

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS

FIRST REGULAR SESSION

House Bill No. **4603**



Introduced by ACTS OFW Representative Aniceto D. Bertiz III

EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) contribute immensely to our economy. From 2011 to 2015, personal remittances of OFWs totaled USD126.222 Billion. The amount has increased steadily during the same period – from USD21.92 Billion in 2011 to USD28.308 Billion in 2015.

The remittances help fuel consumer spending in the country. The Consumer Expectation Survey of the Bangko Sentral ng Pilipinas (BSP) for the 3rd quarter of 2016 showed that 95% of OFW households spent their remittances on food and other household needs. A significant number (39.8%) said that they allocated money for debt payments and purchase of consumer durables (20.2%). However, only 3.8% of OFW households reported that they allotted a portion of the remittance that they received for investment purposes.

As these statistics show, remittances are used mainly to augment the needs and wants of the households and are rarely used in building new enterprises. On the positive side, more OFW households are utilizing the remittances for saving purposes (39.6% in 2016 up from 33.2% ten years ago). These savings are important as potential source of capital for OFWs who would like to return home for good.

There is an urgent need to start harnessing the remittances and savings into more productive endeavors, primarily through entrepreneurial or business activities. Business activities will augment the income of the OFW households and will generate much-needed local employment.

While there are existing government facilities to assist OFWs, such as Go Negosyo and OWWA loans, these should be integrated and strengthened to meet the needs of aspiring OFW entrepreneurs. These should also be complemented by fiscal incentives such as tax breaks and institutional support mechanisms both on-site and at the local level.

The proposed measure seeks to consolidate government support programs and services for OFWs, expand their access to credit, markets, and information, and institute support mechanisms and networks for business planning, operations, and expansion. The measure will also help minimize administrative obstacles in establishing businesses for OFWs.

It is for these reasons that this humble representation seeks the timely passage of this bill.


Rep. Aniceto D. Bertiz III

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**AN ACT PROVIDING INCENTIVES FOR OVERSEAS FILIPINO WORKERS AND
FILIPINOS RESIDING OVERSEAS TO INVEST AND ESTABLISH BUSINESSES IN
THE PHILIPPINES**

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

Section 1. Title. – the Act shall be known as the Overseas Filipino Workers (OFW) Business Incentive Act of 2016.

Section 2. Declaration of Policies. – It is hereby declared the policy of the State to foster national development by encouraging and enabling our modern-day heroes, the Overseas Filipino Workers (OFWs) and Filipinos residing overseas, to invest in the establishment of enterprises towards the creation of decent work, production, and trade within the country. To this end, the State shall provide fiscal incentives, open up access to capital, training, market, and information, ensure ease-of-doing business, and provide the institutional support necessary for overseas Filipino investors to contribute to the economy and to nation-building.

Section 3. OFW Business. – “OFW Business” shall refer to newly-registered businesses engaged in manufacturing, agribusiness, and/or services, whether a single proprietorship, partnership, or corporation, owned and controlled by an OFW or a Filipino residing overseas. Provided, that the said business shall be accredited by the OFW Business Council, which shall be created under this law.

Section 4. Fiscal Incentives. – An “OFW Business” shall be exempted from all national and local taxes for the first two (2) years of its operations.

The exemption shall be extended to six (6) years if the OFW Business is a pioneering business in the Philippines or if it will introduce and utilize a state-of-the-art technology in its operations.

Section 5. Exemption from Customs Tariff and Duties. – Equipment that will be brought in by OFW Businesses for exclusive use in their operations shall be exempt from customs tariff and duties for the first two years of the existence of the OFW Business. Provided, that the total value of said equipment shall not exceed Five (5) Million Pesos. Provided, further, that the OFW Business shall not sell or re-sell the said equipment for a period of five (5) years from the time the exemption was granted.

Section 6. Access to Credit. – The Overseas Workers Welfare Administration (OWWA) shall set aside a portion of its fund for reintegration for the purpose of establishing a credit facility for the start-up or expansion of an OFW Business. The credit facility shall be managed by the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP).

Section 7. Ease of Doing Business. – The Local Government Units (LGUs), in coordination with the OFW Business Council, shall allot an “express lane” at the Business Permits and Licensing Offices (BPLO) of their LGU where they can file, process and secure the necessary permits for a maximum of 30 days from the time of filing and presenting the complied requirements.

Section 8. Inclusion in PEOS and PDOS. – All Pre-Employment Orientation Seminars (PEOS) and Pre-Deployment Orientation Seminars (PDOS) shall include the following topics:

1. Basic information on how to start a business
2. Relevant agencies and institutions who can help OFWs in starting a business
3. Accreditation process for OFW Businesses
4. Source of information on businesses, capitals, and markets

Section 9. Access to Information On-Site. – The Commercial/Trade Attaché shall make available information on funds, services, programs, and opportunities for OFWs.

Section 10. OFW Business Council. – An OFW Business Council is hereby created.

The Council shall be composed of:

1. The Secretary of the Department of Labor and Employment (DOLE) as chair
2. The Secretary of the Department of Trade and Industry (DTI) as co-chair
3. The Secretary of the National Economic Development Authority (NEDA)
4. The Secretary of the Department of Finance (DOF)
5. The Secretary of the Department of Interior and Local Government (DILG)
6. A Representative from a duly-recognized and accredited OFW Chamber of Commerce & Industry

The OWWA shall serve as the Secretariat for the Council.

Section 11. Functions of the Council.

The Council shall:

1. Formulate and implement policies to ensure ease-of-doing-business for OFW Businesses in all levels

2. Issue accreditation certificates to OFW Businesses for them to receive tax-exempt or duty-free status
3. Develop and execute an information dissemination plan to encourage OFWs and Filipinos residing abroad to invest
4. Coordinate with relevant agencies and local government units to institute on-site and regional support mechanisms on business planning, conducting feasibility plans, preparing bid proposals to OFW Businesses
5. Establish and nurture linkages with experts who will serve as mentors for start-up OFW Businesses

Section 12. Accreditation and Registration of OFW Investors. – The OFW Business Council shall prescribe rules and regulations for the accreditation of OFW investors. In coordination with the OWWA, the Business Council shall establish and maintain a data base of OFW Businesses and Entrepreneurs for the purpose of exploring other possible means of support including matching with markets, suppliers, and other investors.

Section 13. Linkages with Filipino Inventors and Other Local Entrepreneurs. – The OFW Business Council shall establish close ties with Filipino inventors and local entrepreneurs for the purpose of matching technology, investment opportunities, and the needs of OFW Businesses

Section 14. Appropriations. – The Funds for the operation of the Business Council shall be sourced from the regular appropriations of Overseas Workers Welfare Administration (OWWA). The Credit Facility shall be sourced from the OWWA Reintegration Fund as mandated by the new OWWA Charter (RA 10801).

Section 15. Implementing Rules and Regulations. – The DOLE, in coordination with the DTI, shall formulate the implementing rules and regulations 90 days after the enactment of this Law.

Section 16. Separability Clause. – If any provision of this Act shall be held unconstitutional, the remainder of the Act not otherwise affected shall remain in full force and effect.

Section 17. Repealing Clause. – All existing laws, presidential decrees, executive orders, proclamations, or administrative regulations that are not consistent with the provisions of this Act are hereby amended, modified, or repealed accordingly.

Section 18. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette and/or in a newspaper of general circulation.

Approved,