

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

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8916



Introduced by HON. GUS S. TAMBUNTING

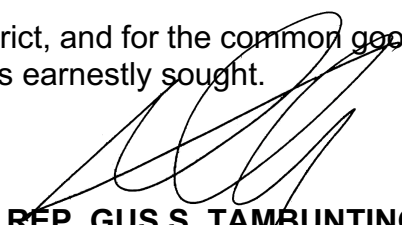
**AN ACT PROVIDING FOR PROTECTION OF THE REMITTANCES OF OVERSEAS
FILIPINO WORKERS**

EXPLANATORY NOTE

The Bangko Sentral ng Pilipinas (BSP) data showed that personal remittances from overseas Filipino workers (OFWs) increased by 3% or \$2.97 billion in March 2023 compared to the \$2.89 billion in March 2022. OFWs' remittances provide strong backing to the Philippines' economic recovery from the pandemic. Their remittances are a lifeline to the Philippine economy, which in 2020 endured its worst post-war recession, and accounts for nearly 9% of gross domestic product. With their economic importance, workers are often referred to as "modern-day heroes". However, there are cases where our heroes are exploited, implicated in crimes; abused by their employers; deported back to our country with nothing in their pockets.

This bill seeks to provide extra protection for our OFWs. It is in the best interest of the State to protect our modern-day heroes and their families by requiring intermediary financial institutions to actively disclose their service fees ensuring that these third-party service providers are following proper and just practices.

On behalf of the people of Parañaque City's Second District, and for the common good of the Filipino people, the approval of the said measure is earnestly sought.


REP. GUS S. TAMBUNTING
2nd District, Parañaque City

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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 (OFW) 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 by 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.

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 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.

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 service rendered in sending money of OFWs to their immediate family members, subject to a fifty percent (50%) discounted granted to 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.

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, their official websites, and their social media pages, 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 service to OFWs are prohibited from raising their remittance fees without prior consultation with the Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the Department of Migrant Workers (DMW).

SEC. 8. *Financial Literacy Education for OFWs and their Families.* – The DMW shall ensure that financial literacy education programs are made available and promoted to OFWs and their families.

The program shall include instruction on basic banking, 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. 9. *Implementing Rules and Regulations.* – Within ninety (90) days after the approval of this Act, the DMW shall, in consultation with appropriate government agencies and stakeholder representatives, shall issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 10. *Separability Clause.* – If any portion of this Act is declared unconstitutional or invalid, the portions or provisions which are not affected shall continue to be in full force and effect.

SEC. 11. *Repealing Clause.* – All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed and/or modified accordingly.

SEC 12. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,