

SENATE

S. No. 1010

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Introduced by Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

The State recognizes the significant contributions of overseas Filipinos to the national economy through the foreign exchange remittances they generate. Thus, R.A. 6768, otherwise known as the "Balikbayan Program" was enacted into law on November 3, 1989. It provides benefits and privileges to returning Filipino citizens living or working abroad and their families through a tax-free purchase privilege in the amount of One Thousand US dollars (US\$ 1,000.00) at the Philippine duty-free shops within forty-eight (48) hours from the time of their arrival. The program not only increases inflow of dollars and boosts our tourism industry but also encourages our overseas workers and those permanently residing abroad to come and *visit* the country. However, the President recently announced government's plan to rationalize the operation of duty-free shops. Thus, goods sold in the shops will be confined to traditional merchandise such as alcoholic beverages, cigarettes and chocolate bars. As a result, government's continuous commitment to serve and honor these unsung heroes will be greatly hampered as they could no longer buy basic goods and commodities.

As the government acknowledges the value and sacrifices made by overseas Filipino workers, it is just proper and appropriate to grant additional benefits to our country's economic agents through the enactment of legislative measure that shall guarantee direct benefit for them and their families. This shall likewise raise public consciousness on their indispensable contributions to our economy since it entails the participation of all leading stores and malls engaged in retail trade nationwide.

Section 18, Article II of the Constitution provides: "The labor as a primary social economic force. It shall protect the rights of workers and promote their welfare." Thus, considering the rising cost of living nowadays due to peso devaluation and the economic crisis, there is an urgent need to enact a legislative measure to provide continues assistance to our overseas Filipino workers by re-enforcing their purchasing power. Since not all returning OFWs avail of the duty-free shopping privilege as they intend to spend their hard-earned money on the education, home improvements and basic needs of the family, they should be given an option to buy these goods at affordable prices at various leading stores nationwide. Unlike in a duty-free shop where they are only given forty-eight (48) hours within which to avail of this privilege, this bill provides that they may make their purchases within two (2) weeks from their arrival. They can therefore avail of this even if they go directly to their respective home provinces several days after arrival from abroad. Hence, providing them a special privilege of VAT-free purchase of their household necessities in leading store outlets in Metro manila and in the provinces will greatly enhance their welfare.

This bill, therefore, seeks to grant additional benefits to our overseas workers and their families by allowing them a maximum two thousand US dollars (US\$2,000.00)

purchase of VAT-free consumer goods from leading stores engage in retail trade not only in Metro Manila but also in their home provinces within two (2) weeks from their date of arrival. A coupon-type booklet shall be issued to returning overseas Filipino workers whose names appear in the master list furnished by the Overseas Employment Administration (POEA) by a representative of the Bureau of Internal Revenue inside the international airport. The coupon serves as proof of claiming their VAT-free purchases of goods. Participating store outlets are given incentives through tax credits from the coupons collected from overseas Filipino workers (OFWs) and their families.

In view of the foregoing early passage of this bill is urgently requested.


MANUEL "LITO" M. LAPID
Senator 

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AN ACT
GRANTING ADDITIONAL BENEFITS TO OVERSEAS FILIPINO WORKERS (OFWs) AND THEIR FAMILIES THROUGH VALUE ADDED TAX (VAT)-FREE PURCHASES OF CONSUMER GOODS IN ALL LEADING STORE OUTLETS NATIONWIDE, AND FOR OTHER PURPOSES

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

SECTION 1. Declaration of Policy. - It is hereby declared the policy of the State to affirm labor as a primary social economic force. Thus, it shall protect the rights of workers and promote their welfare.

Towards this end, the State shall grant special benefits to returning Overseas Filipino Workers (OFWs) and their families by allowing them to purchase VAT-free household necessities and other consumer items in leading stores all over the country, as a gesture of 'gratitude for their indispensable contribution to the country's economy.

