

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 NOV 14 A8 56

SENATE

S. No. 1499

RECEIVED BY: _____

Introduced by Senator MANUEL "LITO" M. LAPID

**AN ACT
PROVIDING SUPPORT SERVICES FOR MICRO, SMALL, AND MEDIUM
ENTERPRISES (MSMEs) IN ONLINE SPACES, PROVIDING MECHANISMS
FOR THEIR INTEGRATION INTO THE FORMAL ECONOMY, AND FOR OTHER
PURPOSES**

EXPLANATORY NOTE

The Philippines recognizes the significance of e-commerce in our economic recovery, growth, and development, especially when the whole world struggled under the COVID-19 pandemic. The Department of Trade and Industry (DTI) reported that e-commerce contributed about 3.4% of our Gross Domestic Product in 2020. In fact, the Philippines ranked second, after Indonesia, in terms of e-commerce adoption that same year.

Among those who helped to mitigate job losses during the same period were the so-called "self-employed without any paid employee". About 28.7% of workers in April 2020 were from this class of worker, which primarily consists of those with new online businesses in the social media and other digital platforms. However, the DTI estimated in 2020 that there were about six million micro enterprises, or those considered to be in the informal sector, who are not registered. Only 1.5 million micro enterprises were registered. Attention should be given to the potential of these small online enterprises when formalized and registered and when given adequate support services.

This bill seeks to incentivize the registration of the micro, small, and medium online enterprises (online MSMEs) by providing support services that will aid in the efficient and effective operation of their businesses. This also aims to provide sufficient and adequate capital and credit access for those seeking to operate in online spaces, to create a small online business one-stop portal for all the support services, to adapt to and make them attuned with the recent developments and advancements in technology, among others.

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


MANUEL "LITO" M. LAPID
Senator

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

1 SECTION 1. *Short Title.* – This Act shall be known as the "Support Services for
2 Online MSMEs Act of 2022."

3 SECTION 2. *Objectives.* – This Act acknowledges the effort of Filipino workers
4 to find decent employment through online entrepreneurial activities, and seeks to
5 provide them with the support services they need to become formal, duly registered,
6 and taxpaying businesses that create dependable employment for their operators and
7 others, and generate value in their communities.

8 Towards these ends, this Act aims to:

- 9 a. Provide adequate capital and credit access for individuals seeking to operate
10 micro, small, and medium online enterprises (online MSMEs);
- 11 b. Facilitate the registration and operation of such enterprises, and streamline
12 government support services relevant to their needs;

- 1 c. Assist online MSMEs to adapt to new trends and developments in the digital
2 space;
- 3 d. Assist existing businesses in entering to the online commercial space;
- 4 e. Provide adequate training on the various aspects of online entrepreneurship;
5 and
- 6 f. Encourage the creation of online enterprises among rural communities and
7 provide farmers and fisherfolk with opportunities for higher income.

8 SECTION 3. *Micro, small, and medium online enterprises.* – For purposes of this
9 Act, the online MSMEs are as follows:

- 10 a. "Micro online enterprises" shall refer to duly-registered businesses whose
11 assets do not exceed ₱3,000,000;
- 12 b. "Small online enterprises" shall refer to those whose assets exceed
13 ₱3,000,00 but not more than ₱15,000,000; and
- 14 c. "Medium online enterprises" shall refer to those whose assets exceed
15 ₱15,000,00 but not more than ₱100,000,000;

16 *Provided*, that the consumer access of the enterprise's products or services are
17 primarily offered through online channels.

18 SECTION 4. *Access to capital.* – The Landbank of the Philippines (LBP) and the
19 Development Bank of the Philippines (DBP) shall establish loan products for online
20 MSMEs as defined by this Act, with interest rates which shall not exceed the lowest
21 interest rate for an existing loan product with similar loan tenures offered by the said
22 banks.

23 LBP and DBP shall also establish, within their official websites, online facilities
24 where loan applications may be initiated and evaluated for further action.

25 LBP shall prioritize offering the loans pursuant to this Section to enterprises
26 from rural areas and/or enterprises related to agriculture, fisheries, and forestry.

1 The Department of Finance (DOF), in consultation with LBP and DBP, shall issue
2 the rules and regulations necessary for the implementation of this Section within thirty
3 (30) days upon the effectivity of this Act.

4 SECTION 5. *Consolidation of support services.* – The Department of Trade and
5 Industry (DTI) shall establish an online portal consolidating all available government
6 support services for online MSMEs. Such services may include, but shall not be limited
7 to, loans from government financial institutions, regulatory relief and extensions,
8 technical training, product development services, marketing assistance, and logistics
9 support.

10 The online portal shall be made publicly accessible within one (1) year upon
11 the effectivity of this Act.

12 The DTI shall also establish an “Online Negosyo Center” within the portal, which
13 shall be an information and assistance center dedicated to serving the needs of online
14 MSMEs, and to assisting informal businesses and other interested individuals and
15 businesses transition into online MSMEs.

16 The DTI shall assist government agencies offering services to online MSMEs in
17 making these services accessible online. Government agencies shall, as far as
18 practicable, digitalize the processes involved in the provision of these support services.
19 The Department of Information and Communication Technology (DICT) shall provide
20 the necessary assistance in digitalizing online MSME support services.

