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Senate
Office of the Secretary

SENATE
S.B. NO. 566

'19 JUL 17 P2:47

Introduced by Senator Maria Lourdes Nancy S. Binay

RECEIVED

**AN ACT
PROVIDING BENEFITS AND INCENTIVES TO OVERSEAS FILIPINO
WORKERS INVESTING IN BUSINESS IN THE PHILIPPINES**

EXPLANATORY NOTE

Article II, Section 18 of the 1987 Philippine Constitution provides:

"The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare."

Article II, Section 20 of the 1987 Philippine Constitution provides:

"The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments."

Overseas Filipino Workers (OFWs) choose to work hard abroad and live thousands of miles away from their families in exchange for providing their loved ones the financial support they need with the purpose of sending their children or family members to school in order to create a better life for them. In addition, providing their families a comfortable home.

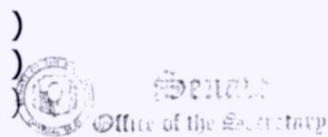
Nevertheless, the government must not allow our OFWs, who are considered as today's heroes, to remain working abroad and endure being away from their families. We need to offer them opportunities to come back home by generating

livelihood so they can be with their loved ones and lookout for their children and watch them grow.

This proposed bill seeks to grant OFWs benefits and incentives when they decide to invest in businesses in the Philippines by providing them access to financial literacy trainings and seminars as well as to capital to start their own businesses.

In view of the foregoing, the passage of this measure is earnestly sought.


MARIA LOURDES NANCY S. BINAY
Senator



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AN ACT
**PROVIDING BENEFITS AND INCENTIVES TO OVERSEAS FILIPINO
WORKERS INVESTING IN BUSINESS IN THE PHILIPPINES**

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

1 Section 1. *Short Title.* – This Act shall be known as the "Business
2 Incentives for OFWs Act."

3

4 *Sec. 2. Declaration of Policy.* – It is the policy of the State to promote, at
5 all times, the welfare of its citizens whether in country or overseas. Further, the
6 State recognizes the significant contribution of Overseas Filipino Workers (OFWs)
7 to the national economy through their foreign exchange remittances and their
8 valuable role as a partner of our nation's progress. At the same time, the State
9 recognizes the role of business enterprises for employment generation resulting
10 in economic growth and a strong development foundation for the country.

11 Pursuant to these policies, it is likewise hereby declared to be the policy of
12 the State to pioneer and develop innovative means to provide incentives and
13 other benefits to returning migrants who shall engage in business and invest in
14 the Philippines, in order to effectively aid their reintegration through the
15 productive use of remittances and at the same time contribute towards the
16 development of national and local economies and skills-transfer.

17

1 Sec. 3. *Definition of Terms.* – As used in this Act the following terms shall
2 mean:

- 3 (a) "Overseas Filipino Worker (OFW)" is a person who is to be
4 engaged, is engaged or has been engaged in a
5 remunerated activity in a State of which the person is not a
6 citizen or on board a vessel navigating the foreign seas
7 other than a government ship used for military or non-
8 commercial purposes or on an installation located offshore
9 or on the high seas: *Provided,* That one whose employment
10 overseas has ceased, by reason of expiration of such
11 contract or otherwise, shall still be considered an OFW
12 under this Act if the cessation took place not more than five
13 (5) years before the filing of an application for the
14 registration provided for in Section 5 hereof;
- 15 (b) "Business Enterprise" is a duly registered business engaged
16 in industry, agribusiness and/or services, whether a single
17 proprietorship, cooperative, partnership or corporation. A
18 business engaged in services shall exclude those rendered
19 by (i) natural persons who are duly licensed by the
20 government after having passed a government licensure
21 examination, in connection with the exercise of their
22 profession, and (ii) juridical persons such as partnerships or
23 corporations engaged in consultancy, advisory and similar
24 services where the performance of such services are
25 essentially carried out through licensed professionals,
26 likewise in the connection with the exercise of their
27 profession.
- 28 (c) "OFW-owned Business Enterprise" is a business enterprise
29 that falls under one of the following categories: (i) a Sole
30 Proprietorship owned by an OFW; (ii) Partnerships, more

1 than fifty percent (50%) of the capital of which was
2 contributed by one or more partners who are OFWs; or (iii)
3 a Stock Corporation, more than fifty percent (50%) of the
4 outstanding capital stock of which is held by one or more
5 OFWs.
6

7 *Sec. 4. Tax Exemption.* – An OFW-owned business enterprise shall be
8 exempt from the payment of income tax for a non-extendable period of five (5)
9 years following registration. This exemption is without prejudice to any other
10 benefit or tax exemption granted to the enterprise by any other laws.

