NATIONAL ADMINISTRATIVE REGISTER · APRIL 2, 1990

Guidelines implementing r.a. 6810 otherwise known as “kalakalan 20”

DTI DEPARTMENT ADMINISTRATIVE ORDER NO. 2, April 02, 1990

Read online (full-text search, related cases, audio case brief): https://batas.org/library/d691cef6bfe2/

Pursuant to Sec. 10 of R.A. 6810, otherwise known as Kalakalan 20, and after consultation with the Departments of Finance, Labor and Employment, and Health and the local government units, the following Guidelines, Rules and Regulations governing countryside and barangay business enterprises are hereby promulgated for the compliance, information and guidance of all concerned:

Preliminary Provisions

SECTION 1. Principles - Registration procedures and granting of incentives shall be governed by the following principles:

a. That the responsibility for the implementation of the law rests principally on the local government units;

b. That the burden of proof for non-compliance with the requirements shall rest with the government.

SECTION 2. Definition of Terms - When used herein, the term:

a.CBBE - shall refer to countryside and barangay business enterprises;

b.Productive business enterprises – shall mean entities engaged primarily in the production, processing or manufacturing of products or commodities, or other productive business enterprises recommended by the Department of Trade and Industry provincial office that will help develop the economy in its area. It excludes enterprises engaged principally in professional services, retailing, wholesaling or trading of commodities, products of merchandise

c.Professional services - shall refer to services rendered in connection with the exercise of a profession, avocation or occupation duly licensed by the government.

d.Countryside - shall refer to all cities and municipalities except the four (4) cities and thirteen (13) municipalities of Metro Manila, and other highly urbanized cities as determined by the Department of Trade and Industry, in consultation with the Department of Local Government.

e.CBBE Certificate of Authority - is the certificate issued to an applicant authorizing the same to operate as a CBBE and to be entitled to the benefits, and priviliges accorded to a registered CBBE.

f.Employees - shall mean all persons hired by the CBBE.

g.Assets - shall mean all kinds of properties, real or personal, owned by the CBBE and used for the conduct of its business. In the determination of total assets, the properties of all branches, agencies or divisions of the business entity shall be included. Net assets shall be equivalent to net worth, that is, assets less liabilities.

h.Registration - shall mean the inclusion of a CBBE in the CBBE Registry of an eligible city or municipality.

i.Financing - shall refer to all borrowings of the CBBE from all sources after registration.

j. Act - shall refer to R A. 6810, otherwise known as Kalakalan 20.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

Registration of CBBE

SECTION 3. Place of Registration - The Office of the Treasurer of each city or municipality shall process the registration of CBBEs -

SECTION 4. Functions of the City or Municipal Treasurer in CBBE Registration.

- To receive all applications and process the same as expeditiously as possible, consistent with the government policy embodied in R.A. 6713, otherwise known as the Code of Conduct and Ethical Standards for Government Officials and Employees;

- To enter all relevant information regarding approved applications in the CBBE Registry.

- To make available to the Provincial Office of the Department of Trade and Industry a copy of the Registry entries, as well as a list of denied applications.

SECTION 5. Who are Eligible to Register- Any person, natural or juridical, cooperative or association, having the qualifications herein below enumerated, may apply for registration as CBBE, to wit:

- At the time of registration, the applicant should have no more than twenty (20) employees; Provided/That, in order to enjoy the benefits of CBBE registration, the registered entity shall continue to have no more than twenty (20) employees during the entire validity of its CBBE registration.

- The applicant should engage solely in productive business enterprise activities, as understood in Sec. 2 (b) hereof;

- The assets, before financing, of the applicant should not exceed Five Hundred Thousand Pesos (P500,000.00); Provided, That, business entities whose assets exceed Five Hundred Thousand Pesos (P500,000.00) before the effectivity of these rules and regulations, which are restructured or reorganized into smaller units, shall not be qualified to register as CBBEs.

- The applicant does not own an existing business that has been collapsed or transferred to the countryside for the purpose of setting up the same line of business.

- The registered office and branches of the applicant's business should be located in the countryside. The applicant shall register only in the municipality or city where its principal operation is located.

SECTION 6. Requirements for Registration -The applicant for CBBE registration shall submit the following:

- Application form, in duplicate, signed by the owner or manager of the applying entity (CBBE Form 01);

- One (1) picture of the owner in case of single proprietorship, and manager in case of other types of business entity,

SECTION 7. Fees and Charges - Applicant shall, upon approval of his application, pay the registration fee of Two Hundred Fifty pesos (P250.00) to the city or municipality. Starting on the second year and in the same month of its registration, CBBEs shall pay to the municipality or city where they registered, annual fees in accordance with the following schedule:

- One Thousand Pesos (P1,000.00) - for CBBEs with networth amounting to not more than P100,000.00;

- Two Thousand Five Hundred Pesos (P2,500.00) - for CBBEs with networth of more than P100,000.00 to P250,000.00

- Four Thousand Pesos (P4,000.00) - for CBBEs with net worth of more than P250,000.00 to P400,000.00; and

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

- Five thousand Pesos (P5,000.00) - for CBBEs with net worth of more than P400,000 to P500,000.00

The annual fees may be paid in two (2) equal installments, with the first installment falling due within the same month the CBBE was earlier registered, and the second installment six (6) months therafter.

