

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



'22 JUL -4 A8 :32

SENATE

RECEIVED BY: \_\_\_\_\_

S. No. 10

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Introduced by Senator Loren B. Legarda

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

EXPLANATORY NOTE

The State recognizes the significant contribution of Overseas Filipino Workers (OFWs) to the national economy through their foreign exchange remittances.

According to Bangko Sentral ng Pilipinas (BSP), cash remittances sent through banks from Filipinos abroad stood at \$2.59 billion in March 2022, an increase from \$2.51 billion in the same month in the prior year. Meanwhile, personal remittances grew 2.9%, or from \$3.205 billion in 2021 to \$3.298 billion in March 2022. BSP also disclosed that personal remittances in 2021 constitute 8.9% of the gross domestic product of the country and 8.5% of its gross national income.

In 2021, the World Bank reported that the Philippines is the 4th largest remittance destination in the world.

Remittances have proven their resilience amid the pandemic and other crises as they remain a growth driver for domestic economy. They continue to fuel the growth of consumer spending or household consumption, which economists account for at least 75% of the economy.

These OFW remittances are transmitted by the OFWs to bank and non-bank financial institutions before it reaches beneficiaries. In the course of the transfer of the sums of money, the amount remitted is subjected to various fees and excessive charges which result in a huge cutback of the amount supposed to be received by beneficiaries. With the unreasonable remittance fees and charges on the hard-earned wages of OFWs, it is imperative for the government to protect the money transfers from usurious interest rates and fees charged by financial institutions.

In this regard, this bill seeks to provide safeguards to protect the foreign exchange remittances of OFWs without causing prejudice to the interests of the bank and non-bank financial intermediaries by: (1) setting a limit on the amount of remittance fees and charges to be enforced by intermediaries, (2) providing up to fifty percent (50%) discount to OFWs sending money to their immediate family members, and (3) granting tax deduction to the intermediaries that provided discounts on remittance fees.

The proposed measure also mandates concerned government agencies such as the Department of Finance, BSP, Philippine Overseas Employment Administration (POEA), and other agencies, to conduct financial education programs to OFWs and their families. Penalties for violation of any of the prohibited acts enumerated under the bill are likewise outlined therein.

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



LOREN LEGARDA

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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 "Overseas Filipino  
2 Workers (OFWs) Remittance Protection Act of 2022."

3           Sec. 2. Declaration of Policy. - The Constitution affirms that labor is the primary  
4 social economic force and mandates the State to protect the rights of the workers and  
5 promote their welfare. The State recognizes the significant contribution of OFWs to  
6 the national economy through their foreign exchange remittances. In this regard, the  
7 State shall adopt effective measures to protect their hard-earned money remitted  
8 home against usurious interest rates and exorbitant fees charged by financial  
9 institutions.

10          Sec. 3. Definition of Terms. - For purposes of this Act, the following terms shall  
11 be defined as follows:

12           (a) "Overseas Filipino Worker" refers to a person who is to be engaged,  
13 is engaged, or has been engaged in a remunerated activity in a state of  
14 which he or she is not a citizen or on board a vessel navigating the  
15 foreign seas other than a government ship used for military or non-  
16 commercial purposes or on an installation located offshore or on the  
17 high seas; to be used interchangeably with migrant worker.

1 (b) “Remittance” refers to the foreign exchange earnings sent home  
2 by OFWs or their employees or agents through formal channels.

3 (c) “Remittance Fee” refers to the service fee or charge imposed by  
4 bank and non-bank financial intermediaries for the sending money of  
5 OFWs through formal channels.

6 Sec. 4. Applicability of this Act. – The provisions of this Act shall apply to all  
7 OFW remittances, whether voluntary or mandated by law, orders, issuances or rules,  
8 and regulations.

9 Sec. 5. Discounts on Remittance Fees and Discounts Granted to Establishments.  
10 – Bank and non-bank financial intermediaries may impose fees for services rendered  
11 in sending money of OFWs to their immediate family members, subject to a fifty  
12 percent (50%) discount.

