



REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City



Seventeenth Congress
First Regular Session

H. NO. **4740**

Introduced by Rep. AURELIO "DONG" D. GONZALES, JR.

EXPLANATORY NOTE

The 1987 Constitution provides in Article II, Section 9 that:

SECTION 9. The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.

It likewise provides in Section 18 that:

SECTION 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

It further provides in Section 20 that:

SECTION 20. The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.

The principal consideration of our Overseas Filipino Workers in working abroad is to provide for their families. These OFWs endure living away from their families and in a foreign land in order to provide a better life for their loved ones by sending a portion of their earnings, in a form of remittances, to their families back home. According to Bangko Sentral ng Pilipinas Governor Amando M. Tetangco, Jr., in 2016 personal remittances from overseas Filipinos for the first ten months of the year reached US\$24.4 billion, equivalent to a 3.9 percent growth year-on-year, Bangko Sentral ng Pilipinas Governor Amando M. Tetangco, Jr. announced today. These remittances sent by OFWs to their families in the Philippines are then used to cover household expenses, tuition fees, and other expenses of the family.

These OFW remittances are transferred from the OFWs, to intermediaries such as financial and non-bank financial institutions, before it reaches beneficiaries. In the course of the transfer of the funds, the amounts remitted are subjected to several fees and high remittance charges which result to the depletion of the amount to be remitted and received by beneficiaries.

In view of the effect of this high remittance charges on the hard earned wages of OFWs, which should instead be enjoyed by them and their families, it becomes a matter of utmost urgency and necessity for Congress to enact a law that will adequately and effectively put a stop to the imposition of high remittance charges and protect the remittances sent by OFWs, as well as provide education for them and their families on how they can manage their remittances.

The proposed measure seeks to provide for a limit on the amount of remittance fees to be imposed, provide for discounts to OFWs and provide for tax incentives to establishments providing for such discounts. It also encourages establishments and institutions to provide for loans to OFWs and mandates government agencies to provide for financial education to OFWs and their families.

It is for this reason that the early approval of the bill is earnestly sought.


REP. AURELIO "DONG" GONZALES, JR.
3rd District, Pampanga



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**AN ACT PROVIDING FOR PROTECTION OF THE REMITTANCES OF
OVERSEAS FILIPINO WORKERS, AND FOR OTHER PURPOSES**

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

SECTION 1. Short Title. --- This Act shall be known as the "OFW Remittance Protection Act of 2017".

SECTION 2. Declaration of Policy.— The States upholds the dignity of all of its citizens, whether residents of the Philippines or overseas.

The State shall afford full protection to labor, local and overseas, organized and unorganized and shall promote full employment and equality of employment opportunities for all.

The State recognizes the significant contribution of Overseas Filipino Workers to the national economy through their foreign exchange remittances. Towards this end, the State shall ensure that effective mechanisms be instituted to ensure the protection of the rights and interests of Overseas Filipino Workers, particularly, the protection of their foreign exchange remittances. The State likewise guarantees the protection of OFW remittances from usurious interest rates and fees charged by financial institutions.

The State guarantees protection of the foreign exchange remittances of Overseas Filipino Workers. With this regard, the State recognizes the right of Overseas Filipino Workers to access to courts, quasi-judicial bodies and adequate legal assistance. Towards this

end, the State ensures that no OFW shall be denied access to courts, quasi-judicial bodies and to adequate legal assistance by reason of poverty.

The State recognizes the need to educate Overseas Filipino Workers and their families on financial planning, management of finances and savings. Towards this end, the State undertakes to provide programs and seminars to ensure the education of OFWs and their families.

SECTION 3. Definition of Terms. For purposes of this Act, the following terms shall be defined as follows:

(a) **"Overseas Filipino worker"** refers to a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a state of which he or she 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; to be used interchangeably with migrant worker.

(b) **"Overseas Filipino Workers' (OFW) remittance"** is defined as the foreign exchange earnings sent home by Filipinos working abroad either through formal or informal channels.

(c) **"Remittance Fee"** is defined as the service fee or charge imposed by financial intermediaries and non-bank financial intermediaries for sending money of OFWs through formal or informal channels.

(d) **"Immediate Family Member"** is relative up the fourth degree of consanguinity or affinity.

Section 4. Applicability of this Act. The provisions of this Act shall be applicable to all OFW remittances, whether voluntary or mandated by law, orders, issuances or rules and regulations.