SECTION 8. Period Within Which to Apply for Registration - Application for CBBE registration shall be made on or before 13 December 1994 . Applications made after that date will no longer be entertained.

SECTION 9. Approval of Application for Registration and Issuance of the CBBE Certificate of Authority - The CBBE application for registration shall be acted upon by the registration office within twenty-four (24) hours from receipt of complete registration requirements. The date and time when the application was received should be noted in the application itself (Form 01). The CBBE Certificate of Authority shall be issued immediately upon approval of the application. All applications not acted upon within the required twenty-four (24) hours shall be deemed approved.

SECTION 10.Duration of CBBE Authority - The CBBE Authority shall be valid for a period of five (5) years from date of registration, without any renewal.

SECTION 11. Grant of Juridical Personality to CBBEs- The approval of the application for registration and the issuance of the CBBE Certificate of Authority shall vest the CBBE with juridical personality, separate and distinct from the owners/members thereof. As such, a registered CBBE may own, dispose, and encumber its properties, and enter into contracts on its own account, with the capacity to sue and be sued, and transact business anywhere.

SECTION 12. Denial of Application for Registration - The denial of any CBBE application shall be conveyed to the applicant within twenty-four (24) hours from receipt of the same, stating the grounds for denial.

Revocation or Cancellation of CBBE Certificate of Authority

SECTION 13. Revocation, Cancellation, or Suspension of CBBE Certificate of Authority - The CBBE Certificate of Authority may be duly revoked, cancelled or suspended by the city or municipal registration office, based on the following grounds:

- by voluntary surrender of the CBBE Certificate of Authority by the registered CBBE;

- by the death of the registered owner, in case of single proprietorship, unless there is a transfer of ownership in accordance with Section 15;

- by failing to commence operations within forty-five (45) days from issuance of CBBE Certificate of Authority;

- by violation of the provision of R.A. 6810, of these rules and regulations, and of the terms and conditions of the CBBE Certificate of Authority;

- by merger or consolidation with an entity which is not eligible to be a CBBE;

- by engaging in activities which are not considered as productive business enterprise activities as defined in Sec. 2(b);

- by failing to pay the annual fee within three (3) months from due date;

Provided, That: where appropriate, the city or municipal Treasurer may impose the penalty of suspension for a period not exceeding six (6) months.

SECTION 14. Notification of Change of Address - CBBEs transferring their location shall notify the city or municipality where they are registered of such change of address. In case they locate to another city or

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

municipality, they shall likewise notify their new city or municipality of their presence therein and present their CBBE Certificate of Authority for entry In the Registry.

SECTION 15. Transfer of Ownership - The CBBE shall report to the city or municipality any change in the status of its ownership structure, and shall surrender the original copy of the CBBE Certificate of Authority for notation of the transfer.

SECTION 16. Establishment of Branches - Registered CBBEs which have opened branch/ es after the issuance of the CBBE Certificate of Authority shall notify the city or municipality where they are located, of such opening within thirty (30) days from the establishment of such branch/ es. The assets of such branch/ es shall be considered as part of the assets of the registered CBBE.

Benefits and Privileges

SECTION 17. Exemption from Taxes and Fees - Registered CBBEs shall be exempt from all taxes and fees, whether national or local, for a period of five (5) years from date of registration, including but not limited to:

- building permit fees;

- specific tax;

- value-added tax;

- income tax;

- other taxes or fees that are, or may be, imposed by the national or local government units.

The foregoing exemption, however, shall not include exemption from real property and capital gains taxes, import duties, value-added tax on imported articles and other taxes on imported articles. As interpreted by the Department of Finance, the exemptions herein shall likewise not apply to taxes on income not arising from CBBE productive activity, such as interest, royalties, prizes, and winnings and dividends.

In addition, any and all income, receipts and proceeds derived from the business operations of the CBBE shall be declared but shall be excluded from the computation of gross Income for purposes of computing the individual income tax of the owners/members thereof.

SECTION 18. Exemption from Government Rules and Regulations - CBBEs shall be exempt from any and all government rules and regulations in respect of assets, income, and other activities indispensably and directly utilized in, proceeding from, or connected with the business of the enterprise. CBBEs, however, shall not be exempt from the provisions of laws enacted to protect and safeguard public health and safety, workers' rights, treaty obligations, and other laws of similar nature: Provided, That, CBBEs may be exempt from procedural requirements of implementing rules and regulations which are tantamount to mere bureaucratic restrictions, as may be determined by the implementing agencies concerned taking into account the basic objective of this law to encourage the growth of countryside and barangay business enterprises to the fullest with the minimum of government intervention.

Utilization of CBBE Fees

SECTION 19. All fees and charges derived from the registration of CBBEs shall accrue exclusively to the city or municipality and shall be used for the administration of the Act and for development projects approved by the municipal or city council.

Effectivity of these Guidelines, Rules and Regulations

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

SECTION 20. These guidelines, rules and regulations shall take effect fifteen (15} days after publication in a newspaper of general circulation.

Adopted: 12 Feb. 1990

(SGD.) JOSE S. CONCEPCION, JR.

Secretary

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.