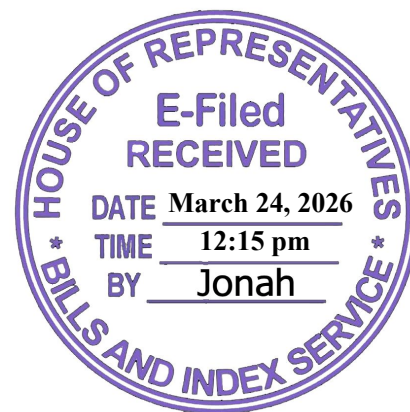


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8751**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) have long been regarded as modern-day heroes of the Philippines. Through their labor abroad, they sustain their families and play a vital role in the national economy. In 2022, remittances from OFWs reached a record \$36.14 billion USD, equivalent to approximately ₱2.02 trillion PHP at an average exchange rate of 56 PHP per USD, accounting for nearly 11 percent of Gross Domestic Product (GDP) and fueling consumer spending that drives roughly 75 percent of economic growth.

These remittances are a crucial lifeline that support education, healthcare, basic needs, and daily living expenses for millions of Filipinos. However, the value of these hard-earned funds is often diminished by excessive remittance fees, hidden charges, and unclear foreign exchange practices imposed by some service providers, which reduce the amount ultimately received by families back home.

Moreover, high transaction costs and limited financial knowledge can leave returning OFWs without sustainable means of livelihood despite remittances consistently exceeding ₱2 trillion PHP annually. Many returnees face job scarcity and reintegration challenges, forcing them to deplete their savings or repurpose remittances for consumption rather than long-term productive investment.

This bill seeks to provide a clear and practical pathway for OFWs who choose to invest in the Philippines by encouraging the productive use of remittances for enterprise and job creation. To this end, the measure proposes tax exemptions, reduced local fees, and improved access to financing that will lower barriers to business formation and long-term wealth generation.

Recognizing the importance of informed decision-making, the bill also institutionalizes financial literacy and entrepreneurship training for OFWs and their families, equipping them with essential skills for budgeting, savings, investment, and enterprise management. Such training is intended to strengthen their capacity to convert remittances into sustainable opportunities, thereby enhancing economic resilience upon return.

By supporting incentives that transform remittances from short-term consumption to productive investments, this measure honors the sacrifices of OFWs and promotes inclusive growth not only for their families but for local communities and the nation as a whole.

In view of the foregoing, the immediate passage of this bill is earnestly sought

A handwritten signature in black ink, appearing to read 'N. Oducado', with a small blue circular stamp or mark near the end of the signature.

REP. NATHANIEL “ATTY. NAT” M. ODUCADO
1Tahanan Party List

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HOUSE BILL NO. **8751**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCCADO**

**AN ACT GRANTING 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 Incentives for OFWs*
2 *Act.*”

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

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

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

- 15 a. *Business Enterprise* – refers to a duly registered business engaged in industry,
16 agribusiness and/or services, whether a single proprietorship, cooperative,
17 partnership or corporation. A business engaged in services shall exclude those
18 rendered by (i) natural persons who are duly licensed by the government after
19 having passed a government licensure examination, in connection with the exercise
20 of their profession, and (ii) juridical persons such as partnerships or corporations
21 engaged in consultancy, advisory and similar services where the performance of
22 such services is essentially carried out through licensed professionals, likewise in
23 connection with the exercise of their profession.

b. *OFW-Owned Business Enterprise* – refers to a business enterprise that falls under one of the following categories: (i) a sole proprietorship owned by an OFW; (ii) a partnership, more than fifty (50) percent of the capital of which was contributed by one or more partners who are OFWs; or (iii) a stock corporation, more than fifty (50) percent of the outstanding capital stock of which is held by one or more OFWs.

c. *Overseas Filipino Workers* – refers to persons who are to be engaged, is engaged or has been engaged in a remunerated activity in a State of which the person is not a citizen or on board a vessel navigating the foreign seas other than a government ship used for military or non-commercial purposes or on an installation located offshore or on the high seas: Provided, That one whose employment overseas has ceased, by reason of expiration of such contract or otherwise, shall still be considered an OFW under this Act if the cessation took place not more than five (5) years before the filing of an application for the registration provided for in Section 5 hereof.