SEC. 2. Definition of Terms. - As used in this Act, the following terms shall be defined as follows:

(a) Overseas Filipino worker (OFW) or migrant worker - a person who is engaged or has been engaged in a remunerated activity in a state of which he or she is not a legal resident;

(b) Family - the spouse and children of OFW or relatives up to the second degree of consanguinity, if unmarried, who are permanently residing in the Philippines;

(c) Consumer goods - include processed foods, medicines and health care services; and

(d) Leading store outlets - establishments engaged in retail trade nationwide that shall qualify according to standards provided under the implementing rules and regulations to be promulgated by the concerned agencies under Sec. 9 of this Act.

SEC. 3. Special Benefit for Overseas Filipino Workers (OFWs). - In addition to the benefits and privileges provided for in R.A. 6768, otherwise known as the "Balikbayan Program", the returning documented OFWs and their families shall be granted a VAT-free maximum purchase in the amount of Two Thousand United States dollars (US\$2000.00) and other acceptable foreign currencies or their equivalent in peso in all leading store outlets nationwide upon presentation of a coupon as provided herein, and subject to the limitations contained in Section 6 hereof.

SEC. 4 Issuance of Coupon-Type Booklets to OFWs. - Upon arrival from abroad, an OFW shall be issued a coupon-type booklet by a representative of the Bureau of Internal Revenue (BIR) which office shall be posted inside the arrival area of the international airport upon presentation of the passport, and upon verification by the officer from the master list of migrant workers furnished by the inter-agency committee created by virtue of R.A. 8042, otherwise known as "migrant Workers and Overseas Filipino Act of 1995". The amount of the coupon issued shall not be more than the amount prescribed in this Act.

SEC. 5. Participation of Leading Store Outlets. - All leading stores engaged in retail trade nationwide shall be mandated to accept coupons presented by OFWs or their families whenever they make purchases of household commodities and other consumer goods which shall serve as evidence in claiming VAT-exempt purchases.

SEC. 6. Incentives to Participating Outlets. - Coupons collected by business outlets surrendered by OFWs and their families for their VAT-free purchases shall serve as basis for claiming tax credit by the store outlet concerned.

SEC. 7. Limitations on VAT-free Purchases at all Leading Store Outlets. - The VAT-free purchase privilege shall be subject to the following limitations:

1. It shall be availed exclusive¹¹ by a returning documented OFW and/or the members of his family within two (2) weeks from the date of arrival;
2. Purchases shall be made in united States dollars and other acceptable foreign currencies or their equivalent in peso; and
3. Purchases may be either locally made and/or imported goods.

SEC. 8. *Prohibited Act.* - Any business establishment which refuses to accept the coupon presented by an OFW or his/her family to claim VAT-free purchases as provided for by this Act shall be punished by imprisonment of six (6) months to one (1) year or a fine of not exceeding Fifty Thousand Pesos (Php 50,000.00) and cancellation of their business permits, or both.

SEC. 9. *Implementing Rules and Regulations.* - The Department of Labor (DOLE), in coordination with the Department of Finance (DOF), Overseas Workers Welfare Administration (OWWA) and Philippine Overseas Employment Administration (POEA) shall promulgate necessary rules and regulations for the effective implementation of this Act.

SEC. 10. *Periodic Report to Congress.* - In order to in for the Philippine Congress on the implementation on the provisions of this Act, the Department of Labor and Employment and the Bureau of Internal Revenue shall submit a semi-annual report of the number of business establishments catering to OFWs and the number of those who availed of the benefits and privileges provided therein.

SEC. 11. *Repealing Clause.* - All provisions of laws, decrees, executive orders, rules and regulations, inconsistent herewith are hereby repealed, modified or amended accordingly.

SEC. 12. *Separability Clause.* - If any part or provision of this Act shall be held to be unconstitutional or invalid, the other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 13. *Effectivity.* - This Act shall take effect fifteen (15) days following its publication in two (2) newspapers of general circulation.

Approved,