



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

EIGHTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 826

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Introduced by **Rep. AURELIO "DONG" D. GONZALES, JR.**

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### EXPLANATORY NOTE

The 1987 Constitution provides for the following State Policies in Article II, Sections 9, 18, and 20:

SECTION 9. The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.

SECTION 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

SECTION 20. The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.

The principal consideration of our Overseas Filipino Workers (OFWs) in working abroad is to provide for their families. These OFWs endure living away from their families and work in a foreign land to provide a better life for their loved ones by sending a portion of their earnings, in a form of remittances.

According to the Governor of Bangko Sentral ng Pilipinas, Amando M. Tetangco, Jr., personal remittances from OFWs for the first ten (10) months of the year reached US\$24.4 billion in 2016, equivalent to a 3.9 percent growth year-on-year. These remittances sent by OFWs to their families in the Philippines are then used to cover household expenses, educational expenses, and other expenses of the family.


These OFW remittances are transferred 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 the depletion of the amount to be remitted and received by beneficiaries.

In view of the effect of high remittance charges on the hard-earned wages of OFWs, which should instead be enjoyed by them and their respective families, it becomes a matter of utmost urgency and necessity for Congress to enact a law that will adequately and effectively put a stop

to the imposition of high remittance charges and safeguard the remittances sent by OFWs, which includes providing educational programs on how these OFWs can manage their finances.

The proposed measure seeks to (1) provide for a limit on the amount of remittance charges to be imposed by intermediaries; (2) provide discounts on remittance fees to be shouldered by OFWs based on a graduated scale and; (3) provide for tax incentives to intermediaries which shall provide for such discounts. It likewise mandates government agencies, such as the Department of Finance and the Overseas Workers Welfare Administration, to provide for financial management programs to OFWs and their families.

It is for this reason that the early approval of the Bill is earnestly sought.



**AURELIO D. GONZALES, JR.**  
Representative, 3rd District of Pampanga



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1                   **AN ACT PROVIDING FOR PROTECTION OF THE REMITTANCES**  
2                   **OF OVERSEAS FILIPINO WORKERS, AND FOR OTHER PURPOSES**

3  
4                   *Be it enacted by the Senate and the House of Representatives of the Philippines in*  
5 *Congress assembled:*

6  
7                   SECTION 1. *Short Title.* – This Act shall be known as the “Overseas Filipino Workers  
8 (OFWs) Remittance Protection Act.”

9  
10                  SEC. 2. *Declaration of Policy.* – The State upholds the dignity of all its citizens, whether  
11 residents of the Philippines or overseas.

12  
13                  The State shall afford full protection to labor, local and overseas, organized and  
14 unorganized and shall promote full employment and equality of employment opportunities for all.

15  
16                  The State recognizes the significant contribution of Overseas Filipino Workers to the  
17 national economy through their foreign exchange remittances. Towards this end, the State shall  
18 ensure that effective mechanisms be instituted to ensure the protection of the rights and interests  
19 of Overseas Filipino Workers, particularly, the protection of their foreign exchange remittances.  
20 The State likewise guarantees the protection of OFW remittances from usurious interest rates and  
21 fees charged by financial institutions.

22  
23                  The State guarantees protection of the foreign exchange remittances of Overseas Filipino  
24 Workers. With this regard, the State recognizes the right of Overseas Filipino Workers to access  
25 to courts, quasi-judicial bodies and adequate legal assistance. Towards this end, the State ensures  
26 that no OFW shall be denied access to the courts, quasi-judicial bodies and to adequate legal  
27 assistance by reason of poverty.