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

All local government units (LGUs) are encouraged either to reduce the amount of local taxes, fees, and charges imposed or to exempt an OFW-owned business enterprise from local taxes, fees, and charges.

SEC. 5. Other Benefits and Incentives. – An OFW-owned business enterprise may also avail of the following incentives:

- a. Fifty (50) percent reduction on real property taxes imposed on real property used for the operation of the OFW-owned business enterprise;
- b. Tax and duty free importation of raw materials, capital equipment, machineries, and spare parts exclusively used in the operation of the OFW-owned business enterprise;
- c. Preferential access to financing from government financial institutions at rates below the market rates;

Provided, That an OFW-owned business enterprise may avail of these incentives for a period of five (5) years following registration.

SEC. 6. Eligibility of OFW-owned Business Enterprises. – To qualify for the benefits and incentives provided to OFW-owned business enterprises under this Act, a business enterprise must fall under one of the following categories:

- (i) a sole proprietor owned by an OFW;
- (ii) a partnership, more than fifty (50) percent of the capital of which was contributed by one or more partners who are OFWs; or

(iii) a stock corporation, more than fifty (50) percent of the outstanding capital stock of which is held by one or more OFWs.

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

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

- a. Certificate from the Philippine Overseas Employment Administration (POEA) or the Overseas Workers Welfare Administration (OWWA) that the persons seeking registration hereunder of their business entity or enterprise are OFWs as defined in Section 3(a) of this Act or a copy of their overseas employment contract duly approved by the POEA;
- b. Taxpayer Identification Number (TIN);
- c. Documents of registration as a business entity or enterprise issued by the appropriate government agencies such as the Securities and Exchange Commission (SEC) for corporations and partnerships and the Department of Trade and Industry (DTI) for sole proprietorships: Provided, That in the case of microenterprises as defined herein, registration with the Office of the Municipal or City Treasurer shall be deemed sufficient compliance with this requirement;
- d. Articles of Incorporation in the case of new corporations;
- e. Partnership Agreement in the case of new partnerships;
- f. General Information Sheet (GIS) in the case of existing corporations and partnerships.

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

SEC. 9. *Financial Literacy Program for OFWs; Information Dissemination.* – To ensure that the incentives and benefits provided for under this Act shall be effectively harnessed and maximized, the Commission on Filipino Overseas (CFO), the OWWA, and the National Reintegration Center of OFWs (NRCO) shall institutionalize the conduct of financial literacy programs and capacity building seminars on entrepreneurship and investment programs for Overseas Filipinos Workers.

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

Provided, further, that the Department of Foreign Affairs (DFA), CFO, POEA, OWWA, and all other relevant government agencies with respect to overseas Filipinos, including all local government units, shall extensively carry information dissemination on the benefits and programs provided for in this Act.

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

6 **SEC. 11. *Non-Transferability.*** – The benefits provided in this Act cannot be transferred to
7 any other person, association or business entity.

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

13 **SEC. 13. *Implement Rules and Regulations.*** – The BIR in coordination with POEA, DTI,
14 and SEC shall promulgate not later than sixty (60) days upon the effectivity of this Act the
15 necessary rules and regulations for its effective implementation.

16 **SEC. 14. *Separability Clause.*** – If any provision of this Act is declared invalid or
17 unconstitutional, the other provisions not affected by such declaration shall remain in full force and
18 effect.

19 **SEC. 15. *Repealing Clause.*** – All laws, executive orders, administrative orders, and rules
20 and regulations inconsistent with this Act are hereby repealed or amended accordingly.

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

23 *Approved,*