

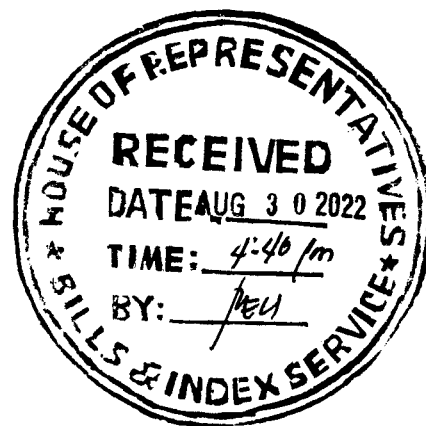


Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Nineteenth Congress

First Regular Session

House Bill No. 4257



Introduced by:

HON. MARISSA 'DEL MAR' MAGSINO
ONE FILIPINOS WORLDWIDE (OFW) PARTYLIST

EXPLANATORY NOTE

Today is certainly a tough time for Filipinos and for the country, but the remittances from overseas Filipino workers (OFWs) helped their families and the economy survive. A steady flow of remittances means that the country earned more dollars that support a healthy balance of payments for the national economy. Most importantly, when remittances increase, the purchasing power and standard of living of families of OFWs also go up.

Surveys have shown that households of OFWs spend a sizeable chunk of remittances they received on food. They also have been observed to have a higher propensity to send their children to school, afford medical expenses, and make home improvements, compared to families who are not dependent on overseas income. These demonstrate the overarching reality that the family remains the priority of OFWs.

With this recognition of the importance and impact of OFW remittances to their families and to the national economy, it is imperative to protect the hard-earned money they remit home against usurious interests and exorbitant fees charged by financial institutions that deplete the value of their remittances.

OFWs and their families must also be encouraged to manage their finances well by saving their money and investing them, in the hope that upon their return,

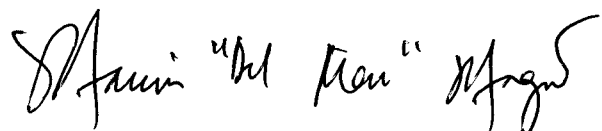
OFWs would no longer need to work abroad but will engage in profitable business undertakings in the country.

The bill proposes to set a limit on the amount of remittance fees and charges to be enforced by intermediaries, both bank and non-bank financial institutions, by providing up to fifty percent (50%) discount to OFWs sending money to their immediate family members. In return, to safeguard the welfare of these intermediaries, the discounts given by them will be considered as ordinary and necessary expenses deductible from their gross income in the computation of their payable taxes. The proposed measure also mandates concerned government agencies to conduct financial literacy education programs for OFWs and their families which include instructions on financial management, budgeting, investment options and similar topics, to guide the OFWs and their families in the handling of their earnings and remittances.

As added protection to the remittances of OFWs, the bill requires bank and non-bank intermediaries offering remittance services to OFWs to post in a conspicuous place within their establishment's premises the Philippine peso equivalent rate of the foreign currencies being transacted. Moreover, these intermediaries are prohibited from raising their current remittance fees without prior consultation with the Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the Philippine Overseas Employment Administration (POEA). Penalties are correspondingly provided for any violation of the foregoing requirements.

OFWs are often hailed as our 'modern day heroes', but hardly anything is done to serve such praise. It is time to give them what they truly deserve, and we can begin by enacting measures that will effectively protect their hard-earned income, the remittances that support life and sustain our economy.

For the foregoing reason, the immediate consideration and passage of this bill is earnestly urged.

A handwritten signature in black ink, appearing to read "Marissa 'Del Mar' Magno".

HON. MARISSA 'DEL MAR' MAGSINO
Representative, OFW Part List



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AN ACT
PROVIDING FOR PROTECTION OF THE REMITTANCES OF
OVERSEAS FILIPINO WORKERS

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 “Overseas Filipino Workers (OFWs) Remittance Protection Act.”

SECTION 2. *Declaration of Policy.* – The Constitution affirms that labor is the primary social economic force and mandates the State to protect the rights of the workers and promote their welfare.

Recognizing the significant contribution of OFWs to the national economy through their foreign exchange remittances, the State shall adopt measures to protect the hard-earned money they remit home against usurious interest rates and exorbitant fees charged by financial institutions that deplete the value of their remittances, and provide them and their families adequate education and training on financial literacy, such as financial planning and management of finances or savings, to help ensure a source of livelihood even after their overseas employment.

SECTION 3. *Definition of Terms.* – As used in this Act:

- (a) *Overseas Filipino Worker (OFW)* refers to a person who is 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; to be used interchangeably with migrant worker.
- (b) *Remittance* refers to the foreign exchange earnings sent home by OFWs or their employers or agents through formal channels.
- (c) *Remittance Fee* refers to the service fee or charge imposed by bank and non-bank financial intermediaries for sending money of OFWs through formal channels.

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. *Discount on Remittance Fees and Tax Deduction Granted to Establishments.* – Bank and non-bank financial intermediaries may impose fees for services rendered in sending money of OFWs to their immediate family members, subject to a fifty percent (50%) discount granted to the OFWs.

Bank and non-bank financial intermediaries 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 should be treated as an ordinary and necessary expense deductible from the gross income of the intermediary falling under the category of itemized deductions: *Provided*, That the total deduction from the gross income of establishments providing discounts on remittance fees shall be determined by the Secretary of Finance upon the recommendation of the Commissioner of Internal Revenue who shall issue the appropriate revenue regulation for the purpose.

