

FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

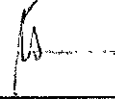
SENATE
OFFICE OF THE SECRETARY

10 JUL -7 P4 55

SENATE

Senate Bill No. 758

RECEIVED BY



INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

Section 1, Article XIII of the 1987 Philippine Constitution provides that it is the duty of the Congress to "give highest priority to the enactment of measures that protect and enhance the right of all people to human dignity and reduce social and economic inequalities." It is incumbent upon Congress, therefore, to introduce measures that will lessen, if not eliminate, social and economic inequalities in order to uplift the lives of the Filipino people. One such way of lessening social and economic inequalities is by removing the imposition of the Documentary Stamps Tax (DST) on money remittances made by Overseas Filipino Workers to their families here in the Philippines. Such DST imposition on money remittances of OFWs is a significant financial burden to them considering that the country is already experiencing unprecedented highs in food and oil prices.

Presently, all money transfers from abroad are being subjected to a 0.15% DST imposition (Php0.30 for every Php200.00) as supposedly required by Government regulations under Section 181 of the 1997 Tax Code and Revenue Regulations (RR) No. 13-2004. Thus, for every US\$1,000 or Php45,000.00 (Php45=US\$1) that an OFW may remit monthly to his family, it will mean a corresponding reduction of Php67.50 because of the DST imposition. To some, the imposition may be miniscule and insignificant. But to OFWs and their families, such imposition becomes another financial burden as it means further weakening their already diminishing purchasing power brought about by the strengthening of the Philippine Peso. This bill, therefore, seeks to exempt from DST imposition the money transfers to the Philippines made by OFWs who are duly registered with the Philippine Overseas Employment Administration. In order to ascertain that the sender possesses OFW status, the OFW will be required to present a Philippine Government-issued document evidencing such status, which fact shall be indicated in the money transfer order in order to exempt the same from DST payment.

In view of the foregoing consideration, the immediate approval of this bill is earnestly sought.



JINGGOY EJERCITO ESTRADA
Senator


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AN ACT

EXEMPTING MONEY TRANSFERS TO THE PHILIPPINES OF OVERSEAS FOREIGN WORKERS FROM THE IMPOSITION OF DOCUMENTARY STAMP TAX, AMENDING FOR THE PURPOSE SECTION 181 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE "TAX REFORM ACT OF 1997," AND FOR OTHER PURPOSES

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

SECTION 1. Section 181 of Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997, is hereby amended to read as follows:

SEC. 181. Stamp Tax Upon Acceptance of Bills of Exchange and Others. - Upon any acceptance or payment of any bill of exchange or order for the payment of money purporting to be drawn in a foreign country but payable in the Philippines, there shall be collected a documentary stamp tax of Thirty centavos (P0.30) on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange, or order, or the Philippine equivalent to such value, if expressed in foreign currency[.]; *PROVIDED, HOWEVER, IF THE ORDER FOR THE PAYMENT OF MONEY DRAWN IN A FOREIGN COUNTRY AND PAYABLE TO THE PHILIPPINES IS MADE BY AN OVERSEAS FILIPINO WORKER DULY REGISTERED WITH THE PHILIPPINE OVERSEAS EMPLOYMENT AGENCY. NO DOCUMENTARY STAMP TAX SHALL BE IMPOSED, COLLECTED, AND DEDUCTED FROM THE REMITTED AMOUNTED UPON ITS ACCEPTANCE BY THE RECIPIENT IN THE PHILIPPINES: PROVIDED, FURTHER, THAT THE FACT THAT THE SENDER OF THE MONEY TRANSFER IS AN OVERSEAS FILIPINO WORKER SHALL BE INDICATED IN THE SAID ORDER FOR PAYMENT UPON PRESENTATION BY THE OVERSEAS FOREIGN WORKER OF ANY PHILIPPINE GOVERNMENT-ISSUED DOCUMENT EVIDENCING SUCH FACT.*

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

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

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

Approved,