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THIRTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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SENATE

S. No. 635

INTRODUCED BY HON. MANUEL B. VILLAR, JR.

EXPLANATORY NOTE

It is the policy of the State to promote the establishment of business enterprises by Overseas Filipinos (OFs) worldwide and provide those who invest and engage in such enterprises incentives and benefits. This policy is enforced, in recognition of the significant contribution of overseas Filipinos to the national economy through their foreign exchange remittances, their incalculable sacrifices being away for long periods of time from their families and homeland, and the enormous potential of the foreign exchange earnings of OFs; in giving substance to their honorary title of Bagong Bayani; to help maximize the benefits OFs should obtain in their remittances; in instilling in OFs the need to prepare for reintegration in the Philippine society; and in helping "hasten the country's economic development by encouraging OFs to save, invest and/or engage in business enterprises which effectively serve as seedbed of Filipino entrepreneurial talents".

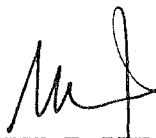
This bill seeks to put into action the state policies in relation to the reintegration of OFs in the Philippine society in helping them to save, invest and engage in business enterprises that would translate their hard-earned money into economic gains of the country.

The following are the salient features of the bill:

- Registration of OFs and Certification As OF Investor that will accord the OFs the benefits and privileges as stipulated in this bill.
- Savings and Investment Facilities for OF Investors wherein both government and private financial institutions shall develop savings facilities in attracting, generating and pooling funds, in either peso or US dollar currencies, for OFI, and provide them risk-free investment opportunities with preferential rates, to encourage OFIs to save and prepare for their eventual re-integration in the country.
- Short and long-term OFI Bonds, which shall be issued by the Land bank of the Philippines in small denominations with guaranteed interest rate of ten (10) percent per annum or the prevailing market rate at the time of issuance whichever is higher.
- The government shall set aside at least ten (10) percent of the total equity for the OFIs and their families for new or existing businesses or enterprises requiring franchise or authority to operate by the government. These businesses or enterprises include utility companies, airport and seaport terminals, mining, and oil exploration and production businesses.
- Credit Facilities for OF Investors from government financial institutions such as the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), the Small Business Guarantee and Finance Corporation (SBGFC), and the People's Credit and Finance Corporation (PCFC)

- The Social Security System (SSS) shall likewise set-up a special credit window that will serve the financing needs of their respective members, who are also OFIs, who wish to establish a business enterprise.
- The concerned financial institutions are encouraged to wholesale the funds to accredited private financial institutions including community-based organizations such as credit, cooperatives, non-government organizations (NGO's) and people's organizations, which will in turn, directly provide credit support to the business enterprises of OFIs.
- Fiscal Incentives for OF Investors such as: (a) Income Tax Exemptions for income arising from the operations of the enterprise for up to a period of ten (10) years regardless of the amount of capital that they are bringing in to the Philippines.
- The business enterprise of an OF Group Investor shall be given tax and duty exemptions on imported capital equipment and accompanying spare parts, subject to conditions
- Tax Credit for Taxes and Duties on Raw Materials - Every registered business enterprise of an OFI shall enjoy tax credit equivalent to the national internal revenue taxes and customs duties paid on the supplies, raw materials and semi-manufactured products used in the manufacture, processing or production of its products and forming part thereof
- The local government units (LGUs) are encouraged to reduce the amount of local taxes, fees and charges imposed or to exempt the business enterprises of OF Investors from local taxes, fees and charges, up to a period of ten (10) years.
- A one stop-shop for all the business permits and licensing requirements of OFI enterprises shall be implemented in every municipality and city in the country.
- Technology Transfer, Production and Management Training, and Marketing Assistance to OF Investors
- The Department of Labor and Employment shall create a re-integration and monitoring center that shall (a) Develop livelihood programs and projects for returning OFs in coordination with the private sector; (b) Coordinate with appropriate private and government agencies the promotion, development, replacement and the full utilization of their potentials; (c) Institute in cooperation with other government agencies concerned, a computer-based information system on skilled OFs which shall be accessible to all local recruitment agencies and employers, both public and private; and, (d) Provide a periodic study and assessment of job and livelihood opportunities for returning OFs .

