



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
NINETEENTH (19th) CONGRESS
First Regular Session

HOUSE BILL NO. 1990



Introduced by REP. JOSEPH STEPHEN S. PADUANO

EXPLANATORY NOTE

This bill was filed in the 18th Congress, as it was also filed before the previous Congress wherein it was lengthily deliberated in the Committee. However, due to time constraints and other factors, it did not reach the 2nd and 3rd Reading, hence, the refiling of this bill.

In 2020, the Philippine Statistics Authority (PSA) recorded 1.7 million Overseas Filipino Workers (OFWs) with 134.77 billion pesos of total remittances also in the same year. With consideration to this large number of OFWs and the significant amount of remittances they bring into the country, it is undoubted that this sector greatly contributes to the country's economy.

Currently, there are programs and services that our government provides to our Filipino workers abroad, often for their welfare and safety in overseas employment and likewise for their family and love ones left behind here in the Philippines.

However, the government's services to our overseas workers can be furthered with additional support, specifically in terms of strengthening their capacity for financial growth, and simultaneously helping the government raise funds for other programs and/or projects for all sectors, sourcing such funds other than the traditional taxes.

On this note, it is relevant to mention one of the duties of the House of Representatives to "originate" revenue or tariff bills and bills authorizing increase of the public debt as stated in Section 24 of Article VI of the 1987 Constitution, to wit

ARTICLE VI

SECTION 24. All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.

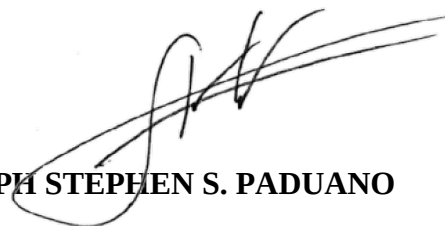
Given this duty of the House of Representatives on appropriations, in this case, to provide opportunities for additional fund sources for government projects through legislation,

this proposed measure intends to adhere on the said duty and raise funds for government and government-assisted projects through the issuance of bonds and other financial instruments for subscription and investment by OFWs, their immediate relatives and other working Filipinos abroad.

This measure is designed for all OFWs to take part in further strengthening our national economy by investing part of their income or cash remittances with the government, for the creation of an OFW Sovereign Fund. Similar to treasury bills or bonds, but under a special fund devised solely for Filipino workers abroad, wherein they can turn part of their income as investment for government projects, through a program to be created by the Bureau of the Treasury, with appropriately higher returns, better tax incentives, and with lesser risks than in other traditional investment structures such as in regular banks. This will enable OFWs to save some of their income, while simultaneously providing them the opportunity to help in our nation's development, as the proceeds of the proposed sovereign fund is intended to support national government projects.

This will further the role of OFWs in nation-building such as supporting the industrialization of our country. For example, our seafarers abroad can later on be part of our domestic economy and become industrialists themselves using their skills and knowledge acquired from experiences in working abroad, for them to be potential owners and/or officers of their own shipyards or ship-building companies.

In view of the foregoing, the approval of this noble bill is earnestly sought.



JOSEPH STEPHEN S. PADUANO



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AN ACT
CREATING THE OVERSEAS FILIPINO WORKERS (OFW) SOVEREIGN FUND

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 “OFW Sovereign Fund
2 Act”.

3
4 **SECTION 2. *Coverage.*** – This Act shall cover all Overseas Filipino Workers (OFW)
5 and former OFWs, whether land-based or sea-based.

6
7 **SECTION 3. *Declaration of Policy.*** – It is the policy of the State to formulate efficient
8 programs that will help raise revenues to meet expenditure targets and to effect adequate
9 operational guidelines for fiscal and financial policies. It is also the policy of the State to
10 promote the welfare of OFWs and former OFWs by providing opportunities to maximize the
11 use of their hard-earned money through sound investment programs even as this allows
12 government to tap funds to finance its key projects. Towards this end, the government shall
13 design programs and issue appropriate government instruments that diversify the investments
14 of OFWs funds in order to minimize risks and maximize returns.

