

Republic of the Philippines
HOUSE OF REPRESENTATIVES

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4397



Introduced by Representative Rex Gatchalian

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

EXPLANATORY NOTE

Our Overseas Filipino Workers (OFW) are called as our modern-day heroes because they contribute to the economic growth of our country through their remittances and most importantly, their personal sacrifice to give their family a comfortable life despite fighting homesickness.¹

The recent data from the Philippine Statistics Authority (PSA) shows that the number of OFWs who worked abroad was estimated at 2.3 million.² Data released by the central bank showed personal remittances – the sum of net compensation of employees, personal transfers, and capital transfers between households – grew 4.4% to \$3.06 billion in June of 2022 from \$2.94 billion in the same month last year.³

¹ DOLE, OFW: Ang Bagong Bayani. See [https://car.dole.gov.ph/news/ofw-ang-bagong-bayani/#:~:text=Our%20Overseas%20Filipino%20Workers%20\(OFW,comfortable%20life%20despite%20fighting%20homesickness.](https://car.dole.gov.ph/news/ofw-ang-bagong-bayani/#:~:text=Our%20Overseas%20Filipino%20Workers%20(OFW,comfortable%20life%20despite%20fighting%20homesickness.)

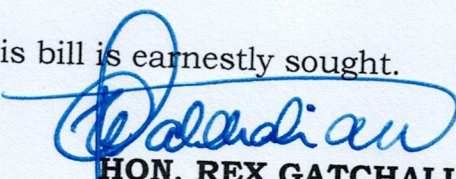
² DOLE, OFW: Ang Bagong Bayani. See [https://car.dole.gov.ph/news/ofw-ang-bagong-bayani/#:~:text=Our%20Overseas%20Filipino%20Workers%20\(OFW,comfortable%20life%20despite%20fighting%20homesickness.](https://car.dole.gov.ph/news/ofw-ang-bagong-bayani/#:~:text=Our%20Overseas%20Filipino%20Workers%20(OFW,comfortable%20life%20despite%20fighting%20homesickness.)

³ Lawrence Agcaoili, OFW Remittances up 4.4% to 6-month high in June. See [https://www.philstar.com/business/2022/08/16/2202859/ofw-remittances-44-6-month-high-june.](https://www.philstar.com/business/2022/08/16/2202859/ofw-remittances-44-6-month-high-june)

Unfortunately, despite their sacrifices that contributed a lot to our national economy, the OFWs are still facing economic struggles due to lack of protection under our laws. There are usurious interest rates and exorbitant fees charged by financial institutions that deplete the value of their remittances, lack of education and training on financial literacy for OFWs and their families, and lack of source of livelihood even after their overseas employment.

This bill aims to address these concerns by (1) providing discounts for services rendered by financial institutions to OFWs in sending their money to their immediate family members, and (2) providing financial education programs for OFWs and their families.

In view of the foregoing, approval of this bill is earnestly sought.



HON. REX GATCHALIAN
Representative
1st District, Valenzuela City

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

1 **SECTION 1.** *Short Title.* – This Act shall be known as the “Overseas
2 *Filipino Workers (OFWs) Remittance Protection Act*”.

3
4 **SEC. 2.** *Declaration of Policy.* – The Constitution affirms that labor is
5 the primary social economic force and mandates the State to protect the
6 rights of the workers and promote their welfare.

7
8 Recognizing the significant contribution of OFWs to the national
9 economy through their foreign exchange remittances, the State shall adopt
10 measures to protect the hard-earned money they remit home against
11 usurious interest rates and exorbitant fees charged by financial institutions
12 that deplete the value of their remittances and provide them and their
13 families adequate education and training on financial literacy, such as
14 financial planning and management of finances or savings, to help ensure a
15 source of livelihood even after their overseas employment.