The prompt and immediate passage of this bill deserves utmost attention.


MANUEL B. VILLAR, JR.
 Senator

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SENATE

S. No. 635

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INTRODUCED BY HON. MANUEL B. VILLAR, JR.

**ACT TO PROMOTE THE ESTABLISHMENT OF BUSINESS ENTERPRISES
BY OVERSEAS FILIPINOS (OFs), PROVIDING INCENTIVES AND BENEFITS
THEREOF, AND FOR OTHER PURPOSES"**

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

1 **SECTION 1.** *Title* – This Act shall be known as the Overseas Filipinos Investment Bill.

2
3 **SEC. 2.** *Declaration of Policy* – It is the policy of the State to promote the establishment
4 of business enterprises by Overseas Filipinos (OFs) worldwide and provide those who
5 invest and engage in such enterprises incentives and benefits. This policy is enforced, in
6 recognition of the significant contribution of overseas Filipinos to the national economy
7 through their foreign exchange remittances, their incalculable sacrifices being away for
8 long periods of time from their families and homeland, and the enormous potential of the
9 foreign exchange earnings of OFs; in giving substance to their honorary title of Bagong
10 Bayani; to help maximize the benefits OFs should obtain in their remittances; in instilling
11 in OFs the need to prepare for reintegration in the Philippine society; and in helping
12 “hasten the country’s economic development by encouraging OFs to save, invest and/or
13 engage in business enterprises which effectively serve as seedbed of Filipino
14 entrepreneurial talents”.

15
16 **SEC 3.** *Definition of Terms:* As used in the Act, the following terms shall mean:

17
18 *Overseas Filipino (OF or OFs)* refer to a person who is to be engaged, is engaged
19 or has been engaged in a remunerated activity in a state of which he or she is not a legal
20 resident or is a legal resident but is still a Filipino citizen and holder of a Philippine
21 passport.

22
23 *OF Investor (OFI)* is an individual or a group of OFIs, who saves and/or invests
24 remunerations from work or activity outside the country under the guidelines set forth in
25 this Act. Filipinos who are still Filipino citizens, holder of Philippine passport and are
26 based abroad or anywhere in the world that brings in capital to the Philippines to be used
27 in setting up businesses shall also be considered as OF Investor. An individual OFI may
28 save and/or invest in his name or through a business entity or enterprise in which he or
29 she is its single proprietor, partner, or stockholder. A group of OFIs may save and/or
30 invest collectively through a business entity formed as a partnership, cooperative or
31 corporation; and shall be identified as OF Group Investor. A business entity, majority
32 owned by OFIs, shall be considered as an OF Group Investor.

33
34 **SEC 4.** *Registration of OFs and Certification As OF Investor* – (a) Individuals shall be
35 recognized as OFs when they are so registered with the Philippine Overseas Employment
36 Administration (POEA) and/or Overseas Workers’ Welfare Administration (OWWA)
37 and/or the Department of Foreign Affairs (DFA).

1
2 (b) POEA and/or OWWA and/or DFA shall issue upon request by an individual a
3 certification that he/she is an OF. Government as well as private institutions shall honor
4 this certification and accord holder of this certification the benefits and privileges as
5 stipulated herein.
6

7 (c) The Office of the Treasurer of each city or municipality shall register the OFI or the
8 OF Group Investor's business enterprise and issue a certification to enable the business
9 enterprise to avail of the benefits available under this Act. Any such application shall be
10 processed within fifteen (15) working days upon submission of complete documents.
11 Otherwise, the business enterprise shall be deemed registered.
12

