OFW REMITTANCES NOW EXEMPT FROM DOCUMENTARY STAMP TAX (DST)

POEA ADVISORY NO. 29, S. 2010, November 18, 2010

Read online (full-text search, related cases, audio case brief): https://batas.org/library/aed979d8e6e4/

Pursuant to Section 22 of Republic Act 10022, an Act amending Republic Act 8042 otherwise known as the Migrant Workers and Overseas Filipino Act, the remittance of all overseas Filipino workers, upon showing of proof of entitlement by the OFW beneficiary or recipient shall be exempted from the payment of the DST.

Prior to the implementation of RA 10022, all money transfers from abroad and payable in the Philippines, including those wired home by our OFWs, are subject to a DST of P0.30 for every P200 under Section 181 of the National Internal Revenue Code. This means that OFWs pay a DST of P32.64 for every $500 or P21, 760 (at $1:43.52) they send home. The amount is on top of the service fees charged by the foreign and local banks, plus the P0.50 dollar margin domestic banks are allowed to charge when paying out remittances in pesos.

POEA records showed that a total of 1.4 million OFWs were deployed in 2009 with remittances amounting to P17 billion. Around $1.4 million in DST was taken from OFWs remittances monthly.

For year 2010, the Department of Finance has projected a $19 billion worth of remittances from OFWs. With the scrapping of the DST on remittances, the Philippine government will be giving up $1.3 billion revenues annually but said amount will be pocketed by our OFWs as extra savings.

(SGD.) JENNIFER JARDIN-MANALILI
Administrator

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