

SENATE

S.B. No. 1363

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INTRODUCED BY: SENATOR EMMANUEL D. PACQUIAO

AN ACT
PROVIDING FOR PROTECTION OF THE REMITTANCES OF OVERSEAS FILIPINO
WORKERS (OFWs), AND FOR OTHER PURPOSES


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, the personal remittances from Overseas Filipinos totaled US\$22 billion for the first months of 2019, an increase of 3.6 percent from the previous year's US\$21.2 billion. This makes the Philippines as the 4th largest remittance destination in the world with.

These OFW remittances are transmitted from the OFWs to the intermediaries, such as financial and non-bank financial institutions, before it reaches beneficiaries. In the course of the transfer of the funds, the amount remitted is subjected to several fees and high remittance charges which result to great reduction of the amount supposed to be received by beneficiaries.

With the high remittance charges on the hard-earned wages of OFWs, which should instead be enjoyed by them and their families, it is imperative for the government to safeguard these remittances from usurious interest rates and fees charged by financial institutions. Hence, there is a need to provide effective safeguards to further protect the rights and interests of OFWs with respect to their foreign exchange remittances pursuant to the State's mandate.

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


EMMANUEL D. PACQUIAO



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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 Filipino Workers (OFWs)
2 Remittance Protection Act."

3
4 **SEC. 2. Declaration of Policy.** - It is the policy of the State to uphold the dignity of all its
5 citizens, whether residents of the Philippines or overseas. The State further affords full
6 protection to labor, local and overseas, organized and unorganized and shall promote full
7 employment and equality of employment opportunities for all. Toward this end, the State shall
8 protect its citizens from fraudulent acts of remittance agents and money transfer companies.

9
10 **SEC. 3. Definition of Terms.** - For purposes of this Act, the following terms shall be
11 defined as follows:

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

18
19 (b) "Overseas Filipino Workers' (OFW) Remittance" refers to the foreign exchange
20 earnings sent home by overseas Filipinos working abroad or their employees or agents
21 through formal channels.

22
23 (c) Remittance Fee" is defined as the service fee or charge imposed by financial
24 intermediaries and non-bank financial intermediaries for sending money of OFWs
25 through formal channels.

1
2 **SEC. 4. *Applicability of this Act.*** - The provisions of this Act shall be applicable to all
3 OFW remittances, whether voluntary or mandated by law, orders, issuances or rules and
4 regulations.

5
6 **SEC. 5. *Discounts on Remittance Fees and Discounts Granted to Establishments.*** - Financial
7 intermediaries and non-bank financial intermediaries may impose fees for services
8 rendered in sending money of OFWs to their immediate family members, subject to the
9 following discounts.

10

Amount to be Remitted	Discount
Not more than LJSJ 500 or its equivalent to 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

11
12 All establishments providing discounts on remittance fees may claim the discounts
13 granted as a tax deduction based on the cost of services rendered to OFWs. The discounts
14 granted to OFWs by financial or non-bank financial intermediaries shall be treated as an
15 ordinary and necessary expense deductible from the gross income of the seller falling
16 under the category of itemized deductions. This will make the tax deduction mandatory
17 and thus provide incentives for remittance establishments to provide the discounts.

18
19 In lieu of the tax deductions allowed in the preceding paragraph, financial and non-
20 bank financial intermediaries may elect a standard deduction in an amount not exceeding
21 forty percent (40%) of its gross income. Otherwise, these intermediaries shall be
22 considered as having availed of the above-mentioned tax deductions.

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

30
31 **SEC. 7. *Prohibition from Raising Remittance Fees*** - All financial intermediaries and non-
32 bank financial intermediaries offering remittance services to OFWs are prohibited from

1 raising their current remittance fees without prior consultation with the Department of
2 Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the Philippine Overseas
3 Employment Administration (POEA).

4
5 **SEC. 8. *Prohibited Acts.*** - The following acts are hereby prohibited:

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

11
12 (b) Taking of foreign exchange remittances without the consent of the OFW or
13 beneficiary;

14
15 (c) Imposition of remittance fees in excess of those prescribed under Section 5 of this
16 Act; and

17
18 (d) Failure to post in a conspicuous place of the establishment the Philippine Peso rate
19 of the foreign currency being transacted.

20
21 (e) Failure to conduct consultation with the DOF, BSP, and the POEA before raising
22 remittance fees.

