquirer, Philippine Star and Manila Bulletin;
2. Three (3) copies of DTI-DAO for certification of Records Section;
3. Three (3) copies of DTI-DAO in CD; and
4. P20.00 filing fee.

We hope you will find everything in order.

Thank you.

Enabling Business, Empowering Consumers