



August 19, 2024

Re: Mandatory PAG-IBIG Fund Membership of Job-Order  
Employees

### **LEGAL OPINION**

#### ***I. Circumstances***

On August 14, 2024, this office was requested by the Office of the Vice Chancellor for Administration and Finance (OVCAF) to provide a legal opinion concerning a letter dated August 7, 2024 from Cecilia V. Quijano, the head of the PAG-IBIG Fund Iligan branch (*See Annex "A"*). In the letter, Ms. Quijano informs the Chancellor that under the Home Development Mutual Fund Law of 2009, PAG-IBIG Fund membership is mandatory for self-employed individuals including job-order employees. Additionally, her office seeks assistance promoting PAG-IBIG Fund membership among these employees.

#### ***II. Laws***

The Home Development Mutual Fund Law of 2009 (R.A. No. 9679) provides that:

"SEC. 4. Definition of Terms. – The following terms shall mean:

....

"(e) "Employee" – any person in the service of an employer who receives compensation of such services.

....

"SEC. 6. Fund Coverage. - Coverage in the Fund shall be mandatory upon: (a) all employees covered by the SSS and the GSIS, and their respective employers, notwithstanding any waiver of coverage previously issued, including the uniformed members of the Armed Forces of the Philippines, the Bureau of Fire Protection, the Bureau of Jail Management and Penology,





and the Philippine National Police; (b) Filipinos employed by foreign-based employers; and (c) spouses who devote full-time to managing the household and family affairs, unless they also engage in another vocation or employment which is subject to mandatory coverage, may be covered by the Fund on a voluntary basis adopting as a basis of contributions one-half (1/2) of the monthly compensation income of the employed spouse.

“Coverage may also be extended to other working groups, with or without employer contributions, as may be determined by the Board of Trustees.”

Section 8 of CSC-COA-DBM Joint Circular No. 1, Series of 2017, dated June 15, 2017, further states:

“xxx

“Individuals hired through contract of service have the option to enroll themselves in social benefit programs thru the SSS, PhilHealth and Pag-IBIG Fund as self-employed members.”

Section 7.5 of COA-DBM Joint Circular No. 2, Series of 2020, dated October 20, 2020, also provides that:

“The services of the COS and JO workers are not covered by Civil Service laws, rules, and regulations, thus, not creditable as government service. They do not enjoy the benefits being received by government employees, such as leave, Personnel Economic Relief Allowance, Representation and Transportation Allowances, and other bonuses and incentives.” (emphases ours)

The Home Development Mutual Fund Circular No. 274 (issued January 7, 2010), page 6, provision E (8), states:

“8. Self-employed and voluntary members shall remit contributions directly to the Fund on or before the 10th day of the month following period covered. They may opt to pay their contributions on a quarterly basis, provided that such remittances are made on or before the 10th day of the beginning month of the quarter.”

The CSC-DBM Joint Circular No. 2, series of 2020 and previous circulars clarify that job order and contract of service




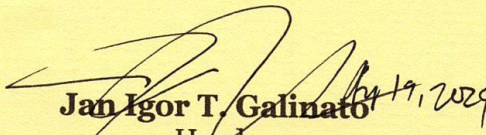


workers are not “government employees”; hence not covered by the regular employment laws including mandatory Pag-IBIG contributions. However, voluntary membership is allowed.

### ***III. Legal Opinion***

In fine, job order employees are not covered by the mandatory provisions of RA 9679 because they are not considered regular employees under existing laws and CSC-DBM regulations. Their Pag-IBIG membership remains voluntary. Nothing further.

  
**Sittie Rainnie M. Baud**  
Special Assistant for Legal Matters,  
Legal Services Office

  
**Jan Igor T. Galinato**  
Head,  
Legal Services Office

Copy furnished:

Office of the Vice Chancellor for Administration and Finance  
Human Resource and Management Division  
Office of the Chancellor





For: Legal Office — 8/15/24

Respectfully requesting  
your legal opinion

UCAF Jr.

