

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

5 FEB 22 11:54

SENATE

S. B. No. 1925

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Introduced by SENATOR FRANCIS N. PANGILINAN

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**EXPLANATORY NOTE**

The emigration of Filipinos to foreign countries is a phenomenon that has been going on for the last three to four decades. Today, the exodus of Filipinos continues. Everyday, thousands leave the country to seek better employment opportunities abroad. As the mass departure of Filipinos has been said to gradually deplete the labor resource of the country, this phenomenon is however, doing the country more good than bad for the following reasons. First, Overseas Filipinos (OFs) have raised the competence of the Filipino worker as they are sought and preferred by foreign employers because of their skills and efficiency. Secondly, being gainfully employed, OFs are a significant economic force in the country, taking into account the foreign exchange remittances that keep the economy alive.

Overseas Filipinos, regarded as the country's "new heroes," have to endure being separated from their families to earn dollars abroad. An estimated eight billion dollars every year is remitted to their families and the OFs greatly contribute to the country's economy through these remittances. The government recognizes the contribution of the OFs in the country's economic development, hence is seeking ways on how the OFs can productively invest in business opportunities in the country. By providing avenues for their economic development, government is working toward reintegrating the OFs into Philippine society. The government also acknowledges the desire of the OFs' to come back home to their families and invest in economic activities in the country.

This bill seeks to implement policies for the reintegration of the OFs into Philippine society by providing opportunities for them to save, invest and engage in business enterprises. It seeks to look after the economic interests of the OFs by providing investment protection policies. Likewise, the bill seeks to provide incentives and benefits to OFs by granting fiscal incentives in certain areas of investment.

In view of the foregoing considerations, the immediate approval of this bill is therefore urgently recommended.

  
FRANCIS N. PANGILINAN

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AN ACT  
PROMOTING 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 the House of Representatives of the Republic of the Philippines in Congress assembled:*

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

**SEC. 2.** *Declaration of Policy* – It is the policy of the State to promote the establishment of business enterprises by Overseas Filipinos (OFs) worldwide and provide incentives and benefits to those who invest and engage in such enterprises. This policy is an acknowledgement of the significant contribution of Overseas Filipinos to the national economy through the foreign currency remittances, which has kept the economy of the country stable. The OFs endure the sacrifice of being separated from their families and from their country principally to find better employment opportunities to provide for the needs of their families. The government recognizes the OFs' dedication to their families and their desire to look after the wellbeing of their loved ones. The government's efforts in providing ways on how the OFs can invest and engage in business activities in the country is a commitment to OFs, to give back the gains that they have brought to the country through the foreign currency remittances. The government is working toward the reintegration of the OFs into Philippine society by encouraging them to invest and establish their business enterprises in the country.

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

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

*OF Investor (OFI)* is an individual or a group of OFIs, who saves and/or invests remunerations from work or activity outside the country under the guidelines set forth in this Act. Filipinos who are still Filipino citizens, holders of Philippine passport and are based abroad or anywhere in the world that brings in capital to the Philippines to be used in setting up businesses shall also be considered OF Investors. An OFI may save and/or invest in his name or through a business entity or enterprise in which he or she is the single proprietor, partner, or stockholder. A group of OFIs may save and/or invest collectively through a business entity formed by a partnership, cooperative or

corporation; and shall be identified as OF Group Investor. A business entity, majority owned by OFIs, shall be considered an OF Group Investor.

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

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

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

**SEC. 5. *Savings and Investment Facilities for OF Investors*** – (a) Both government and private financial institutions shall provide savings facilities in attracting, generating and pooling funds, in either peso or US dollar currencies, for the 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.

(b) The Overseas Workers' Investment Fund Board, under RA No. 7111 (An Act Establishing The Overseas Workers' Investment Fund To Provide Incentives To Overseas Workers, Reduce The Foreign Debt Burden, And For Other Purposes), equivalent to the provision of savings facilities as stated above, shall pursue investments by OFIs and grant benefits and privileges related to RA No. 7111.

(c) Within six (6) months after this Act takes effect, the Department of Finance (DOF), through Land Bank of the Philippines (LBP) and Development Bank of the Philippines, shall be able to offer to the OFs short and long-term OFI Bonds 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.

(d) 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 business enterprises include utility companies, airport and seaport terminals, mining and oil exploration and production businesses.

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

(b) 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.

(c) The concerned financial institutions are encouraged to extend 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.

(d) All loans from any source granted to business enterprises of OFIs under this Act shall be considered as part of alternative compliance to Presidential Decree No. 717, otherwise known as the Agri-Agra Law, or to Republic Act No. 6977, known as the Magna Carta for Small and Medium Enterprises, as amended. For purposes of compliance with Presidential Decree No. 717 and Republic Act No. 6977, as amended, loans granted to business enterprises of OFIs under this Act shall be computed at twice the amount of the face value of the loans.

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

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

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

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

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

- (a) *Income Tax Exemptions* – Consistent with and similar to RA No. 9178, all business enterprises of OF Investors shall be exempt from 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.
- (b) Similar to the stipulation in the Omnibus Investments Code of 1987 for foreign investments, the business enterprise of an OF Group Investor shall be given tax and duty exemptions on imported capital equipment and accompanying spare parts, provided that the importation of machinery, equipment and accompanying spare parts shall comply with the following conditions:
  - (i) They are not manufactured domestically in sufficient quantity, or comparable quality, and at reasonable prices;
  - (ii) They are reasonably needed and will be used exclusively by the OFIs in their registered activity, unless prior approval of the Board is secured for the part-time utilization of said equipment in a non-registered activity to

maximize usage thereof or the proportionate taxes and duties are paid on specific equipment and machinery being permanently used for non-registered activities;

(c) 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;

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

(b) Similar to the provision of RA No. 9178, the Local Government Units (LGUs) are encouraged to reduce the amount of local taxes, fees and charges imposed. They are likewise encouraged to exempt the business enterprises of OF Investors from local taxes, fees and charges, up to a period of ten (10) years.

(c) 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.

**SEC. 9. Technology Transfer, Production and Management Training and Marketing Assistance to OF Investors** – (a) A Development Fund for Business Enterprises of OF Investors shall be established with an endowment from OWWA which it shall likewise administer.

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

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

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

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

(f) The DTI, TESDA, TLRC and other government agencies and NGOs shall also establish a team of business consultants that will provide coaching, consulting, monitoring and operations auditing services to OFIs to ensure the success of the business projects or enterprises.

- (g) 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 the potentials of OFs; (c) Institute a computer-based information system containing a list of skilled OFs, in cooperation with other government agencies, 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.

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

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

(c) *Information Dissemination* – The Philippine Information Agency (PIA), in coordination with the Department of Labor and Employment (DOLE), the Department of Interior and Local Government (DILG), the Department of Trade and Industry (DTI), and the Department of Foreign Affairs (DFA) through their embassies and consulates abroad, shall ensure that information on the benefits of the Act is properly disseminated to the general public, particularly to its intended beneficiaries, the OFs and their families both based in the Philippines and abroad.

**SEC. 11. *Penalty and Administrative Sanctions***. – (a) Any person who shall willfully violate any provision of the Act shall, upon conviction, be punished with a fine of not less than Twenty-five Thousand Pesos (P25,000.00) but not more than Fifty Thousand Pesos (P50,000.00) and suffer imprisonment of not less than six (6) months but not more than two (2) years.

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

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

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

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

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

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

Approved,