13 **SEC 5. Savings and Investment Facilities for OF Investors** – (a) Both government and
14 private financial institutions shall develop savings facilities in attracting, generating and
15 pooling funds, in either peso or US dollar currencies, for OFI, and provide them risk-free
16 investment opportunities with preferential rates, to encourage OFIs to save and prepare
17 for their eventual re-integration in the country.
18

19 (b) The Overseas Workers' Investment Fund Board, under RA No. 7111 (An Act
20 Establishing The Overseas Workers' Investment Fund To Provide Incentives To Overseas
21 Workers, Reduce The Foreign Debt Burden, And For Other Purposes), in parallel with
22 the provision of savings facilities as stated above, shall pursue investments by OFIs and
23 grant benefits and privileges associated with RA No. 7111.
24

25 (c) Within six (6) months after this Act takes effect, the Department of Finance (DOF)
26 through Land Bank of the Philippines (LBP) and Development Bank of the Philippines
27 shall be able to offer to the OFs short and long-term OFI Bonds in small denominations
28 with guaranteed interest rate of ten (10) percent per annum or the prevailing market rate
29 at the time of issuance whichever is higher.
30

31 (d) The government shall set aside at least ten (10) percent of the total equity for the OFIs
32 and their families for new or existing businesses or enterprises requiring franchise or
33 authority to operate by the government. These businesses or enterprises include utility
34 companies, airport and seaport terminals, mining, and oil exploration and production
35 businesses.
36

37 **SEC 6. Credit Facilities for OF Investors** – (a) OFIs shall also enjoy preferential benefits
38 and privileges in availing funds (similar concept as provided and stated in Republic Act
39 No. 9178 Section 9) from government financial institutions. The Land Bank of the
40 Philippines (LBP), Development Bank of the Philippines (DBP), the Small Business
41 Guarantee and Finance Corporation (SBGFC), and the People's Credit and Finance
42 Corporation (PCFC) shall set-up a special credit window that will service the financing
43 needs of the business enterprises of OFIs, certified under this Act, consistent with the
44 Bangko Sentral ng Pilipinas (BSP) policies, rules and regulations.
45

46 (b) The Social Security System (SSS) shall likewise set-up a special credit window that
47 will serve the financing needs of their respective members, who are also OFIs, who wish
48 to establish a business enterprise.
49

50 (c) The concerned financial institutions are encouraged to wholesale the funds to
51 accredited private financial institutions including community-based organizations such as
52 credit, cooperatives, non-government organizations (NGO's) and people's organizations,
53 which will in turn, directly provide credit support to the business enterprises of OFIs.
54

55 (d) All loans from whatever sources granted to business enterprises of OFIs under this
56 Act shall be considered as part of alternative compliance to Presidential Decree No. 717,
57 otherwise known as the Agri-Agra Law, or to Republic Act No. 6977, known as the

1 Magna Carta for Small and Medium Enterprises, as amended. For purposes of
2 compliance with Presidential Decree No. 717 and Republic Act No. 6977, as amended,
3 loans granted to business enterprises of OFIs under this Act shall be computed at twice
4 the amount of the face value of the loans.
5

6 (e) Any existing laws to the contrary notwithstanding, interests, commissions and
7 discounts derived from the loans by the LBP, DBP, PCFC and SBGFC granted to
8 business enterprises of OFIs as well as loans extended by the SSS to their respective OFI
9 member- employees under the Act shall be exempt from gross receipts tax (GRT).
10

11 (f) To minimize the risks in lending to the OFIs, the SBGFC and the Quedan and Rural
12 Credit Guarantee Corporation (QUEDANCOR) under the Department of Agriculture, in
13 case of agribusiness activities, shall set up a special guarantee window to provide the
14 necessary credit guarantee to OFIs under their respective guarantee programs.
15

16 (g) The LBP, DBP, PCFC, SBGFC, SSS, and QUEDANCOR shall annually report to the
17 appropriate Committees of both Houses of Congress on the status of the implementation
18 of this provision.
19