Section 5. Access to Credit, Loans and Accommodations. Financial intermediaries and non-bank financial intermediaries are directed to provide assistance to OFWs through the grant of credits, loans, and accommodations.

Subject to the written consent of the OFW concerned, remittances may be used as collateral for the credit, loan, or accommodation obtained.

Section 6. Discounts on Remittance Fees and Discounts Granted to Establishments. Financial intermediaries and non-bank financial intermediaries may impose fees for services rendered in sending money of OFWs to their immediate family members, subject to the following discounts:

Amount to be Remitted	Discount
Not more than USD 500 or its equivalent in other currencies	50% of the remittance fee
USD 500 – not more than USD 1,000 or its equivalent	40% of the remittance fee
USD 1,000 – not more than USD 1,500 or its equivalent	30% of the remittance fee
USD 1,500 – not more than USD 2,000 or its equivalent	20% of the remittance fee
More than USD 2,000 or its equivalent in other currencies	10% of the remittance fee

Provided that, financial intermediaries and non-bank financial intermediaries shall not impose a minimum amount of remittance that can be sent out by OFWs through their channels.

All establishments providing discounts on remittance fees may claim the discounts granted as a tax deduction based on the cost of services rendered to OFWs. The discounts granted to OFWs by financial or non-bank financial intermediaries shall be treated as an ordinary and necessary expense deductible from the gross income of the seller falling under the category of itemized deductions.

Section 7. Requirement of Posting of the Peso Equivalent of the Currency to be Exchanged. All financial intermediaries and non-bank financial intermediaries offering remittance services to OFWs shall be required to post in a conspicuous place within the establishment's premises the Philippine peso equivalent rate of the foreign currencies being transacted. The Philippine peso equivalent of the amount to be remitted will be the same amount that will be received by the beneficiary of the remittance.

Section 8. Prohibited Acts. The following acts are hereby prohibited:

- (a) The misappropriation or conversion of foreign exchange remittance of OFWs received by any person/s, groups, associations, institutions and others in trust or on commission, or for administration, or under any other obligations involving the duty to make delivery of or to return the same, or by denying having received such foreign exchange remittance.
- (b) Theft of foreign exchange remittance of OFWs by any persons/s, groups, associations, institutions and others.
- (c) The imposition of usurious interest rates on transactions involving foreign exchange remittances of OFWs.
- (d) The imposition of remittance fees in excess of what is prescribed under Section 4 of this Act.
- (e) The failure to post in a conspicuous place of the establishment the Philippine Peso rate of the foreign currency being transacted.

Section 9. Penalties.

(a) A person who will be found guilty of violating the provisions of Section 6 (a) hereof shall be penalized under the provisions of Article 315 of the Revised Penal Code.

(b) A person who will be found guilty of violating the provisions of Section 6 (b) hereof shall be penalized under Article 310 of the Revised Penal Code.

(c) A person who will be found guilty of violating the provisions of Sections 6 (c), (d) and (e) shall be subject to a fine of Fifty thousand pesos (Php50,000.00) but not exceeding Seven hundred fifty thousand pesos (Php750,000.00) and imprisonment of six (6) months and one (1) day to six (6) years and one (1) day.

Aside from the criminal liability provided in the afore-mentioned paragraphs, institutions governed and supervised by the BSP found to have committed violations of Section 6 hereof shall be subject to the necessary fines, penalties and sanctions as may be provided by the BSP.

In case of corporations or partnerships, the liability shall be imposed on the president, managing director or partner, general manager, or other responsible officers of the corporation or partnership.

Section 10. Mandatory Financial Education for OFWs and their families. The Department of Education, together with the Philippine Overseas Employment Agency, Department of Finance, Bangko Sentral ng Pilipinas and other agencies, shall ensure that a mandatory financial education program shall be provided to OFWs and their families.

The program shall include, but not be limited to, providing information on financial management, budgeting, investment options and similar topics which shall educate the OFWs and their families in the handling of their earnings and remittances.

Section 11. Liability under the Revised Penal Code and other laws. – Prosecution under this Act shall be without prejudice to any liability for violation of any provision of the Revised Penal Code or any other law.

Section 12. Separability clause. – If any separable provision of this Act be declared unconstitutional, the remaining provisions shall continue to be in force.

Section 13. Repealing clause. – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

Section 14. Effectivity clause. – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.