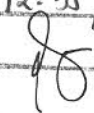


Republic of the Philippines
House of Representatives
Quezon City Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill 2158

HOUSE OF REPRESENTATIVES	
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Introduced by **REP. ENRICO A. PINEDA** and **REP. MICHAEL ODYLON L. ROMERO**

Explanatory Note

The recent veto of the P2,000 increase in the minimum monthly pension of Social Security System (SSS) pensioners revealed that more reforms are needed to guarantee the actuarial life of this pension fund.

The episode underscores the retooling of the internal mechanisms which would allow the said Fund to respond to a wide range of challenges from pensioner pressure to adjust entitlements to petition of employers to give leeway to meet obligations.

There is also the need to arm the Fund with the powers on when to apply leniency on certain receivables especially on cases when the party who should provide it is deemed to be in financial distress.

In response to these, this bill seeks to ordain reforms in the powers and functions of the Social Security System and the SSS itself.

In doing so, it is hoped that the SSS' capacity to fund increases in the minimum monthly pension and other benefits will be ensured.

Approval of this measure is respectfully sought



ENRICO A. PINEDA
Representative, 1PACMAN Partylist



MICHAEL ODYLON L. ROMERO
Representative, 1PACMAN Partylist

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House of Representatives
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Introduced by **REP. ENRICO A. PINEDA and REP. MICHAEL ODYLON L. ROMERO**

AN ACT

RATIONALIZING AND EXPANDING THE POWERS AND DUTIES OF THE SOCIAL SECURITY COMMISSION AND THE SOCIAL SECURITY SYSTEM, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED BY REPUBLIC ACT NO. 8282, OTHERWISE KNOWN AS THE "SOCIAL SECURITY ACT OF 1997"

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

SECTION 1.*Short Title-* this Act shall be known as the "SSS Reform Act of 2016".

SECTION 2.Section 4 of Republic Act No. 1161, as amended, 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:

"x xx

"(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];

"x xx

"(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 LAW TO THE CONTRARY NOTWITHSTANDING, TO CONDONE, ENTER INTO A COMPROMISE, OR RELEASE, IN WHOLE OR IN PART, PENALTIES IMPOSED UPON DELINQUENT SOCIAL SECURITY CONTRIBUTIONS REGARDLESS OF THE AMOUNT INVOLVED UNDER SUCH VALID TERMS AND CONDITIONS IT MAY PRESCRIBE WHEN THE FINANCIAL POSITION OF THE EMPLOYER DEMONSTRATES A CLEAR INABILITY TO PAY THE ASSESSED DELINQUENCY.

“THE COMMISSION SHALL SUBMIT TO BOTH THE SENATE AND HOUSE OF REPRESENTATIVES OF THE PHILIPPINES AN ANNUAL REPORT ON THE EXERCISE OF THE POWERS UNDER THIS PROVISION, STATING THEREIN THE FOLLOWING FACTS AND INFORMATION, AMONG OTHERS: NAMES AND ADDRESSES OF EMPLOYERS WHOSE PENALTY DELINQUENCIES HAVE BEEN THE SUBJECT OF COMPROMISE OR CONDONATION; AMOUNT INVOLVED; AMOUNT COMPROMISED OR CONDONED; AND THE JUSTIFICATIONS THEREON, 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 OF MEMBER- EMPLOYEES, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS OF EMPLOYERS AND MEMBER-EMPLOYEES, THE RATE OF PENALTY ON DUE BUT UNREMITTED CONTRIBUTIONS OF EMPLOYERS AND MEMBER-EMPLOYEES AND UNPAID LOAN AMORTIZATIONS OF MEMBER-EMPLOYEES, TAKING INTO CONSIDERATION ACTUARIAL CALCULATIONS, RATE OF BENEFITS, INFLATION, AND OTHER RELEVANT SOCIOECONOMIC 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.

“*The Social Security System.* – Subject to the provision of Section [four (4)] 4, [paragraph seven (7)] **SUBSECTION (A.9)** hereof, the SSS shall have the following powers and duties:

“x xx

“(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];

“X XX.”

SECTION 3.Section 18, paragraph (a) of Republic Act No. 1161, as amended, is hereby deleted and a new paragraph shall be introduced to read as follows:

“SEC. 18. EMPLOYEE’S CONTRIBUTION. – BEGINNING ON 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 MONTHLY SALARY CREDITS, SCHEDULE, AND THE RATE OF CONTRIBUTIONS AS MAY BE DETERMINED AND FIXED BY THE COMMISSION.

“THE MONTHLY SALARY CREDITS, SCHEDULE, AND RATE OF CONTRIBUTION SHALL ALSO APPLY TO SELF-EMPLOYED AND VOLUNTARY MEMBERS.”

SECTION 4.SEC. 3. Section 22, paragraph (a) of Republic Act No. 1161, as amended, 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]**THE DELINQUENT EMPLOYER** 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 SOCIOECONOMIC 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.”

SECTION 5. The Commission shall promulgate the necessary rules and regulations to implement this Act not later than ninety (90) days after its effectivity.

SECTION 6. If, for any reason, any part, section or provision of this Act is held invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 7. All laws, decrees, orders, rules, regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly. Republic Act No. 1161, as amended, is further amended accordingly.

SECTION 8. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation

Approved,