23
24 **SEC. 9. *Penalties.*** -

25
26 (a) Any person who will be found guilty of violating the provisions of Section 8 (a)
27 hereof shall be punished by:

28
29 (i) Imprisonment of four (4) years, two (2) months and one (1) day to eight
30 (8) years if the value of the remittance is over Twelve Thousand Pesos (Php
31 12,000.00) but does not exceed Twenty Two Thousand Pesos (Php 22,000
32 00); and if such amount exceeds the latter sum, the penalty shall be
33 imprisonment of six (6) years or eight (8) years, adding one (1) year for
34 each additional Ten Thousand Pesos (Php 10,000.00), but the total penalty
35 which may be imposed shall not exceed imprisonment of twenty (20) years;

36
37 (ii) Imprisonment of two (2) years and four (4) months to four (4) years and
38 two (2) months, if the value of the remittance is over Six Thousand Pesos
39 (Php 6,000.00) but does not exceed Twelve Thousand Pesos (Php
40 12,000.00);

41
42 (iii) Imprisonment of four (4) months and one (1) day to two (2) years
43 and four (4) months, if the value of the remittance is over Two Hundred

1 Pesos (Php 200.00) but does not exceed Six Thousand Pesos (Php 6,000.00);
2 and

3
4 (iv) Imprisonment of two (2) months and one (1) day to six (6) months, if the
5 value of the remittance does not exceed Two Hundred Pesos (Php 200.00).

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

9
10 (i) Imprisonment of six (6) years and one (1) day to ten (10) years, if the value
11 of the remittance is over Twelve Thousand Pesos (Php 12,000.00) but
12 does not exceed Twenty Two Thousand Pesos (Php 22,000.00); and if
13 such amount exceeds the latter sum, the penalty shall be imprisonment of
14 ten (10) years and one (1) day to twelve (12) years, adding one (1) year for
15 each additional Ten Thousand Pesos (Php 10,000.00) but the total penalty
16 which may be imposed shall not exceed imprisonment of twenty (20) years;

17
18 (ii) Imprisonment of two (2) years, four (4) months and one (1) day to six (6)
19 years, if the value of the remittance is over Six Thousand Pesos (Php
20 6,000.00) but does not exceed Twelve Thousand Pesos (Php 12,000.00);
21 and

22
23 (iii) Imprisonment of six (6) months and one (1) day to four (4) years and
24 two (2) months, if the value of the remittance is over Two Hundred Pesos
25 (Php 200.00) but does not exceed Six Thousand Pesos (Php 6,000.00).

26
27 (c) Any person who will be found guilty of violating the provisions of Section 8
28 (c), (d) and (e) hereof shall be subject to a fine of Fifty Thousand Pesos (Php
29 50,000.00) but not exceeding Seven Hundred Fifty Thousand Pesos (Php
30 750,000.00) and imprisonment of six (6) months and one (1) day to six (6) years
31 and one (1) day.

32
33 Aside from the criminal liability provided in the aforementioned paragraphs, institutions
34 governed and supervised by the Bangko Sentral ng Pilipinas (BSP) found to have
35 committed violations of Section 8 hereof shall be subjected to the necessary fines,
36 penalties, and sanctions as provided under the New Central Bank Act, General Banking
37 Law of 2000, and other pertinent banking regulations.

38
39 In case of corporations or partnerships, the liability shall be imposed on the
40 president, managing director or partner, general manager, or other responsible officers of
41 the corporation or partnership.

42
43 **SEC. 10. Mandatory Financial Education for OFWs and their Families.** – The

1 Department of Finance (DOF), together with the Bangko Sentral ng Pilipinas (BSP),
2 Philippine Overseas Employment Administration (POEA), and other agencies shall ensure
3 that a mandatory financial education program shall be provided to OFWs and their
4 families.

5
6 The program shall include, but not be limited to, providing information on financial
7 management, budgeting, investment options and similar topics which shall educate the
8 OFWs and their families in the handling of their earnings and remittances.

9
10 **SEC. 11. *Liability under the Revised Penal Code and Other Laws.*** - Prosecution under this
11 Act shall be without prejudice to any liability for violation of any provision of the Revised
12 Penal Code or any other laws.

13
14 **SEC. 12. *Implementing Agency.*** - The Department of Finance (DOF), in consultation with
15 the BSP, POEA, Overseas Workers Welfare Administration (OWWA), Department of
16 Foreign Affairs (DFA), Bankers Association of the Philippines (BAP), Association of
17 Bank Remittance Officers, Inc. (ABROI), Philippine Association of Service Exporters,
18 Inc. (PASEI), Philippine Association of Foreign Exchange Dealers, Money Changers and
19 Remittance Agents, Inc. (PAFERAI), shall, within ninety (90) days after the approval of
20 this Act, issue the necessary rules and regulations for its effective implementation.

21
22 **SEC. 13. *Repealing Clause.*** - All laws, rules or regulations that are inconsistent with the
23 provisions of this Act are hereby repealed or amended accordingly.

24
25 **SEC. 14. *Separability Clause.*** - If any provision of this Act is held unconstitutional or
26 invalid, such holding shall not affect other provisions not affected thereby.

27
28 **SEC. 15. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in the
29 *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,