

9 MAY 18 P5:59

SENATE  
S. No. **3255**

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Introduced by Senator Panfilo M. Lacson

### EXPLANATORY NOTE

The Philippines is the third largest exporter of human capital. Data from the National Statistical Coordination Board (NSCB) showed that for the period 2000 – 2007 roughly 7.5 million Filipinos were deployed in various parts of the world, or an annual average of 1,000,000 overseas Filipino workers (OFWs).

During this same period, the OFWs remitted about P3,730<sup>8</sup>billion, generating P5.6 billion in documentary stamp taxes (DST) at P0.30 on each P200 per Sec. 181 of the National Internal Revenue Code (NIRC) of 1997, as amended. By the end of 2008, an estimated P1.08 billion in DST would have been collected on the OFWs' remittances.

This bill seeks to permanently exempt from the DST the OFW remittances to the Philippines. The continued imposition of the DST causes some of our OFWs to send money to their loved ones via informal channels or used schemes outside the formal banking sector. This is bolstered by the fact that on top of the DST, the International Monetary Fund (IMF) estimates that remittances to the Philippines are slapped other charges by the remittance companies between US\$15-26 per US\$200 or 7.5% to 13% of amount remitted (roughly P720 to P1,248 per P9,600 sent at P48:US\$1). No wonder that in 2006, for example, the Bangko Sentral ng Pilipinas (BSP) calculated that 5% of OFW remittances were coursed through the informal channels.

The share of the DST on OFW remittances vis-à-vis the total DST collection by the Bureau of Internal Revenue (BIR) is only 3.4%. The revenue loss that is attendant to this proposal could be easily recouped from the increased inflow of foreign currency coming from OFW remittances coursed through the banks and forex companies.

In recognition and solicitation of the OFWs' sustained contribution to the economic growth of our country particularly during these difficult times, immediate approval of this bill is earnestly sought.

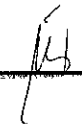
  
PANFILO M. LACSON  
Senator

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

SENATE  
OFFICE OF THE SECRETARY

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AN ACT  
EXEMPTING MONEY TRANSFERS TO THE PHILIPPINES BY  
OVERSEAS FILIPINO WORKERS FROM THE DOCUMENTARY STAMP  
TAX, AMENDING FOR THE PURPOSE SECTION 181 OF THE  
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND  
FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled:*

1 SECTION 1. Section 181 of the National Internal Revenue Code of 1997, as  
2 amended, is hereby further amended to read as follows:

3 SEC. 181. *Stamp Tax Upon Acceptance of Bills of Exchange and Others.* –

4 Upon any acceptance or payment of any bill of exchange or order for the  
5 payment of money purporting to be drawn in a foreign country but payable in the  
6 Philippines, there shall be collected a documentary stamp tax of Thirty centavos  
7 (P0.30) on each Two hundred pesos (P200) or fractional part thereof, of the face  
8 value of such bill of exchange, or order, or the Philippine equivalent to such  
9 value, if expressed in foreign currency [.] PROVIDED, THAT IF THE ORDER  
10 FOR THE PAYMENT OF MONEY DRAWN IN A FOREIGN COUNTRY AND  
11 PAYABLE TO THE PHILIPPINES IS MADE BY AN OVERSEAS FILIPINO  
12 WORKER DULY REGISTERED WITH THE PHILIPPINE OVERSEAS  
13 EMPLOYMENT AGENCY, NO DOCUMENTARY STAMP TAX SHALL BE  
14 IMPOSED, COLLECTED, AND DEDUCTED FROM THE AMOUNT REMITTED  
15 UPON ITS ACCEPTANCE BY THE RECIPIENT IN THE PHILIPPINES:  
16 PROVIDED FURTHER, THAT THE FACT THAT THE SENDER OF THE  
17 MONEY TRANSFER IS AN OVERSEAS FILIPINO WORKER SHALL BE

1 INDICATED IN THE SAID ORDER FOR PAYMENT UPON PRESENTATION BY  
2 THE OVERSEAS FILIPINO WORKER OF ANY PHILIPPINE GOVERNMENT-  
3 ISSUED DOCUMENT EVIDENCING SUCH FACT.

4 SEC. 2. *Separability Clause.* – Any portion or provision of this Act that may be  
5 declared unconstitutional or invalid shall not have the effect of nullifying other portions  
6 and provisions hereof as long as such remaining portions or provisions can still subsist  
7 and be given effect in their entirety.

8 SEC. 3. *Repealing Clause.* – All laws, decrees, executive orders, proclamations  
9 and administrative regulations, or parts thereof inconsistent herewith are hereby  
10 repealed or modified accordingly.

11 SEC. 4. *Effectivity Clause.* – This Act shall take effect immediately after its  
12 publication in at least two national newspapers of general circulation in the Philippines.

13 Approved,