

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

**17<sup>th</sup> CONGRESS**  
First Regular Session

HOUSE BILL NO. 2776

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| HOUSE OF REPRESENTATIVES                     |             |
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Introduced by **Honorable EVELINA G. ESCUDERO**

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**EXPLANATORY NOTE**

Republic Act No. 1161, as amended, or the Social Security Law, needs to be further amended if only to equip the Social Security Commission with the prerogatives to address the issues that presently beset the Social Security System or the SSS.

The proposed measure under consideration seeks to amend Sections 4, 18 and 22 of the Social Security Law, as amended, thereby granting the Social Security Commission the power of condonation, and the determination of monthly salary credits, the schedule and rate of contributions, and the rate of penalty for delinquent contributions and unpaid loan amortizations.

It is submitted that with these amendments, the SSS may be given the flexibility and prerogative to enhance collection of contributions, especially delinquent ones, and be in consonance with the demands of a viable social security system given the changes brought about by social, economic and other pertinent indicators.

Consequently, this bill is respectfully submitted for consideration and approval.



**EVELINA G. ESCUDERO**

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Introduced by **Honorable EVELINA G. ESCUDERO**

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**AN ACT**  
**AUTHORIZING THE SOCIAL SECURITY COMMISSION TO CONDONE PENALTIES**  
**ON DELINQUENT CONTRIBUTIONS AND TO DETERMINE THE MONTHLY SALARY**  
**CREDITS, THE SCHEDULE AND RATE OF CONTRIBUTIONS AND THE RATE OF**  
**PENALTY ON DELINQUENT CONTRIBUTIONS AND UNPAID LOAN A AMORTIZA-**  
**TIONS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED,**  
**OTHERWISE KNOWN AS THE SOCIAL SECURITY LAW.**

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

**SECTION 1.** Section 4 of Republic Act No. 1161, as amended, otherwise known as the "Social Security Law", is hereby further amended to read as follows:

*"SEC. 4. Powers and Duties of the Commission and SSS. - (a) The Commission.*  
*- For the attainment of its main objectives as set forth in Section 2 hereof, the Commission shall have the following powers and duties:*

*"(1) To adopt, amend and rescind, subject to the approval of the President of the Philippines, such rules and regulations as may be necessary to carry out the provisions and purposes of this Act;*

*"(2) To establish a provident fund for the members which will consist of voluntary contributions of employers and/or employees, self-employed and voluntary members and their earnings, for the payment of benefits to such members or their beneficiaries, subject to such rules and regulations as it may promulgate and approved by the President of the Philippines;*

*"(3) To maintain a Provident Fund which consists of contributions made by both the SSS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe;*

*"(4) To approve restructuring proposals for the payment of due but unremitted contributions and unpaid loan amortizations under such terms and conditions as it may prescribe;*

*"(5) To authorize cooperatives registered with the cooperative development authority or associations registered with the appropriate government agency to act as collecting agents of the SSS with respect to their members: Provided, That the SSS shall accredit the cooperative or association: Provided, further, That the persons authorized to collect are bonded;*

*"(6) To compromise or release, in whole or in part, any interest, penalty or any civil liability to SSS in connection with the investments authorized under Section 26, hereof, under such terms and conditions as it may prescribe and approved by the President of the Philippines;[and]*

**(7) ANY PROVISIONS OF LAW TO THE CONTRARY NOTWITHSTANDING, TO CONDONE, COMPROMISE OR RELEASE, IN WHOLE OR IN PART, SUCH PENALTIES IMPOSED UPON DELINQUENT SOCIAL SECURITY CONTRIBUTIONS REGARDLESS OF THE AMOUNT INVOLVED UNDER SUCH VALID TERMS AND CONDITIONS IT MAY PRESCRIBE SUCH AS WHEN THE FINANCIAL POSITION OF THE EMPLOYER DEMONSTRATES, BY CLEAR AND CONVINCING EVIDENCE, INABILITY TO PAY THE ASSESSED DELINQUENCY AND THERE IS INDISPUTABLE GOOD FAITH ON THE PART OF THE EMPLOYER OF SUCH INABILITY TO PAY. THE IMPLEMENTING RULES AND REGULATIONS TO CARRY OUT THIS PROVISION SHALL BE ADOPTED AND PROMULGATED BY THE COMMISSION NOT LATER THAN NINETY (90) DAYS AFTER THE APPROVAL OF THIS ACT.**

**THE COMMISSION SHALL SUBMIT TO BOTH THE SENATE AND THE HOUSE OF REPRESENTATIVES, AN ANNUAL REPORT ON THE EXERCISE OF THE POWERS UNDER THIS SECTION, STATING THEREIN, AMONG OTHERS, THE FOLLOWING: 1) NAMES AND ADDRESSES OF EMPLOYERS WHOSE PENALTY DELINQUENCIES HAVE BEEN THE SUBJECT OF COMPROMISE OR CONDONATION; 2) AMOUNT INVOLVED; 3) AMOUNT COMPROMISED OR CONDONED; AND 4) THE REASON/S FOR THE EXERCISE OF POWER TO DETERMINE THAT SAID POWERS ARE REASONABLY EXERCISED AND THAT THE SSS IS NOT UNDULY DEPRIVED OF REVENUES.**