28  
29                  The State recognizes the need to educate Overseas Filipino Workers and their families on  
30 financial planning, management of finances and savings. Towards this end, the State undertakes  
31 to provide programs and seminars to ensure the education of OFWs and their families.  
32

1 SEC. 3. *Definition of Terms.* – For purposes of this Act, the following terms shall be  
2 defined as follows:

- 3
- 4 (a) “Overseas Filipino Worker” refers to a person who is to be engaged, is engaged or has  
5 been engaged in a remunerated activity in a state of which he or she is not a citizen or  
6 on board a vessel navigating the foreign seas other than a government ship used for  
7 military or non-commercial purposes or on an installation located offshore or on the  
8 high seas; to be used interchangeably with migrant worker.
- 9
- 10 (b) “Overseas Filipino Workers’ (OFW) Remittance” refers to the foreign exchange  
11 earnings sent home by overseas Filipinos working abroad or their employees or agents  
12 through formal channels.
- 13
- 14 (c) “Remittance Fee” is defined as the service fee or charge imposed by financial  
15 intermediaries and non-bank financial intermediaries for sending money of OFWs  
16 through formal channels.
- 17

18 SEC. 4. *Applicability of this Act.* – The provisions of this Act shall be applicable to all  
19 OFW remittances, whether voluntary or mandated by law, orders, issuances or rules and  
20 regulations.

21

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

26

<b>Amount to be Remitted</b>	<b>Discount</b>
Not more than USD 500 or its equivalent in 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

27

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

34

35 In lieu of the tax deductions allowed in the preceding paragraph, financial and non-bank  
36 financial intermediaries may elect a standard deduction in an amount not exceeding forty percent  
37 (40%) of its gross income. Otherwise, these intermediaries shall be considered as having availed  
38 of the above-mentioned tax deductions.

39

40 SEC. 6. *Requirement of Posting of the Peso Equivalent of the Currency to be Exchanged.*  
41 – All financial intermediaries and non-bank financial intermediaries offering remittance services  
42 to OFWs shall be required to post in a conspicuous place within the establishment’s premises the

1 Philippine peso equivalent rate of the foreign currencies being transacted. The Philippine peso  
2 equivalent of the amount to be remitted will be the same amount that will be received by the  
3 beneficiary of the remittance.

4  
5 *SEC. 7. Prohibition from Raising Remittance Fees.* – All financial intermediaries and non-  
6 bank financial intermediaries offering remittance services to OFWs are prohibited from raising  
7 their current remittance fees without prior consultation with the Department of Finance (DOF),  
8 Bangko Sentral ng Pilipinas (BSP), and the Philippine Overseas Employment Administration  
9 (POEA).

10  
11 *SEC. 8. Prohibited Acts.* – The following acts are hereby prohibited:

- 12  
13 (a) Misappropriation or conversion, to the prejudice of the OFW or beneficiary, of foreign  
14 exchange remittances received in trust, or on commission, or for administration, or  
15 under any other obligation involving the duty to make delivery of, or to return the  
16 same, or by denying having received such foreign exchange remittance;  
17  
18 (b) Taking of foreign exchange remittances without the consent of the OFW or  
19 beneficiary;  
20  
21 (c) Imposition of remittance fees in excess of those prescribed under Section 5 of this Act;  
22 and  
23  
24 (d) Failure to post in a conspicuous place of the establishment the Philippine Peso rate of  
25 the foreign currency being transacted.  
26  
27 (e) Failure to conduct consultation with the DOF, BSP, and the POEA before raising  
28 remittance fees.

29  
30 *SEC. 9. Penalties.* –

- 31  
32 (a) Any person who will be found guilty of violating the provisions of Section 8 (a) hereof  
33 shall be punished by:  
34  
35 (i) Imprisonment of four (4) years, two (2) months and one (1) day to eight (8) years if  
36 the value of the remittance is over Twelve Thousand Pesos (Php 12,000.00) but  
37 does not exceed Twenty Two Thousand Pesos (Php 22,000.00); and if such amount  
38 exceeds the latter sum, the penalty shall be imprisonment of six (6) years or eight  
39 (8) years, adding one (1) year for each additional Ten Thousand Pesos (Php  
40 10,000.00), but the total penalty which may be imposed shall not exceed  
41 imprisonment of twenty (20) years;  
42  
43 (ii) Imprisonment of two (2) years and four (4) months to four (4) years and two (2)  
44 months, if the value of the remittance is over Six Thousand Pesos (Php 6,000.00)  
45 but does not exceed Twelve Thousand Pesos (Php 12,000.00);  
46  
47 (iii) Imprisonment of four (4) months and one (1) day to two (2) years and four (4)  
48 months, if the value of the remittance is over Two Hundred Pesos (Php 200.00) but  
49 does not exceed Six Thousand Pesos (Php 6,000.00); and  
50  
51 (iv) Imprisonment of two (2) months and one (1) day to six (6) months, if the value of  
52 the remittance does not exceed Two Hundred Pesos (Php 200.00).