20 (h) The BSP shall formulate the rules for the implementation of this Section and shall
21 likewise establish incentive programs to encourage and improve credit delivery to the
22 business enterprises of OFIs.
23

24
25
26 **SEC 7. Fiscal Incentives for OF Investors** -- All registered OFIs shall be granted the
27 following incentives according to their preferred areas of investment. These include but
28 are not limited to the following:
29

30 (a) Income Tax Exemptions – Consistent with and similar to RA No. 9178, all business
31 enterprises of OF Investors shall be exempt from income tax for income arising from the
32 operations of the enterprise for up to a period of ten (10) years regardless of the amount
33 of capital that they are bringing in to the Philippines.
34

35 (b) Similar to stipulation in the Omnibus Investments Code of 1987 for foreign
36 investments. The business enterprise of an OF Group Investor shall be given tax and duty
37 exemptions on imported capital equipment and accompanying spare parts, provided that
38 the importation of machinery, equipment and accompanying spare parts shall comply
39 with the following conditions:
40

41 (i) They are not manufactured domestically in sufficient quantity, or comparable
42 quality, and at reasonable prices;
43

44 (ii) They are reasonably needed and will be used exclusively by the OFI in its
45 registered activity, unless prior approval of the Board is secured for the part-time
46 utilization of said equipment in a non-registered activity to maximize usage
47 thereof or the proportionate taxes and duties are paid on specific equipment and
48 machinery being permanently used for non-registered activities;
49

50 (c) Tax Credit for Taxes and Duties on Raw Materials - Every registered business
51 enterprise of an OFI shall enjoy tax credit equivalent to the national internal revenue
52 taxes and customs duties paid on the supplies, raw materials and semi-manufactured
53 products used in the manufacture, processing or production of its products and forming
54 part thereof;
55

1 **SEC 8. Assistance of Local Government Units to OF Investors** – (a) Local Government
2 Units shall provide an environment favorable to the conduct of business enterprises by
3 OFIs.

4
5 (b) Similar to the provision of RA No. 9178, the local government units (LGUs) are
6 encouraged to reduce the amount of local taxes, fees and charges imposed or to exempt
7 the business enterprises of OF Investors from local taxes, fees and charges, up to a period
8 of ten (10) years.

9
10 (c) A one stop-shop for all the business permits and licensing requirements of OFI
11 enterprises shall be implemented in every municipality and city in the country.

12
13 **SEC 9. Technology Transfer, Production and Management Training, and Marketing**
14 **Assistance to OF Investors** – (a) A Development Fund for Business Enterprises of OF
15 Investors shall be established with an endowment from OWWA and shall be
16 administered by OWWA itself.

17
18 (b) The Department of Trade and Industry (DTI), the Department of Science and
19 Technology (DOST), the University of the Philippines Institute for Small Scale Industries
20 (UP-ISSI), Cooperative Development Authority (CDA), Technical Education and Skills
21 Development Authority (TESDA), Technology and Livelihood Resource Center (TLRC)
22 and accredited NGOs may avail of part of the said endowment for technology transfer,
23 production and management training and marketing assistance to OFIs.

24
25 (c) The DTI, in coordination with the private sector and non-government organizations
26 (NGOs), shall explore the possibilities of linking or matching-up the business enterprises
27 of OFIs with small, medium and large enterprises, and likewise establish incentives
28 therefore.

29
30 (d) The DTI, in behalf of the DOST, UP ISSI, CDA, TESDA, TLRC and accredited
31 NGOs shall be required to furnish the appropriate Committees of both Houses of
32 Congress a yearly report on the development and accomplishments of their projects and
33 programs in relation to technology transfer, production and management training and
34 marketing assistance extended to business enterprises of OFIs.

35
36 (e) The DTI, TESDA and TLRC shall provide research/technical/management training
37 assistance to OFIs.

