



HOUSE OF REPRESENTATIVES

H. No. 9032

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BY REPRESENTATIVES GONZALES (A.D.), MANALO, VIOLAGO, VILLARICA, DATOL, GONZALEZ, VERGARA, RAMIREZ-SATO, TEJADA, SUANSING (E.), BOLILIA, UMALI, SALO, ZUBIRI, CALDERON, AQUINO-MAGSAYSAY, SY-ALVARADO, NIETO, DALIPE, PADUANO AND TAMBUNTING, PER COMMITTEE REPORT NO. 1197

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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:*

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

3           SEC. 2. *Declaration of Policy.* – The State upholds the  
4 dignity of all its citizens, whether residents of the Philippines or  
5 residing overseas.

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

9           The State recognizes the significant contribution of OFWs to  
10 the national economy through foreign exchange remittances.  
11 Towards this end, the State shall ensure that effective mechanisms

1 be instituted to ensure the protection of the rights and interests of  
2 OFWs, particularly, the protection of their foreign exchange  
3 remittances. The State shall likewise put in place mechanisms that  
4 will protect OFW remittances from usurious interest rates and fees  
5 charged by financial institutions.

6 The State shall ensure the protection of the foreign exchange  
7 remittances of OFWs. In this regard, the State recognizes the right  
8 of OFWs to have adequate legal assistance by having access to  
9 courts and other quasi-judicial bodies, and that they will not be  
10 deprived access thereto by reason of poverty.

11 The State recognizes the need to educate OFWs and their  
12 families on financial planning, management of finances and  
13 savings. Towards this end, the State shall undertake to provide  
14 programs and seminars to ensure financial literacy of OFWs and  
15 their families.

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

17 (a) *Overseas Filipino Worker* refers to a person who is to be  
18 engaged, is engaged or has been engaged in a remunerated activity  
19 in a state of which he or she is not a citizen or on board a vessel  
20 navigating the foreign seas other than a government ship used for  
21 military or noncommercial purposes or on an installation located  
22 offshore or on the high seas; to be used interchangeably with  
23 migrant worker;

24 (b) *Overseas Filipino Workers (OFWs) Remittance* refers to  
25 the foreign exchange earnings sent home by overseas Filipinos  
26 working abroad or their employees or agents through formal  
27 channels; and

1 (c) *Remittance Fee* refers to the service fee or charge imposed  
 2 by financial intermediaries and nonbank financial intermediaries  
 3 for sending money of OFWs through formal channels.

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

7 SEC. 5. *Discounts on Remittance Fees and Discounts Granted*  
 8 *to Establishments.* – The fees imposed by banks and nonbank  
 9 financial intermediaries for services rendered in sending money of  
 10 OFWs to immediate family members shall be subject to the  
 11 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

12 All establishments providing discounts on remittance fees  
 13 may claim the discounts granted as a tax deduction based on the  
 14 cost of services rendered to OFWs. The discounts granted to OFWs  
 15 by banks or nonbank financial intermediaries shall be treated as an  
 16 ordinary and necessary expense deductible from the gross income of  
 17 the seller falling under the category of itemized deductions. This  
 18 will make the tax deduction mandatory and thus provide incentives  
 19 for remittance establishments to provide the discounts.

1           In lieu of the tax deductions allowed in the preceding  
2 paragraph, banks and nonbank financial intermediaries may elect  
3 a standard deduction in an amount not exceeding forty percent  
4 (40%) of its gross income. Otherwise, these intermediaries shall be  
5 considered as having availed of the abovementioned tax deductions.

6           SEC. 6. *Requirement of the Peso Equivalent Posting of the*  
7 *Currency to be Exchanged.* - All banks and nonbank financial  
8 intermediaries offering remittance services to OFWs shall be  
9 required to post in a conspicuous place within the establishment's  
10 premises the Philippine peso equivalent rate of the foreign  
11 currencies being transacted. The Philippine peso equivalent of the  
12 amount to be remitted will be the same amount that will be received  
13 by the beneficiary of the remittance.

14           SEC. 7. *Prohibition from Raising Remittance Fees.* - All  
15 banks and nonbank financial intermediaries offering remittance  
16 services to OFWs are prohibited from raising their current  
17 remittance fees without prior consultation with the Department of  
18 Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the  
19 Philippine Overseas Employment Administration (POEA).

20           SEC. 8. *Prohibited Acts.* - The following acts are hereby  
21 prohibited:

22           (a) Misappropriation or conversion, to the prejudice of the  
23 OFW or beneficiary, of foreign exchange remittances received in  
24 trust, or on commission, or for administration, or under any other  
25 obligation involving the duty to make delivery of, or to return the  
26 same, or by denying having received such foreign exchange  
27 remittance;

1 (b) Taking of foreign exchange remittances without the  
2 consent of the OFW or beneficiary;

3 (c) Imposition of remittance fees in excess of those prescribed  
4 under Section 5 of this Act;

5 (d) Failure to post in a conspicuous place of the establishment  
6 the Philippine Peso rate of the foreign currency being transacted;  
7 and

8 (e) Failure to conduct consultation with the DOF, BSP, and  
9 the POEA before raising remittance fees.

