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**SENATE**

S. No. 1014

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Introduced by **SENATOR CYNTHIA A. VILLAR**

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

EXPLANATORY NOTE

Many Filipinos aspire to work overseas as it translates to higher paying jobs that will give them an opportunity to secure a better quality of life and future for their families and loved ones.

Remittances are a particularly attractive source of foreign exchange because they are a more dependable source of funding. In 2021, cash remittances sent home by overseas Filipino workers (OFWs) hit a new high, reflecting the improvement in the global economy amid the coronavirus disease 2019 (COVID-19) pandemic.

Based on the data released by the Bangko Sentral ng Pilipinas (BSP), cash remittances coursed through banks rose by 5.1% to \$31.418 billion in 2021 from \$29.903 billion in 2020.<sup>1</sup> The United States (40%) was the biggest source of remittances in 2021, followed by Singapore, Saudi Arabia, Japan, the UK, the United Arab Emirates, Canada, Taiwan, Qatar, and South Korea. These countries altogether account for more than three-fourths (78.9%) of cash remittances during the year. Meanwhile, personal remittances that include inflows in kind grew 2.9% to \$3.298 billion in 2021 from \$3.205 billion in the year prior. This brought the full-year figure 5.1% higher to a record \$34.884 billion. Personal remittances in 2021 were

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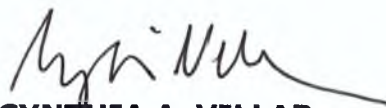
<sup>1</sup> <https://www.bworldonline.com/top-stories/2022/02/16/430196/cash-remittances-hit-record-high-in-2021/>

equivalent to 8.9% of the country's gross domestic product and 8.5% of the gross national income.

For December 2021 alone, remittances jumped 3.3% year on year to \$2.987 million, marking the 11th straight month of annual growth. Remittances usually surge in December as OFWs send more money back home during the holidays. Remittances to the Philippines have been broadly stable as the mode of money transfers has also shifted from cash to digital. One of the factors contributing to stable remittance numbers is the flow of digital transactions through formal channels.<sup>2</sup>

The contribution of the migrant sector to the Philippine economy is greatly appreciated as the inflow of the remittances from overseas Filipinos remained resilient despite the lingering COVID pandemic. This bill aims to lessen the burden of OFWs in sending remittance to their families by minimizing the amount of remittance fees imposed by intermediaries and deducting tax to the intermediaries based on the cost of services rendered to OFWs. It also mandates government agencies concerning OFWs to provide programs such as financial literacy to OFWs and their families.

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



**CYNTHIA A. VILLAR**


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<sup>2</sup> [https://www.bsp.gov.ph/Pages/MediaAndResearch/PublicationsAndReports/BRAc\\_DP\\_10\\_Remittances.pdf](https://www.bsp.gov.ph/Pages/MediaAndResearch/PublicationsAndReports/BRAc_DP_10_Remittances.pdf)

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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."

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

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

1            *Sec. 3. Definition of Terms.* – As used in this Act:

2            (a) *Overseas Filipino Worker (OFW)* refers to a person who is to be engaged,  
3            is engaged or has been engaged in a remunerated activity in a state of  
4            which the person is not a citizen or on board a vessel navigating the  
5            foreign seas other than a government ship used for military or non-  
6            commercial purposes or on an installation located offshore or on the high  
7            seas; to be used interchangeably with migrant worker.

8            (b) *Remittance* refers to the foreign exchange earning sent home by OFWs or  
9            their employers or agents through formal channels.

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

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

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

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

1            *Sec. 6. Requirement of Posting of the Peso Equivalent of the Currency to be*  
2 *Exchanged.* – All bank and non-bank financial intermediaries offering remittance  
3 services to OFWs shall be required to post in a conspicuous place within the  
4 establishment's premises the Philippine peso equivalent rate of the foreign  
5 currencies being transacted. The Philippine peso equivalent of the amount as  
6 remitted will be the same amount that will be received by the beneficiary of the  
7 remittance.