13 Bank and non-bank financial intermediaries providing discounts on  
14 remittance fees may claim the discounts granted as a tax deduction based on  
15 the cost of services rendered to OFWs. The discounts granted should be treated  
16 as an ordinary and necessary expense deductible from the gross income of the  
17 intermediary falling under the category of itemized deductions: Provided, That  
18 the total deduction from the gross income of establishments providing  
19 discounts on remittance fees shall not exceed twenty-four thousand pesos (Php  
20 24,000.00) per OFW every taxable year: Provided, further, that the Secretary of  
21 Finance shall, upon the recommendation of the Commissioner of Internal  
22 Revenue, issue the revenue regulation for the purpose.

23 Sec. 6. Requirement of Posting of the Peso Equivalent of the Currency to be  
24 Exchanged. – All bank and non-bank financial intermediaries offering remittance  
25 services to OFWs shall be required to post in a conspicuous place within the  
26 establishment’s premises the Philippine peso equivalent rate of the foreign currencies  
27 being transacted. The Philippine peso equivalent of the amount as remitted will be  
28 the same amount that will be received by the beneficiary of the remittance.

29  
30 Sec. 7. Prohibition from Raising Remittance Fees. – All bank and non-bank  
31 financial intermediaries offering remittance services to OFWs are prohibited from  
32 raising their current remittance fees without prior consultation with the Department

1 of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the Philippine Overseas  
2 Employment Administration (POEA).

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

4 (a) Misappropriation or conversion, to the prejudice of the  
5 OFW or beneficiary, of foreign exchange remittances received in trust,  
6 or on commission, or for administration, or under any other obligation  
7 involving the duty to make delivery of, or to return the same, or by  
8 denying having received such foreign exchange remittance;

9 (b) Taking of foreign exchange remittances without the  
10 consent of the OFW or beneficiary;

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

13 (d) Failure to post in a conspicuous place of the establishment  
14 the Philippine Peso rate of the foreign currency being transacted;  
15 and

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

18 Sec. 9. Penalties. -

19 (a) Any person who is found guilty of any of the acts  
20 described in Section 8 (a) hereof shall be punished by:

21 (i) Imprisonment of six (6) years to eight (8) years, if  
22 the amount of the remittance is more than Twenty-Two  
23 Thousand Pesos (Php 22,000.00); adding one (1) year for  
24 each additional Ten Thousand Pesos (Php 10,000.00), but  
25 not exceeding twenty (20) years;

26 (ii) Imprisonment of four (4) years, two (2) months, and  
27 one (1) day to six (6) years if the value of the remittance is  
28 over Twelve Thousand Pesos (Php 12,000.00) but does not  
29 exceed Twenty-Two Thousand Pesos (Php 22,000.00);

30 (iii) Imprisonment of two (2) years and four (4) months  
31 to four (4) years and two (2) months, if the value of the

1 remittance is over Six Thousand Pesos (Php 6,000.00) but  
2 does not exceed Twelve Thousand Pesos (Php 12,000.00);  
3 (iv) Imprisonment of four (4) months and one (1) day to  
4 two (2) years and four (4) months, if the value of the  
5 remittance is over Two Hundred Pesos (Php 200.00) but  
6 does not exceed Six Thousand Pesos (Php 6,000.00); and  
7 (v) Imprisonment of two (2) months and one (1) day to  
8 six (6) months, if the value of the remittance does not  
9 exceed Two Hundred Pesos (Php 200.00).