PROF. ALBERTO M. DITUCALAN  
Chancellor  
Mindanao State University – Iligan Institute of Technology  
Tibanga, Iligan City

2024 2024033117  
Management Division  
MSU - IIT  
RECEIVED  
Date: 8/15/24  
Iligan City  
2024

CHANCELLOR  
OF TECHNOLOGY

CODE: \_\_\_\_\_  
BY: Aunde DATE: 8/15/24

Dear Prof. Ditucalan:

Please be informed that under Republic Act No. 9679 or the **Home Development Mutual Fund Law of 2009**, Pag-IBIG Fund membership is mandatory for self-employed individuals belonging to other earning groups (e.g., Job Orders, sari-sari store owners, tiangge owners, jeepney and tricycle operators and drivers, market vendors) who are not under an employee-employer relationship, are not over sixty (60) years old and have an average monthly income of not less than P1,000.

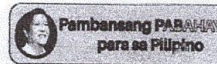
To effectively implement the said law, we wish to seek your assistance in promoting Pag-IBIG Fund membership among the members of your organization.

Pag-IBIG Fund Members belonging to the other earning groups shall contribute monthly an amount not lower than 2% of his/her monthly income. These contributions will form part of the member's Pag-IBIG Savings and shall earn annual tax-free dividends. A member's Pag-IBIG Savings shall be released to the member upon membership maturity or upon the occurrence of any of the grounds for membership termination.

Amongst the benefits that Pag-IBIG Fund Members will enjoy are as follows:

- **Tax-free Dividend Earnings.** The dividend earnings credited to a member's Pag-IBIG Savings or Total Accumulated Value (TAV) is exempt from any tax payments, fees, or interest charges;

Pag-IBIG Fund Iligan Branch  
2<sup>nd</sup> Level Lingkod Pinoy, Robinson's Place Iligan, Macapagal Ave., Tubod, Iligan City  
Telephone numbers (063)221-3199/221-0123 | Email: [Iligan@pagibigfund.gov.ph](mailto:Iligan@pagibigfund.gov.ph)







## Pag-IBIG Fund

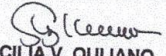
(Home Development Mutual Fund)

- **Housing Loan.** A member may avail of the Fund's Housing Loan to enable him/her to achieve his/her dream of home ownership, provided he/she meets the corresponding eligibility requirements of the program; and
- **Multi-Purpose and Calamity Loans.** A member may avail of the Fund's Multi-Purpose, and Calamity loan programs, provided he/she meets the corresponding eligibility requirements of these programs to address his/her immediate financial needs;

We look forward to your assistance and cooperation in bringing the benefits of Pag-IBIG Fund Membership to the members of your organization.

Should you have any query regarding this notice, please visit or call this Branch at the place or phone number written below.

Very truly yours,

  
**CECILIA V. QUIJANO**  
Head – Iligan Branch

**Pag-IBIG Fund Iligan Branch**  
2nd Level Lingkod Pinoy, Robinson's Place Iligan, Macapagal Ave., Tubod, Iligan City  
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**Pambansang PARALAY**  
para sa Pilipino

HRMD

FEEDBACK FORM

Requester: Cecilia Avila  
 Department / Office: Planning

DTS No. 2021033117

OVCAF

RECEIVED BY: JFA  
 DATE RECEIVED: 8/18/2024, 2:40 PM

Summary of request:

DTS Code: \_\_\_\_\_

Feedback/Recommendation	Name, Signature and Date
For HRMD's comment	Van 8/18/24

Final action:

- ☐ Approved  
☐ Request Denied  
☐ For further evaluation and discussion  
☐ Others \_\_\_\_\_

ALIZEDNEY M. DITUCALAN  
 Chancellor

H2110

FEEDBACK FORM

Requester: Cecilia Avila  
Department / Office: Planning

DTS No. 2021033117

OVCAF

RECEIVED BY: JPA  
DATE RECEIVED: 8/18/2024, 2:16 PM  
DTS Code: \_\_\_\_\_

TO SIR VAC:

I DON'T THINK OUR COS  
CAN BE CLASSIFIED AS  
SELF-EMPLOYED. ANYHOW, WE  
CAN SET A MEETING WITH  
THEM REGARDING THIS MATTER.

comment


Name, Signature and Date

Van 8/12/24

- ☐ Request Denied  
☐ For further evaluation and discussion  
☐ Others \_\_\_\_\_

ALIZEDNEY M. DITUCALAN  
Chancellor

Prepared by:

  
**Rea Kate A. Mariquit**  
Legal Assistant I