15

16

1 **SECTION 4. *Creation of OFW Sovereign Fund.*** – For proper monitoring of the
2 investments made by OFWs and former OFWs, the Bureau of the Treasury (BTr) shall create a
3 separate special fund to be referred to as the OFW Sovereign Fund where all investments made
4 under the program, herein created, shall be lodged until it is utilized by the government for its
5 select key projects. The BTr shall, in coordination with the Department of Budget and
6 Management and Commission on Audit, make an accounting of all the receipts and
7 disbursements from the OFW Sovereign Fund and prepare a complete annual report for ready
8 reference of the public especially by its investors as defined under Section 2 hereof, with copies
9 of the said report to be automatically submitted yearly to the Senate of the Philippines and the
10 House of Representatives not later than April 30 of the year immediately following the year
11 covered by the report.

12
13 The OFW Sovereign Fund shall be used solely by the national government to finance
14 significantly urgent national government projects with strong emphasis on productive and job-
15 generating industrial or agricultural projects, which shall be directed by the President. The
16 significantly urgent national government projects referred to here shall include the purchase of
17 strong cash generating private corporations or establishments by the government or
18 government-owned and controlled corporations, respectively, in enterprises related to the
19 downstream petroleum industry, electric power generation, transmission and distribution
20 industry, information and communications technology industry, and other strong cash
21 generating enterprises that shall wean the government away from heavy reliance on taxes and
22 fees as its main source of revenues.

23
24 No amount from the OFW Sovereign Fund shall be released for current needs of the
25 government like personal services, maintenance and other operating expenses nor for any
26 capital outlay inconsistent with the second paragraph of this Section.

27
28 **SECTION 5. *Key Agency.*** – The BTr is hereby mandated to create programs and issue
29 government securities specifically designed to encourage OFWs and former OFWs to invest
30 their monies or remittances therein, and issue the guidelines, including the mechanics of
31 investing, denomination of government instruments, terms of the investment, and interest rates.
32 The BTr is likewise tasked to implement the provisions of this Act.

1 **SECTION 6. *Tax Exemption of Interest Income and other Earnings from***
2 ***Investments in the OFW Sovereign Fund.*** – The earnings of OFWs and former OFWs from
3 their investments in the bonds or other debt or investment instruments that the government shall
4 issue in the implementation of this Act, shall be exempted from income tax and documentary
5 stamp tax: *Provided*, That the amount of investments exempted herein every year shall not
6 exceed Two hundred fifty pesos (Php 250,000.00) per OFW and former OFW: *Provided*,
7 Further, that the tax exemption shall be reviewed after five (5) years of the effectivity of the
8 Tax Regulations implementing this Act.

9
10 Nothing in this Act shall be construed to repeal the provisions of Republic Act No. 9505,
11 otherwise known as the “Personal Equity and Retirement Act”.

12
13 **SECTION 7. *Strong Information Drive.*** – To ensure the success of this Act, the BTr
14 is directed to regularly adopt a strong information drive, with support from other relevant
15 agencies of the government it may deem appropriate or necessary, that shall facilitate the
16 information and education initiatives for all OFWs and other concerned sectors with regard to
17 the creation and purpose of the OFW Sovereign Fund, and how investment in the fund shall be
18 mutually-beneficial to the OFW and the government.

19
20 **SECTION 8. *Proof of Identity and Prohibitions Thereon.*** – All OFWs and former
21 OFWs covered by this Act shall be required to show proof of identity through the presentation
22 of their authenticated Overseas Employment Certificates (OECs) and other verifiable
23 documents. The use of dummies by persons and/or corporations and/or other entities not under
24 the coverage of this Act shall be prohibited and the submission of fake or forged documents to
25 be able to participate in and benefit from this program shall be punished according to existing
26 laws.

27
28 **SECTION 9. *Implementing Rules and Regulations.*** – The rules and regulations to be
29 issued to implement this Act shall include guidelines to ensure that the bonds or other debt or
30 investment instruments that shall be issued by the government shall be denominated in
31 Philippine Peso and likewise in small denominations such as, but not limited to, five thousand
32 pesos (PHP 5,000.00).

1 The Treasurer of the Philippines, in consultation with other concerned government
2 agencies shall formulate the necessary rules and regulations to effectively implement the
3 provisions of this Act within ninety (90) days after its effectivity.
4

5 **SECTION 10. *Repealing Clause.*** – All laws, decrees, executive orders, proclamations,
6 rules and regulations, or any part thereof which are inconsistent with this Act, are hereby
7 repealed or modified accordingly.
8

9 **SECTION 11. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
10 publication in the *Official Gazette* or in at least two (2) newspapers of national circulation.
11

12 ***Approved,***