**(8) TO DETERMINE AND FIX FROM TIME TO TIME THROUGH RULES AND REGULATIONS, THE MINIMUM AND MAXIMUM MONTHLY SALARY CREDITS, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS, THE RATE OF PENALTY ON DUE BUT UNREMITTED CONTRIBUTIONS AND UNPAID LOAN AMORTIZATIONS TAKING INTO CONSIDERATION ACTUARIAL CALCULATIONS, RATE OF BENEFITS, INFLATION AND OTHER RELEVANT SOCIO-ECONOMIC DATA; AND**

*"[(7)](9)To approve, confirm, pass upon or review any and all actions of the SSS in the proper and necessary exercise of its powers and duties hereinafter enumerated.*

*"(b) The Social Security System – Subject to the provision of Section four (4), paragraph [seven (7) hereof] (A), SUB-PARAGRAPH NINE (9) HEREOF, the SSS shall have the following powers and duties:*

*"(1) To submit annually not later than April 30, a public report to the President of the Philippines and to the Congress of the Philippines covering its activities in the administration and enforcement of this Act during the preceding year including information and recommendations on broad policies for the development and perfection of the program of the SSS.*

*"(2) To require the actuary to submit a valuation report on the SSS benefit program every four (4) years, or more frequently as may be necessary, to undertake the necessary actuarial studies and calculations concerning increases in benefits taking into account inflation and the financial stability of the SSS, and to provide for feasible increases in benefits every four (4) years, including the addition of new ones, under such rules and regulations as the Commission may adopt, subject to the approval of the President of the Philippines: Provided, That the actuarial soundness of the reserve fund shall be guaranteed: Provided, further, That such increases in benefits shall not require any increase in the rate of contribution;*

*"(3) To establish offices of the SSS to cover as many provinces, cities and congressional districts, whenever and wherever it may be expedient, necessary and feasible, and to inspect or cause to be inspected periodically such offices;*

*"(4) To enter into agreements or contracts for such service and aid, as may be needed for the proper, efficient and stable administration of the SSS;*

*"(5) To adopt, from time to time, a budget of expenditures including salaries of personnel, against all funds available to the SSS under this Act;*

*"(6) To set up its accounting system and provide the necessary personnel therefor;*

*"(7) To require reports, compilations and analyses of statistical and economic data and to make investigation as may be needed for the proper administration and development of the SSS;*

*"(8) To acquire and dispose of property, real or personal, which may be necessary or expedient for the attainment of the purposes of this Act;*

*"(9) To acquire, receive, or hold, by way of purchase, expropriation or otherwise, public or private property for the purpose of undertaking housing projects preferably for the benefit of low - income members and for the maintenance of hospitals and institutions for the sick, aged and disabled, as well as schools for the members and their immediate families;*

*"(10) To sue and be sued in court; and*

*"(11) To perform such other corporate acts as it may deem appropriate for the proper enforcement of this Act."*

**SEC. 2.** Section 18, paragraph (a) of the Social Security Law is hereby further amended to read as follows:

*"SEC. 18. Employee's Contribution. – (a) Beginning as of the last day of the calendar month when an employee's compulsory coverage takes effect and every month thereafter during his employment, the employer shall deduct and withhold from such employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the [following schedule] **MONTHLY SALARY CREDITS, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS AS MAYBE DETERMINED AND FIXED BY THE COMMISSION.***

*[table of schedule deleted]*

*The foregoing **MONTHLY SALARY CREDITS, schedule AND RATE** of contribution shall also apply to self-employed and voluntary members.*

*["The maximum monthly salary credit shall be Nine thousand pesos (P9,000.00) effective January Nineteen hundred and ninety six (1996): Provided, That it shall be increased by One thousand pesos (P1,000.00) every year thereafter until it shall have reached Twelve thousand pesos (P12,000.00) by Nineteen hundred and ninety nine (1999): Provided, further, That the minimum and maximum monthly salary credits as well as the rate of contributions may be fixed from time to time by the Commission through rules and regulations taking into consideration actuarial calculations and rate of benefits, subject to the approval of the President of the Philippines.]*

**SEC. 3.** Section 22, paragraph (a) of the Social Security Law is hereby further amended to read as follows:

*"SEC. 22. Remittance of Contributions. – (a) The contribution imposed in the preceding section shall be remitted to the SSS within the first ten (10) days of each calendar month following the month for which they are applicable or within such time as the commission may prescribe. Every employer required to deduct and to remit such contributions shall be liable for their payment and if any contribution is not paid to the SSS as herein prescribed, he shall pay besides the contribution a penalty thereon [of three percent (3%) per month] from the date the contribution falls due until paid. **THE RATE OF THE PENALTY ON DELINQUENT CONTRIBUTIONS PER MONTH SHALL BE DETERMINED AND FIXED BY THE COMMISSION THROUGH RULES AND REGULATIONS TAKING INTO CONSIDERATION THE CURRENT INFLATION RATE AND OTHER RELEVANT SOCIO-ECONOMIC DATA.** If deemed expedient and advisable by the Commission, the collection and remittance of contributions*

*shall be made quarterly or semi-annually in advance, the contributions payable by the employees to be advanced by their respective employers: **Provided**, That upon separation of an employee, any contribution so paid in advance but not due shall be credited or refunded to his employer."*

**SEC. 4. Separability Clause.** If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

**SEC. 5. Repealing Clause.** All laws, decrees, orders, rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 6. Effectivity.** – This Act shall take effect fifteen (15) days following its complete publication in the Official Gazette or in at least (2) national newspapers of general circulation whichever comes earlier.

Approved,