21 The Anti-Red Tape Authority (ARTA) shall ensure that such support services
22 abide by standards set under Republic Act No. 11032, or the Ease of Doing Business
23 Law.

24 SECTION 6. *Minimal fee for credit rating and appraisal.* – The Credit Information
25 Corporation (CIC) shall provide, with minimal fees or charges, online MSMEs with their
26 credit report and credit score. As far as practicable, the CIC shall make the application
27 and processing of credit report and credit requests pursuant to this Section accessible
28 online.

1 The Governance Commission for GOCCs (GCG) shall issue the rules and
2 regulations necessary for the implementation of this Section within thirty (30) days
3 upon the effectivity of this Act.

4 SECTION 7. *Facilitated regularization.* – To encourage small online businesses
5 to register with the relevant tax and regulatory authorities, the ARTA shall compile an
6 inventory and assessment of processes required for online MSMEs to be fully and duly
7 registered businesses in the Philippines.

8 The ARTA shall conduct an annual assessment and audit of the said processes,
9 which shall be reflected in a report submitted to the President, the heads of relevant
10 agencies, and the Congress. The said report shall assess the compliance of relevant
11 agencies with Republic Act No. 9485, Republic Act No. 11032, and other laws and
12 regulations that aim to streamline frontline and client services of government
13 agencies. The report shall be submitted on or before the thirtieth day of June of every
14 year.

15 SECTION 8. *Entrepreneurship training.* – The Technical Education and Skills
16 Development Authority (TESDA) shall offer practical training programs for online
17 MSMEs, or for individuals seeking to establish business in online spaces. Training
18 programs shall include, but shall not be limited to, supply chain management,
19 marketing, packaging, maintenance of online selling spaces, consumer relations, laws
20 and regulations on online selling, and others.

21 TESDA programs whose objective is to encourage entrepreneurship shall also
22 include modules on migrating enterprises online.

23 As far as practicable, these training programs shall be made available online,
24 and shall be displayed in the online portal created under Section 5 of this Act.

25 Based on the demonstrated financial need of trainees, and on a competitive
26 basis, the TESDA shall also offer online enterprise grants for successful completers of
27 its online enterprise training programs. The funds necessary for the implementation
28 of this paragraph shall be sourced annually from the General Appropriations Act.

1 Priority for such grants shall be given to recently displaced workers or the
2 unemployed seeking gainful employment. TESDA shall issue the rules and regulations
3 necessary for the implementation of this Section within thirty (30) days upon the
4 effectivity of this Act.

5 SECTION 9. *Online migration support services.* – The Department of
6 Information and Communication Technology (DICT), in partnership with the DTI, shall
7 provide support services to assist businesses in migrating to the online space, and to
8 support online MSMEs in maintaining their online businesses. The DICT shall designate
9 an office within its agency as the focal office for the delivery of these support services.

10 Such services shall include assistance in obtaining affordable and reliable
11 internet connectivity, securing online payment systems, and such other information
12 and communication technology (ICT) related support services as the DTI may request
13 the DICT to help provide.

14 The support services offered pursuant to this Section shall be made accessible
15 in the online portal created under Section 5 of this Act.

16 The funds necessary for the implementation of this paragraph shall be sourced
17 annually from the General Appropriations Act, under a DICT program specifically
18 intended for the purposes of this Section.

19 SECTION 10. *Rural online micro, small, and medium enterprises.* – The
20 Department of Agriculture (DA) shall provide support services to assist farmers and
21 fisherfolk find direct market access in the online space and, whenever practicable, to
22 duly register as enterprises. The DA shall also assist farmers and fisherfolk find
23 partners or markets among the online MSMEs benefiting from the support services
24 provided under this Act. The DA shall designate an office within its agency as the focal
25 office for the delivery of these support services. The support services offered pursuant
26 to this paragraph shall be made accessible in the online portal created under Section
27 5 of this Act.

28 The funds necessary for the implementation of this Section shall be sourced
29 annually from the General Appropriations Act.

1 The DA shall issue the rules and regulations necessary for the implementation
2 of this Section within ninety (90) days upon the effectivity of this Act.

3 SECTION 11. *Oversight Committee.* – The Chairs of House Committee on Micro,
4 Small and Medium Enterprise Development and the Senate Committee on Trade,
5 Commerce and Entrepreneurship, with five (5) members from each committee, shall
6 jointly convene within six (6) months upon the effectivity of this Act to request updates
7 on the drafting and issuance of rules and regulations mandated under this Act.
8 Thereafter, the Oversight Committee shall convene at least once annually.

9 SECTION 12. *Separability Clause.* – If, for any reason, any section, subsection,
10 clause or term of this Act is held invalid or unconstitutional, such parts not affected by
11 such declaration shall remain in full force and effect.

12 SECTION 13. *Repealing Clause.* – All existing laws, orders, decrees, rules and
13 regulations, or parts thereof, inconsistent with the provisions of this Act are hereby
14 amended, modified or repealed accordingly.

15 SECTION 14. *Effectivity.* – This Act shall take effect fifteen (15) days after its
16 publication in the *Official Gazette* or in at least two (2) newspapers of general
17 circulation.

18 *Approved,*