1  
2 (b) Any person who will be found guilty of violating the provisions of Section 8 (b) hereof  
3 shall be punished by:

4  
5 (i) Imprisonment of six (6) years and one (1) day to ten (10) years, if the value of the  
6 remittance is over Twelve Thousand Pesos (Php 12,000.00) but does not exceed  
7 Twenty Two Thousand Pesos (Php 22,000.00); and if such amount exceeds the  
8 latter sum, the penalty shall be imprisonment of ten (10) years and one (1) day to  
9 twelve (12) years, adding one (1) year for each additional Ten Thousand Pesos  
10 (Php 10,000.00) but the total penalty which may be imposed shall not exceed  
11 imprisonment of twenty (20) years;

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

16  
17 (iii) Imprisonment of six (6) months and one (1) day to four (4) years and two (2)  
18 months, if the value of the remittance is over Two Hundred Pesos (Php 200.00) but  
19 does not exceed Six Thousand Pesos (Php 6,000.00).

20  
21 (c) Any person who will be found guilty of violating the provisions of Section 8 (c), (d)  
22 and (e) hereof shall be subject to a fine of Fifty Thousand Pesos (Php 50,000.00) but  
23 not exceeding Seven Hundred Fifty Thousand Pesos (Php 750,000.00) and  
24 imprisonment of six (6) months and one (1) day to six (6) years and one (1) day.

25  
26 Aside from the criminal liability provided in the aforementioned paragraphs, institutions  
27 governed and supervised by the Bangko Sentral ng Pilipinas (BSP) found to have committed  
28 violations of Section 8 hereof shall be subjected to the necessary fines, penalties, and sanctions as  
29 provided under the New Central Bank Act, General Banking Law of 2000, and other pertinent  
30 banking regulations.

31  
32 In case of corporations or partnerships, the liability shall be imposed on the president,  
33 managing director or partner, general manager, or other responsible officers of the corporation or  
34 partnership.

35  
36 SEC. 10. *Mandatory Financial Education for OFWs and their Families.* – The  
37 Department of Finance (DOF), together with the Bangko Sentral ng Pilipinas (BSP), Philippine  
38 Overseas Employment Administration (POEA), and other agencies, shall ensure that a mandatory  
39 financial education program shall be provided to OFWs and their families.

40  
41 The program shall include, but not be limited to, providing information on financial  
42 management, budgeting, investment options and similar topics which shall educate the OFWs and  
43 their families in the handling of their earnings and remittances.

44  
45 SEC. 11. *Liability under the Revised Penal Code and Other Laws.* – Prosecution under  
46 this Act shall be without prejudice to any liability for violation of any provision of the Revised  
47 Penal Code or any other laws.

48  
49 SEC. 12. *Implementing Agency.* – The Department of Finance (DOF), in consultation with  
50 the BSP, POEA, Overseas Workers Welfare Administration (OWWA), Department of Foreign  
51 Affairs (DFA), Bankers Association of the Philippines (BAP), Association of Bank Remittance  
52 Officers, Inc. (ABROI), Philippine Association of Service Exporters, Inc. (PASEI), Philippine  
53 Association of Foreign Exchange Dealers, Money Changers and Remittance Agents, Inc.

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

3  
4 SEC. 13. *Repealing Clause.* - All laws, rules or regulations that are inconsistent with the  
5 provisions of this Act are hereby repealed or amended accordingly.

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

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

12  
13 Approved,