16
17 **SEC. 3.** *Definition of Terms.* – As used in this Act:

18
19 a. *Overseas Filipino Worker (OFW)* refers to a person who is to be
20 engaged, is engaged or has been engaged in a remunerated activity

1 in a state of which the person is not a citizen or on board a vessel
2 navigating the foreign seas other than a government ship used for
3 military or non-commercial purposes or on an installation located
4 offshore or on the high seas; to be used interchangeably with
5 migrant worker.

6 b. *Remittance* refers to the foreign exchange earnings sent home by
7 OFWs or their employers or agents through formal channels.

8 c. *Remittance Fee* refers to the service fee or charge imposed by bank
9 and non-bank financial intermediaries for sending money of OFWs
10 through formal channels.
11

12 **SEC. 4. *Applicability of this Act.*** – The provisions of this Act shall be
13 applicable to all OFW remittances, whether voluntary or mandated by law,
14 orders, issuances, or rules and regulations.
15

16 **SEC. 5. *Discount on Remittance Fees and Tax Deduction Granted to***
17 ***Establishments.*** – Bank and non-bank financial intermediaries may impose
18 fees for service rendered in sending money of OFWs to their immediate family
19 members, subject to a fifty percent (50%) discount.
20

21 Bank and non-bank financial intermediaries providing discounts on
22 remittance fees may claim discounts granted as tax deduction based on the
23 cost of services rendered to OFWs. The discounts granted should be treated
24 as an ordinary and necessary expense deductible from the gross income of
25 the intermediary falling under the category of itemized deductions: *Provided,*
26 That the total deduction from gross income of establishments providing
27 discounts on remittance fees shall not exceed Twenty-four thousand pesos
28 (P24,000) per OFW every taxable year: *Provided, Further,* that the Secretary
29 of Finance shall, upon the recommendation of the Commissioner of Internal
30 Revenue, issue the revenue regulation for the purpose.
31

32 **SEC. 6. *Requirement of Posting of the Peso Equivalent of the Currency to***
33 ***be Exchanged.*** – All bank and non-bank financial intermediaries offering

1 remittance services to OFWs shall be required to post in a conspicuous place
2 within the establishment's premises the Philippine peso equivalent rate of the
3 foreign currencies being transacted. The Philippine peso equivalent of the
4 amount as remitted will be the same amount that will be received by the
5 beneficiary of the remittance.

6
7 **SEC. 7. *Prohibition from Raising Remittance Fees.*** – All banks and non-
8 bank financial intermediaries offering remittance services to OFWs are
9 prohibited from raising their current remittance fees without prior
10 consultation with the Department of Finance (DOF), Bangko Sentral ng
11 Pilipinas (BSP), and the Philippine Overseas Employment Administration
12 (POEA).

13
14 **SEC. 8. *Other Prohibited Acts.*** – The following acts are also prohibited:
15

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

29
30 **SEC. 9. *Penalties.*** –

- 31 (a) Any person who is found guilty of any of the acts prescribed in Section
32 8(a) hereof shall be punished by:

