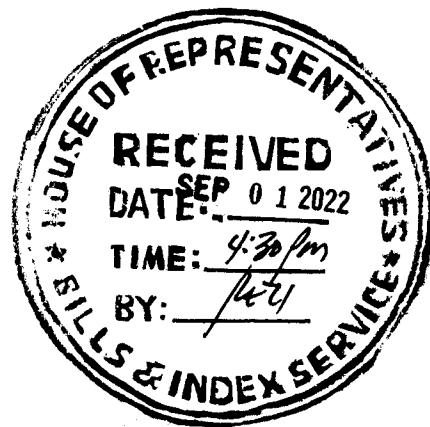




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session



House Bill No. **4343**

Introduced by **HON. JOSEPHINE VERONIQUE “Jaye” R. LACSON - NOEL**
and **HON. FLORENCIO GABRIEL G. NOEL**

EXPLANATORY NOTE

The Philippine Statistics Authority (PSA) released a report on 07 March 2022¹ that as of the year 2020, Overseas Filipino Workers are estimated at 1.77 million; those with existing work contracts comprised 96.4% or equivalent to 1.71 million of the total OFWs during the same period, while other OFWs who worked abroad without working visa or work permits such as tourist, visitor, student, medical, and other types of non-immigrant visas but were presently employed and working full time in other countries had 3.6% share.

In the same report, it was found that the total remittance sent by OFWs during the period April to September 2020 reached 134.77 billion pesos, including cash sent (113.08 billion pesos), cash brought home (18.98 billion pesos), and in kind (2.71 billion pesos). The average remittance sent by every OFW from April to September 2020 was placed at around Php 86,000.00.

Recently, according to the Bangko Sentral ng Pilipinas (BSP), personal remittances improved by 2.3% to \$8.65 billion in the first quarter from \$8.45 billion in the same quarter last year.²

The PSA also stated that in terms of the preferred mode of remittance, about 51% of the cash remittances were sent by the OFWs through banks amounting to 57.68 billion pesos. In 2019, the total value of cash remittances sent thru banks was estimated at 91.38 billion pesos. Aside from banks, 45.9% of the total cash remittances were made through money transfer services amounting to 51.88 billion pesos. Collective share of around 3.1% of the cash remittances sent by the Filipinos working in other countries were through agency/local office of the OFW, friends/co-worker, door to door, etc.

In a Paper released by the Asian Development Bank,³ it was stated that OFW remittances have become the single most important source of foreign exchange to the economy and a significant source of income for recipient families. A further analysis using logistical regression shows that remittances help to lift households out of poverty. Thus, remittances may help in fighting poverty in the Philippines.

¹ PSA: 2020 Overseas Filipino Workers (Final Results): <https://psa.gov.ph/content/2020-overseas-filipino-workers-final-results>, accessed 17 August 2022

² Philippine Star: OFW remittances hit \$8.65 billion in Q1: <https://www.philstar.com/business/2022/05/17/2181548/ofw-remittances-hit-865-billion-q1>, accessed 17 August 2022

³ Remittances and Household Behavior in the Philippines: <https://www.adb.org/sites/default/files/publication/>

remittances help to lift households out of poverty. Thus, remittances may help in fighting poverty in the Philippines.

This bill aims to protect the remittances of our modern-day heroes, which are proven to have a great impact in our economy, and indeed will aid in our economic recovery. Thus, approval of this bill is earnestly sought.

IN VIEW OF THE FOREGOING, approval of this bill is earnestly sought.



JOSEPHINE VERONIQUE "Jaye" R. LACSON - NOEL
Lone District, Malabon City



FLORENCIO GABRIEL G. NOEL
An Waray Party-list



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Introduced by **HON. JOSEPHINE VERONIQUE “Jaye” R. LACSON - NOEL**
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AN ACT
PROVIDING FOR PROTECTION OF THE REMITTANCES OF OVERSEAS FILIPINO WORKERS

Be it enacted by the Senate and 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."

SEC. 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 ensure a source of livelihood even after their overseas employment.

SEC. 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 an installation located offshore or on 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.

SEC. 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.

SEC. 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.

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 not exceed Twenty-four thousand pesos (P24,000) per OFW every taxable year: Provided, Further, that the Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, issue the revenue regulation for the purpose.

SEC. 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.

SEC. 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).

SEC. 8. Other Prohibited Acts. - The following acts are also prohibited:

- (a) Misappropriation or conversions, 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 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.

SEC. 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 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);
 - (ii) Imprisonment of six (6) years to eight (8) 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 (Php 22,000.00);
 - (iii) Imprisonment if 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) 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); and

- (v) 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).

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

- (i) 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);
- (ii) 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 (Php 22,000.00);
- (iii) 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); and
- (iv) 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); and

(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 six (6) months 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 the 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.

SEC. 10. Mandatory Financial Education for OFWs and their Families. - The DOF. Together with the BSP, POEA, and other agencies, shall ensure that a mandatory financial education program will be provided to OFWs and their families.

The program shall include the 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.

SEC. 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.

SEC. 12. Implementing Agency. - 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, issue the necessary rules and regulations for the effective implementation of this Act, within ninety (90) days after the approval of this Act.

SEC. 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.

SEC. 14. Separability Clause. - If any provision of this Act is held unconstitutional or invalid, such holding shall not affect other provisions not affected hereby.

SEC. 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,