38
39 (f) The DTI, TESDA, TLRC and other government agencies and NGOs shall also
40 establish a team of business consultants that will provide coaching, consulting,
41 monitoring and operations auditing services to OFIs to ensure a higher rate of success for
42 their projects or enterprises.

43
44 (g) The Department of Labor and Employment shall create a re-integration and
45 monitoring center that shall (a) Develop livelihood programs and projects for returning
46 OFs in coordination with the private sector; (b) Coordinate with appropriate private and
47 government agencies the promotion, development, replacement and the full utilization of
48 their potentials; (c) Institute in cooperation with other government agencies concerned, a
49 computer-based information system on skilled OFs which shall be accessible to all local
50 recruitment agencies and employers, both public and private; and, (d) Provide a periodic
51 study and assessment of job and livelihood opportunities for returning OFs .

52
53 **SEC 10. Miscellaneous Provisions** – (a) *Exemption from the Coverage of the Minimum*
54 *Wage Law.* - The business enterprises of OFIs shall be exempt from the coverage of the
55 Minimum Wage Law, provided that all employees covered under the Act shall be entitled
56 to the same benefits given to any regular employee such as social security and healthcare
57 benefits.

1
2 (b) *Trade and Investment Promotion.* - The data gathered from business registration shall
3 be made accessible to and shall be utilized by private sector organizations and non-
4 government organizations for purposes of business matching, trade and investment
5 promotion.

6
7 (c) *Information Dissemination.* - The Philippine Information Agency (PIA), in
8 coordination with the Department of Labor and Employment (DOLE), the Department of
9 Interior and Local Government (DILG), the Department of Trade and Industry (DTI), and
10 the Department of Foreign Affairs (DFA) through their embassies and consulates abroad,
11 shall ensure the proper and adequate information dissemination of the contents and
12 benefits of the Act to the general public especially to its intended beneficiaries --- the
13 OFs and their families both based in the Philippines and abroad.

14
15 **SEC. 11. *Penalty and Administrative Sanctions.*** - (a) Any person who shall willfully
16 violate any provision of the Act or who shall in any manner commit any act to defeat any
17 provision of the Act shall, upon conviction, be punished by a fine of not less than
18 Twenty-five Thousand Pesos (P25,000.00) but not more than Fifty Thousand Pesos
19 (P50,000.00) and suffer imprisonment of not less than six (6) months but not more than
20 two (2) years.

21
22 (b) In case of non-compliance with the provisions of Section 9 of the Act, the BSP shall
23 impose administrative sanctions and other penalties on the concerned government
24 financial institutions, including a fine of not less than Five Hundred Thousand Pesos
25 (P500,000.00).

26
27 **SEC. 12. *Annual Report.*** - The DILG, DTI, and BSP shall submit an annual report to the
28 Congress on the status of the implementation of the Act.

29
30 **SEC. 13. *Implementing Rules and Regulations.*** - The Secretary of the Department of
31 Trade and Industry, in consultation with the Secretaries of the DILG, DOF, and the BSP
32 Governor shall formulate the necessary rules and regulations to implement the provisions
33 of the Act within ninety (90) days after its approval. The rules and regulations issued
34 pursuant to this section shall take effect fifteen (15) days after its publication in a
35 newspaper of general circulation.

36
37 **SEC. 14. *Separability Clause.*** - - If any provision or part hereof, is held invalid or
38 unconstitutional, the remainder of the law or the provision not otherwise affected shall
39 remain valid and subsisting.

40
41 **SEC. 15. *Repealing Clause.*** - Existing laws, presidential decrees, executive orders,
42 proclamations or administrative regulations that are inconsistent with the provisions of
43 the Act are hereby amended, modified, superseded or repealed accordingly.

44
45 **SEC. 16. *Effectivity.*** - The Act shall take effect fifteen (15) days after its publication in
46 the Official Gazette or in at least two (2) newspapers of general circulation.

47
48 Approved