SECTION 6. *Requirement of Posting of the Peso Equivalent of the Currency to be Exchanged.* – All bank 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 as

remitted will be the same amount that will be received by the beneficiary of the remittance.

SECTION 7. *Prohibition from Raising Remittance Fees.* – All banks and non-bank financial intermediaries offering remittance services to OFWs are prohibited from raising their current remittance fees without prior consultation with the Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the Philippine Overseas Employment Administration (POEA).

SECTION 8. *Other Prohibited Acts.* – The following acts are also prohibited:

- (a) Misappropriation or conversion, to the prejudice of the OFW or beneficiary, of foreign exchange remittances received in trust, or on commission, or for administration, or under any other obligation involving the duty to make delivery of, or to return the same, or by denying having received such foreign exchange remittance;
- (b) Taking of foreign exchange remittances without the consent of the OFW or beneficiary;
- (c) Imposition of remittance fees in excess of those prescribed under Section 5 of this Act;
- (d) Failure to post in a conspicuous place of the establishment the Philippine Peso rate of the foreign currency being transacted; and,
- (e) Failure to conduct consultation with the DOF, BSP, and the POEA before raising remittance fees.

SECTION 9. *Penalties.* –

- (a) Any person who is found guilty of any of the acts described in Section 8 (a) hereof shall be punished by:
 - (i) Imprisonment of two (2) months and one (1) day to six (6) months, if the amount of the remittance does not exceed Two hundred pesos (Php 200.00);
 - (ii) Imprisonment of four (4) months and one (1) day to two (2) years and four (4) months, if the amount of the remittance is over Two hundred pesos (Php 200.00) but does not exceed Six thousand pesos (Php 6,000.00);
 - (iii) Imprisonment of two (2) years and four (4) months to four (4) years and two (2) months, if the amount of the remittance is over Six thousand

pesos (Php 6,000.00) but does not exceed Twelve thousand pesos (Php 12,000.00);

(iv) Imprisonment of four (4) years, two (2) months and one (1) day to eight (8) years if the amount of the remittance is over Twelve thousand pesos (Php 12,000.00) but does not exceed Twenty-two thousand pesos (Php 22,000.00); and,

(v) Imprisonment of six (6) years to ten (10) years, adding one (1) year for each additional Ten-thousand pesos (Php 10,000.00), but not exceeding twenty (20) years, if the amount of the remittance is more than Twenty-two thousand pesos (Php22,000.00);

(b) Any person who is found guilty of violating Section 8 (b) of this Act shall be punished by:

(i) Imprisonment of six (6) months and one (1) day to four (4) years and two (2) months, if the amount of the remittance is over Two hundred pesos (Php 200.00) but does not exceed Six thousand pesos (Php 6,000.00);

(ii) Imprisonment of two (2) years, four (4) months and one (1) day to six (6) years, if the amount of the remittance is over Six thousand pesos (Php 6,000.00) but does not exceed Twelve thousand pesos (Php 12,000.00);

(iii) Imprisonment of six (6) years and one (1) day to ten (10) years, if the amount of the remittance is over Twelve thousand pesos (Php 12,000.00) but does not exceed Twenty-two thousand pesos (Php 22,000.00); and,

(iv) Imprisonment of ten (10) years and one (1) day to twelve (12) years, adding one (1) year for each additional Ten thousand pesos (Php 10,000.00) but not exceeding twenty (20) years, if the amount of the remittance exceeds Twenty-two thousand pesos (Php22,000.00).

(c) Any person who is found guilty of violating Section 8 (c), (d) and (e) of this Act shall be punished by an imprisonment of two (2) years and one (1) day to six (6) years and one (1) day and a fine of Fifty thousand pesos (Php 50,000.00) but not exceeding Seven hundred fifty thousand pesos (Php 750,000.00).

Aside from the criminal liability provided in the preceding paragraphs, institutions governed and supervised by the BSP found to have violated the provisions of Section 8 of this Act shall be subjected to the necessary fines, penalties, and sanctions as provided under Republic Act No. 7653, or the "New Central Bank Act",

Republic Act No. 8791, or the "General Banking Law of 2000", and other pertinent banking regulations.

In case the violation is committed by a corporation or partnership, 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 Literacy Education for OFWs and their Families.* – The DOF, together with the BSP, POEA, and other agencies, shall ensure that a mandatory financial literacy education program will be provided to OFWs and their families.

The program shall include instruction 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 other laws.

SECTION 12. *Implementing Rules and Regulations.* – Within ninety (90) days after the approval of this Act, the DOF shall, in consultation with the BSP, POEA, Overseas Workers Welfare Administration, Department of Foreign Affairs, Bankers Association of the Philippines, Association of Bank Remittance Officers, Inc., Philippine Association of Foreign Exchange Dealers, Money Changers and Remittance Agents, Inc., representatives from the placement or recruitment industry, non-government organizations advocating the rights and welfare of OFWs, and other stakeholders, shall issue the necessary rules and regulations for the effective implementation of this Act.

SECTION 13. *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.

SECTION 14. *Separability Clause.* – If any provision of this Act is held unconstitutional or invalid, the other provisions not affected shall remain in full force and effect.

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

Approved.