10 (b) Any person who is found guilty of violating Section 8 (b)  
11 hereof shall be punished by:

12 (i) Imprisonment of ten (10) years and one (1) day to  
13 twelve (12) years, if the amount of the remittance exceeds  
14 Twenty-Two Thousand Pesos (Php 22,000.00); adding one  
15 (1) year for each additional Ten Thousand Pesos (Php  
16 10,000.00), but not exceeding twenty (20) years;

17 (ii) Imprisonment of six (6) years and one (1) day to ten  
18 (10) years, if the value of the remittance is over Twelve  
19 Thousand Pesos (Php 12,000.00) but does not exceed  
20 Twenty-Two Thousand Pesos (Php 22,000.00);

21 (iii) Imprisonment of four (4) years, two (2) months, and  
22 one (1) day to six (6) years, if the value of the remittance is  
23 over Six Thousand Pesos (Php 6,000.00) but does not  
24 exceed Twelve Thousand Pesos (Php 12,000.00); and

25 (iv) Imprisonment of six (6) months and one (1) day to  
26 four (4) years and two (2) months, if the value of the  
27 remittance is over Two Hundred Pesos (Php 200.00) but  
28 does not exceed Six Thousand Pesos (Php 6,000.00).

29  
30 (c) Any person who is found guilty of violating Section 8 (c),  
31 (d), and (e) of this Act shall be punished by an imprisonment of  
32 six (6) months and one (1) day to six (6) years and one (1) day and

1 a fine of Fifty Thousand Pesos (Php 50,000.00) but not exceeding  
2 Seven Hundred Fifty Thousand Pesos (Php 750,000.00).

3 Aside from the criminal liability provided in the preceding paragraphs,  
4 institutions governed and supervised by the Bangko Sentral ng Pilipinas (BSP)  
5 found to have committed violations of Section 8 of this Act shall be subjected  
6 to the necessary fines, penalties, and sanctions as provided under the Republic  
7 Act No. 7653, or the "New Central Bank Act," Republic Act No. 8791, or the  
8 "General Banking Law of 2000," and other pertinent banking regulations.

9 In case the violation is committed by a corporation or partnership, the  
10 liability shall be imposed on the president, managing director or partner,  
11 general manager, or other responsible officers of the corporation or  
12 partnership.

13 Sec. 10. Mandatory Financial Education for OFWs and their Families. - The  
14 Department of Finance (DOF), together with the Bangko Sentral ng Pilipinas (BSP),  
15 Philippine Overseas Employment Administration (POEA), and other agencies, shall  
16 ensure that a mandatory financial education program shall be provided to OFWs and  
17 their families.

18 The program shall include, but not be limited to, providing information  
19 on financial management, budgeting, investment options, and similar topics  
20 which shall educate the OFWs and their families in the handling of their  
21 earnings and remittances.

22 Sec. 11. Liability under the Revised Penal Code and Other Laws. - Prosecution  
23 under this Act shall be without prejudice to any liability for violation of any provision  
24 of the Revised Penal Code or other laws.

25 Sec. 12. Implementing Agency. - The Department of Finance (DOF), in  
26 consultation with the BSP, POEA, Overseas Workers Welfare Administration  
27 (OWWA), Department of Foreign Affairs (DFA), Bankers Association of the  
28 Philippines (BAP), Association of Bank Remittance Officers, Inc. (ABROI), Philippine  
29 Association of Service Exporters, Inc. (PASEI), Philippine Association of Foreign  
30 Exchange Dealers, Money Changers and Remittance Agents, Inc. (PAFERAI),  
31 representatives from the placement or recruitment industry, non-government  
32 organizations advocating the rights and welfare of OFWs, and other stakeholders,

1 shall issue the necessary rules and regulations for the effective implementation of this  
2 Act within ninety (90) days after its approval.

3       Sec. 13. Repealing Clause. - All laws, decrees, executive orders, issuances, rules,  
4 and regulations that are inconsistent with the provisions of this Act are hereby  
5 repealed or amended accordingly.

6       Sec. 14. Separability Clause. - If any provision of this Act is held  
7 unconstitutional or invalid, such holding shall not affect other provisions not affected  
8 thereby.

9       Sec. 15. Effectivity. - This Act shall take effect fifteen (15) days after its  
10 publication in the Official Gazette or in at least two (2) newspapers of general  
11 circulation.

Approved,