10 SEC. 9. *Penalties.* -

11 (a) Any person who will be found guilty of violating the  
12 provisions of Section 8(a) hereof shall be punished by:

13 (1) Imprisonment of four (4) years, two (2) months and one (1)  
14 day to eight (8) years if the value of the remittance is over Twelve  
15 thousand pesos (P12,000.00) but does not exceed Twenty-two  
16 thousand pesos (P22,000.00); and if such amount exceeds the latter  
17 sum, the penalty shall be imprisonment of six (6) years or eight (8)  
18 years, adding one (1) year for each additional Ten thousand pesos  
19 (P10,000.00), but the total penalty which may be imposed shall not  
20 exceed imprisonment of twenty (20) years;

21 (2) Imprisonment of two (2) years and four (4) months to four  
22 (4) years and two (2) months, if the value of the remittance is over  
23 Six thousand pesos (P6,000.00) but does not exceed Twelve  
24 thousand pesos (P12,000.00);

25 (3) Imprisonment of four (4) months and one (1) day to two (2)  
26 years and four (4) months, if the value of the remittance is over Two



1 hundred pesos (P200.00) but does not exceed Six thousand pesos  
2 (P6,000.00); and

3 (4) Imprisonment of two (2) months and one (1) day to six (6)  
4 months, if the value of the remittance does not exceed Two hundred  
5 pesos (P200.00).

6 (b) Any person who will be found guilty of violating the  
7 provisions of Section 8(b) hereof shall be punished by:

8 (1) Imprisonment of six (6) years and one (1) day to ten (10)  
9 years, if the value of the remittance is over Twelve thousand pesos  
10 (P12,000.00) but does not exceed Twenty-two thousand pesos  
11 (P22,000.00); and if such amount exceeds the latter sum, the  
12 penalty shall be imprisonment of ten (10) years and one (1) day to  
13 twelve (12) years, adding one (1) year for each additional Ten  
14 thousand pesos (P10,000.00) but the total penalty which may be  
15 imposed shall not exceed imprisonment of twenty (20) years;

16 (2) Imprisonment of two (2) years, four (4) months and one (1)  
17 day to six (6) years, if the value of the remittance is over Six  
18 thousand pesos (P6,000.00) but does not exceed Twelve thousand  
19 pesos (P12,000.00); and

20 (3) Imprisonment of six (6) months and one (1) day to four (4)  
21 years and two (2) months, if the value of the remittance is over Two  
22 hundred pesos (P200.00) but does not exceed Six thousand pesos  
23 (P6,000.00).

24 (c) Any person who will be found guilty of violating the  
25 provisions of Section 8(c), (d) and (e) hereof shall be subject to a fine  
26 of Fifty thousand pesos (P50,000.00) but not exceeding Seven

1 hundred fifty thousand pesos (P750,000.00) and imprisonment of six  
2 (6) months and one (1) day to six (6) years and one (1) day.

3 Aside from the criminal liability provided in the  
4 aforementioned paragraphs, institutions governed and supervised  
5 by the BSP found to have committed violations of Section 8 hereof  
6 shall be subjected to the necessary fines, penalties, and sanctions as  
7 provided under the New Central Bank Act, General Banking Law of  
8 2000, and other pertinent banking regulations.

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

13 SEC. 10. *Mandatory Financial Education for OFWs and their*  
14 *Families.* – The DOF, together with the BSP, POEA, and other  
15 agencies, shall ensure that a mandatory financial education  
16 program shall be provided to OFWs and their families.

17 The program shall include providing information on financial  
18 management, budgeting, investment options and similar topics  
19 which shall educate the OFWs and their families in the handling of  
20 earnings and remittances.

21 SEC. 11. *Liability Under the Revised Penal Code and Other*  
22 *Laws.* – Prosecution under this Act shall be without prejudice to  
23 any liability for violation of any provision of the Revised Penal Code  
24 or any other law.

25 SEC. 12. *Implementing Agency.* – The DOF, in consultation  
26 with the BSP, POEA, Overseas Workers Welfare Administration  
27 (OWWA), Department of Foreign Affairs (DFA), Bankers

1 Association of the Philippines (BAP), Association of Bank  
2 Remittance Officers, Inc. (ABROI), Philippine Association of Service  
3 Exporters, Inc. (PASEI), Philippine Association of Foreign Exchange  
4 Dealers, Money Changers and Remittance Agents, Inc. (PAFERAI),  
5 shall, within ninety (90) days after the approval of this Act, issue  
6 the necessary rules and regulations for its effective implementation.

7       SEC. 13. *Separability Clause.* – If any provision of this Act is  
8 held unconstitutional or invalid, such holding shall not affect other  
9 provisions not affected thereby.

10       SEC. 14. *Repealing Clause.* – All laws, rules or regulations  
11 that are inconsistent with the provisions of this Act are hereby  
12 repealed or amended accordingly.

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

Approved,

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