

Office of Sen. Manny Villar

Rm. 503, Senate of the Philippines , GSIS Financial Center, Pasay City
☎552-6601 to 80 loc. 6507, 6508 and 6511 • 7 552-6734 • www.senatorvillar.com

News Release
24 September 2011

***'Laissez faire'* for small entrepreneurs Leniency in business name registration pressed**

Championing the lot of upstart business owners and small entrepreneurs, Sen. Manny Villar yesterday asked the Department of Trade and Industry (DTI) to be lenient in canceling the business name registration of new establishments failing to operate within six months.

Villar said the new guidelines to be issued by the DTI would hamper the growth of small and medium enterprises (SMEs) which are just “testing the waters” before securing regulatory documents such as business or mayor’s permit.

Villar stressed that SMEs serve as the backbone of the economy, composing the 99 percent of registered enterprises in the country.

He explained that using a business permit as basis of compliance to the DTI’s six-month policy would be ill-advised since it does not fully indicate if a business is already operating or not.

“Sometimes, small business owners tend to procrastinate their securing of permits from LGUs for a few months as they test the waters and feel their market first via *guerilla* marketing, not to mention the myriad of other requirements that they have to prepare before becoming *legit*,” Villar, chair of the Senate economic affairs committee, said.

“What’s the use of securing a business permit when you will have to throw in the towel after six months because of bad business climate or a bad business call aggravated by high power costs and other utilities,” he added.

He said by practice, a new small business only attends to its law-mandated operational requirements when it becomes crystal clear to them that their “business is clicking” or has a future, which could breach the six-month gestation period.

“This is not an ideal situation, of course, but this is the normal path that small businesses take when they are new and still feeling out their market or clients,” Villar said, adding that DTI could make an exception to small businesses by adopting *'laissez faire'* or loosely interpreted as little government meddling in economic affairs.

He said before applying for a business permit that would cost around P5,000, a small business owner operating a venture in a major city will have to file for a business name with the DTI and pay P500, a barangay permit for at least P1,000 and even a fire certificate costing P1,000.

“If you cancel their business name registration, this would mean paying all-over again the above requirements, which would be worse than the planned increase in fees and charges of government offices,” Villar said.

He added: “This is tantamount to having a miscarriage – and all the pain and costs attached to it – every six months upon failure to launch.”

Villar said while the new guidelines would curb whimsical filing of business names, the move would not foster goodwill and confidence among individuals or groups thinking of going into business.

The DTI is conducting nationwide public consultations on its proposed revisions to the implementing rules and regulations (IRR) for Republic Act (RA) 3883 or the Business Name Law.

The new guidelines are contained in DTI's Administrative Order 10-08, which provide, among others, that business name registrants failing to submit copies of their business permit to the DTI as proof of their operation would be stripped of their registration and effectively lose right to their "trade name."

DTI thinks the existence of a business permit issued by the LGUs "is conclusive presumption" of operation.

This is the nth time that DTI is revising its guidelines on the Business Name Law since its inception in 1931 and the subsequent amendments.

In 2010, the law's IRR underwent to revisions twice in February and later in April. ###