11 All Local Government Units (LGUs) are encouraged either to reduce the
12 amount of local taxes, fees and charges imposed or to exempt an OFW-owned
13 business enterprise from local taxes, fees and charges.
14

15 *Sec. 5. Other Benefits and Incentives.* – An OFW-business enterprise may
16 also avail of the following incentives:

- 17 (a) Fifty Percent (50%) reduction on real property taxes
18 imposed on real property for the operation of the OFW-
19 owned business enterprise;
20 (b) Tax and duty free importation of raw materials, capital
21 equipment, machineries and spare parts exclusively used in
22 the operation of the OFW-owned business enterprise;
23 and/or
24 (c) Preferential access to financing from government financial
25 institutions at rates below the market rates;

26 *Provided,* That an OFW-owned business enterprise may avail of these
27 incentives for a period of five years following registration.
28

1 Sec. 6. *Eligibility of OFW-owned business enterprises.* – To qualify for the
2 benefits and incentives provided to OFW-owned business enterprises under this
3 Act, a business enterprise must fall under one of the following categories:

- 4 (i) A Sole Proprietorship owned by an OFW;
5 (ii) A Partnership, more than fifty percent (50%) of the capital
6 of which was contributed by one or more partners who are
7 OFWs; or
8 (iii) A Stock Corporation, more than fifty percent (50%) of the
9 outstanding capital stock of which is held by one or more
10 OFWs.

11
12 Sec. 7. *Registration and Issuance of Certificate.* – To qualify for the
13 benefits and incentives under this Act, a business enterprise must apply for
14 registration with the Bureau of Internal Revenue (BIR) as an OFW-owned
15 business enterprise. Any such application shall be processed by the BIR free of
16 charge within fifteen (15) working days upon submission of complete documents
17 as provided in Section 8 of this Act. Otherwise, the OFW-owned business
18 enterprise shall be deemed registered.

19
20 Sec. 8. *Documentary Requirements.* – The BIR shall require an OFW-
21 owned business enterprise to submit the following requirements in its application
22 for the Certificate of Registration:

- 23 (a) Certificate from the POEA or the Overseas Workers Welfare
24 Administration (OWWA) that the person seeking
25 registration hereunder of their business entity or enterprise
26 are OFWs as defined in Section 3(a) of this Act or a copy of
27 their overseas employment contract duly approved by the
28 POEA;
29 (b) Taxpayer Identification Number (TIN);

- 1 (c) Documents of registration as a business entity or enterprise
2 issued by the appropriate government agencies such as the
3 Security and Exchange Commission (SEC) for corporations
4 and partnerships and the Department of Trade and
5 Industry (DTI) for sole proprietorships; *Provided*, That in
6 the case of micro enterprises as defined herein, registration
7 with the office of the municipal or city treasurer shall be
8 deemed sufficient compliance with this requirement;
- 9 (d) Articles of Incorporation in the case of new corporations;
10 (e) Partnership Agreement in the case of new partnerships;
11 (f) General Information Sheet (GIS) in the case of existing
12 corporations and partnerships.

13 No other document shall be required for the processing of this application.
14

15 *Sec. 9. Financial Literacy Program for OFWs; Information Dissemination. –*

16 To ensure that the incentives and benefits provided for under this Act shall be
17 effectively harnessed and maximized, the Commission on Filipinos Overseas (CF),
18 the Overseas Workers Welfare Administration (OWWA), and the National
19 Reintegration Center of OFWs (NCRO) shall institutionalize the conduct of
20 financial literacy programs and capacity building seminars on entrepreneurship
21 and investment programs for Overseas Filipino Workers.

22 *Provided*, That in the conduct of pre-employment/pre-departure
23 orientation seminars, post-arrival/reintegration seminars, the financial literacy
24 programs shall likewise be incorporated as an integral part thereof.

25 *Provided, further*, That the Department of Foreign Affairs (DFA), CFO,
26 Philippine Overseas Employment Administration (POEA), OWWA, and all other
27 relevant government agencies with respect to overseas Filipinos, including all
28 local government units, shall extensively carry out information dissemination on
29 the benefits and program provided for in this Act.
30

1 Sec. 10. *Fraud or Misrepresentation.* – Any business entity found to have
2 committed fraud or misrepresentation for the purpose of qualifying for the
3 benefits hereunder shall be immediately disqualified as a beneficiary hereof and
4 its Certificate of Registration cancelled, without prejudice to the assessment and
5 collection of back taxes for the period corresponding to its exemption, as well as
6 to any administrative, criminal or civil liability under existing laws.

7
8 Sec. 11. *Non-Transferability.* – The benefits and incentives provided in this
9 Act cannot be transferred to any other person, association or business entity.

10
11 Sec. 12. *Cessation of Operations or Retirement of Business.* – Any
12 enterprise registered hereunder that retires or otherwise ceases its business
13 operations shall thereupon be excluded from the coverage of this Act. Within
14 thirty (30) days therefrom the enterprise shall report the fact of such retirement
15 or cessation to the BIR, which shall then cancel the enterprise's Certificate of
16 Registration.

17
18 Sec. 13. *Implementing Rules and Regulations.* – The BIR in coordination
19 with the POEA, DTI, and SEC shall promulgate not later than sixty (60) days
20 upon the effectivity of this Act the necessary rules and regulations for its
21 effective implementation.

22
23 Sec. 14. *Separability Clause.* – If any provision of this Act is subsequently
24 declared invalid or unconstitutional, other provisions hereof which are not
25 affected thereby shall remain in full force and effect.

26
27 Sec. 15. *Repealing Clause.* – All laws, presidential decrees, executive
28 order, issuances, presidential proclamations, rules and regulations or parts
29 thereof which are contrary to and inconsistent with any provisions of this Act are
30 hereby repealed, amended or modified accordingly.

1 Sec. 16. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
2 after its complete publication in the Official Gazette or in two (2) newspapers of
3 general circulation in the Philippines.

Approved,