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

13            *Sec. 8. Other Prohibited Acts.* – The following acts are also prohibited:

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

27            *Sec. 9. Penalties.* –



1 (a) Any person who is found guilty of any of the acts described in Section 8

2 (a) hereof shall be punished by:

3 (i) Imprisonment of four (4) years, two (2) months and one (1) day to  
4 eight (8) years if the amount of the remittance is over Twelve  
5 thousand pesos (Php 12,000.00) but does not exceed Twenty-two  
6 thousand pesos (Php 22,000.00);

7 (ii) Imprisonment of six (6) years to eight (8) years, adding one (1)  
8 year for each additional Ten-thousand pesos (Php 10,000.00), but  
9 not exceeding twenty (20) years, if the amount of the remittance is  
10 more than Twenty-two thousand pesos (Php 22,000.000);

11 (iii) Imprisonment of two (2) years and four (4) months to four (4)  
12 years and two (2) months, if the amount of the remittance is over  
13 Six thousand pesos (Php 6,000.00) but does not exceed Twelve  
14 thousand pesos (Php 12,000.00);

15 (iv) Imprisonment of four (4) months and one (1) day to two (2) years  
16 and four (4) months, if the amount of the remittance is over Two  
17 hundred pesos (Php 200.00) but does not exceed Six thousand  
18 pesos (Php 6,000.00); and

19 (v) Imprisonment of two (2) months and one (1) day to six (6) months,  
20 if the amount of the remittance does not exceed Two hundred  
21 pesos (Php 200.00).

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

24 (i) Imprisonment of six (6) years and one (1) day to ten (10) years, if  
25 the amount of the remittance is over Twelve thousand pesos (Php  
26 12,000.00) but does not exceed Twenty-two thousand pesos (Php  
27 22,000.00);

1 (ii) Imprisonment of ten (10) years and one (1) day to twelve (12)  
2 years, adding one (1) year for each additional Ten thousand pesos  
3 (Php 10,000.00) but not exceeding twenty (20) years, if the  
4 amount of the remittance exceeds Twenty-two thousand pesos  
5 (Php 22,000.00);

6 (iii) Imprisonment of two (2) years, four (4) months and one (1) day to  
7 six (6) years, if the amount of the remittance is over Six (6)  
8 thousand pesos (Php 6,000.00) but does not exceed Twelve  
9 thousand pesos (Php 12,000.00); and

10 (iv) Imprisonment of six (6) months and one (1) day to four (4) years  
11 and two (2) months, if the amount of the remittance is over Two  
12 hundred pesos (Php 200.00) but does not exceed Six thousand  
13 pesos (Php 6,000.00).

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

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

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

1           Sec. 10. *Mandatory Financial Education for OFWs and their Families.* – The  
2   DOF, together with the BSP, POEA, and other agencies, shall ensure that a  
3   mandatory financial education program will be provided to OFWs and their families.

4           The program shall include instruction on financial management, budgeting,  
5   investment options and similar topics, which shall educate the OFWs and their  
6   families in the handling of their earnings and remittances.

7           Sec. 11. *Liability under the Revised Penal Code and Other Laws.* – Prosecution  
8   under this Act shall be without prejudice to any liability for violation of any provision  
9   of the Revised Penal Code or other laws.

10          Sec. 12. *Implementing Agency.* – The DOF shall, in consultation with the BSP,  
11   POEA, OWWA, DFA, Bankers Association of the Philippines, Association of Bank  
12   Remittance Officers, Inc., Philippine Association of Foreign Exchange Dealers, Money  
13   Changers and Remittance Agents, Inc., representatives from the placement of  
14   recruitment industry, non-government organizations advocating the rights and  
15   welfare of OFWs, and other stakeholders, issue the necessary rules and regulations  
16   for the effective implementation of this Act, within ninety (90) days after the  
17   approval of this Act.

18          Sec. 13. *Repealing Clause.* – All laws, decrees, executive orders, issuances,  
19   rules and regulations which may be inconsistent with any of the provisions of this  
20   Act are hereby deemed repealed, amended or modified accordingly.

21          Sec. 14. *Separability Clause.* – If any provision of this Act is held  
22   unconstitutional or invalid, such holding shall not affect other provisions not affected  
23   hereby.

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

26          Approved,