Mr. Speaker:

The Committees on Overseas Workers Affairs and Ways and Means to which was referred House Bill No. 530 introduced by Representative Joseph Stephen S. Paduano, entitled:

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

have considered the same and recommend that the attached House Bill No. 7802 entitled:

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

Respectfully submitted,

REP. JOEY SARTE SALCEDA
Chairman
Committee on Ways and Means

REP. RAYMOND DEMOCRITO C. MENDOZA
Chairman
Committee on Overseas Workers Affairs

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY
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:

SECTION 1. Title. - This Act shall be known as the "OFW Sovereign Fund Act."

SEC. 2. Coverage. - This Act shall cover all overseas Filipino workers (OFW) and former OFWs, whether land-based or sea-based.

SEC. 3. Declaration of Policy. - It is the policy of the State to formulate efficient programs that will help raise revenue to meet expenditure targets and to effect adequate operational guidelines for fiscal and financial policies. It is also the policy of the State to promote the welfare of OFWs and former OFWs by providing opportunities to maximize the returns of their hard-earned money through sound investment programs even as this allows government to tap funds to finance its key projects. Towards this end, the government shall design programs and issue appropriate government instruments that diversify the investments of OFWs funds in order to minimize risks and maximize returns.
SEC. 4. Creation of OFW Sovereign Fund. – For proper monitoring of the investments made by OFWs and former OFWs, the Bureau of the Treasury (BTr) shall create a separate special fund to be referred to as the OFW Sovereign Fund, where all investments made under the program, herein created, shall be lodged until it is utilized by the government for its select key projects. The BTr shall, in coordination with the Department of Budget and Management and the Commission on Audit, make an accounting of all the receipts and disbursements from the OFW Sovereign Fund and prepare a complete annual report for ready reference of the public, especially by its investors as defined under Section 2 hereof, with copies of the said report to be automatically submitted yearly to the Senate of the Philippines and the House of Representatives not later than April 30 of the year immediately following the year covered by the report.

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

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

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

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

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

SEC. 7. *Strong Information Drive.* – To ensure the success of this Act, the BTr is directed to regularly adopt a strong information drive, with assistance from other relevant agencies of government it may deem appropriate, that shall help notify and educate all OFWs and former OFWs about the program, the creation and purpose of the OFW Sovereign Fund, and how investment in the fund shall be mutually-beneficial to the OFW and the government.

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

SEC. 9. *Implementing Rules and Regulations.* – The rules and regulations to be issued to implement this Act shall include guidelines to ensure that the bonds and other debt or investment instruments that shall be issued by the government shall be denominated in Philippine peso and issued in small denominations such as Five thousand pesos (P5,000.00).

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

SEC. 10. *Repealing Clause.* – All laws, decrees, executive orders, issuances, rules and regulations which may be inconsistent with any of the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

SEC. 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,
House of Representatives
Committee Affairs Department

FACT SHEET

House Bill No. 7802

AN ACT CREATING THE OVERSEAS FILIPINO WORKERS SOVEREIGN FUNDS

Introduced by: REPRESENTATIVE STEPHEN PADUANO

Committee Referral: COMMITTEE ON OVERSEAS WORKERS AFFAIRS
Committee Chairperson: REPRESENTATIVE RAYMOND DEMOCRITO Mendoza

OBJECTIVES:

- To introduce the OFW Sovereign Fund as a safe alternative and investment option for overseas Filipino workers (OFWs) and former OFWs to invest their hard-earned income or savings in.

- To provide government with an alternative to wean away dependence from revenues as main source of income.

KEY PROVISIONS:

- Directs the Bureau of the Treasury (BTr) to create a special fund, referred to as OFW Sovereign Fund, where investments made by OFWs and former OFWs, are lodged until utilized by the government to finance select key projects.

- Exempts from income tax and documentary stamp tax the earnings from investments in the OFW Sovereign Fund.

- Mandates the Bureau of the Treasury, with the assistance of other government agencies, to regularly conduct an information drive to educate all OFWs about the creation and purpose of the OFW Sovereign Fund, and how investments in the Fund will be mutually-beneficial to both the OFWs and the government.

- Allows government to tap the OFW Sovereign Fund to finance significantly urgent national government projects with strong emphasis on productive and job-generating industrial or agricultural projects

RELATED LAWS:

- Republic Act No. 8042, or the “Migrant Workers and Overseas Filipinos Act of 1995”, as amended by Republic Act No. 10022

- Republic Act No. 10801, or the “Overseas Workers Welfare Administration Act”