- 1 (i) Imprisonment of four (4) years, two (2) months and one (1) day
2 to eight (8) years if the amount of the remittance is over Twelve
3 thousand pesos (Php 12,000.00) but does not exceed Twenty-
4 two thousand pesos (Php 22,000.00);
- 5 (ii) Imprisonment of six (6) years to eight (8) years, adding one (1)
6 year for each additional Ten thousand pesos (Php 10,000.00)
7 but not exceeding twenty (20) years if the amount of the
8 remittance is more than Twenty-two thousand pesos (Php
9 22,000.00);
- 10 (iii) Imprisonment of two (2) years, four (4) months and one (1) day
11 to four (4) years and two (2) months if the amount of the
12 remittance is over Six thousand pesos (Php 6,000.00) but does
13 not exceed Twelve thousand pesos (Php 12,000.00);
- 14 (iv) Imprisonment of four (4) months and one (1) day to two (2) years
15 and four (4) months, if the amount of the remittance is over Two
16 thousand pesos (Php 2,000.00) but does not exceed Six
17 thousand pesos (Php 6,000.00);
- 18 (v) Imprisonment of two (2) months and one (1) day to six (6)
19 months, if the amount of the remittance does not exceed Two
20 thousand pesos (Php 2,000.00);
- 21 (b) Any person who is found guilty of any of the acts prescribed in Section
22 8(b) hereof shall be punished by:
- 23 (i) Imprisonment of six (6) years and one (1) day to ten (10) years
24 if the amount of the remittance is over Twelve thousand pesos
25 (Php 12,000.00) but does not exceed Twenty-two thousand
26 pesos (Php 22,000.00);
- 27 (ii) Imprisonment of ten (10) years and one (1) day to twelve (12)
28 years, adding one (1) year for each additional Ten thousand
29 pesos (Php 10,000.00) but not exceeding twenty (20) years if the
30 amount of the remittance exceeds Twenty-two thousand pesos
31 (Php 22,000.00);
- 32 (iii) Imprisonment of two (2) years, four (4) months and one (1) day
33 to six (6) years, if the amount of the remittance is over Six

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

3 (iv) Imprisonment of six (6) months and one (1) day to four (4) years,
4 if the amount of the remittance is over Two thousand pesos (Php
5 2,000.00) but does not exceed Six thousand pesos (Php
6 6,000.00);

7 (c) Any person who is found guilty of violating Section 8 (c), (d), and (e)
8 of this Act shall be punished by an imprisonment of six (6) months
9 and one (1) day to six (6) years and one (1) day and a fine of Fifty
10 thousand pesos (Php 50,000.00) but not exceeding Seven hundred
11 fifty thousand pesos (Php 750,000.00).
12

13 Aside from the criminal liability provided in the preceding paragraphs,
14 institutions governed and supervised by the BSP found to have violated the
15 provisions of Section 8 of this Act shall be subjected to the necessary fines,
16 penalties, and sanctions as provided under the Republic Act No. 7653, or the
17 "New Central Bank Act", Republic Act No. 8791, or the "General Banking Law
18 of 2000", and other pertinent banking regulations.
19

20 In case the violation is committed by a corporation or partnership, the
21 liability shall be imposed on the president, managing direction or partner,
22 general manager, or other responsible officers of the corporation or
23 partnership.
24

25 **SEC. 10. Mandatory Financial Education for OFWs and their Families.** –
26 The DOF, together with the BSP, POEA, and other agencies, shall ensure that
27 a mandatory financial education program will be provided to OFWs and their
28 families.
29

30 The program shall include instruction on financial management,
31 budgeting, investment options and similar topics, which shall educate the
32 OFWs and their families in the handling of their earnings and remittances.
33

1 **SEC. 11.** *Liability under the Revised Penal Code and Other Laws.* –
2 Prosecution under this Act shall be without prejudice to any liability for
3 violation of any provision of the Revised Penal Code or other laws.
4

5 **SEC. 12.** *Implementing Agency.* – The DOF shall, in consultation with the
6 BPS, POEA, Overseas Workers Welfare Administration, Department of Foreign
7 Affairs, Bankers Association of the Philippines, Association of Bank
8 Remittance Officers, Inc., Philippine Association of Foreign Exchange Dealers,
9 Money Changers and Remittance Agents, Inc., representatives from the
10 placement or recruitment industry, non-government organizations advocating
11 the rights and welfare of OFWs, and other stakeholders, issue the necessary
12 rules and regulations for the effective implementation of this Act, within
13 ninety (90) days after the approval of this Act.
14

15 **SEC. 13.** *Repealing Clause.* – All laws, decree, orders, rules and
16 regulations, and other issuances, or part thereof, inconsistent with this Act
17 are hereby repealed or modified accordingly.
18

19 **SEC. 14.** *Separability Clause.* – If any provision or part of this Act is
20 declared invalid or unconstitutional, the remaining parts or provisions not
21 affected shall remain in full force and effect.
22

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

Approved,