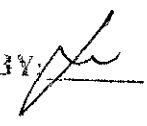




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SENATE
Senate Bill No. 2785

RECEIVED BY: 

Introduced by **SENATOR LACSON**

EXPLANATORY NOTE

This bill seeks to propose amendments to Republic Act No.8291 otherwise known as the "Government Service Insurance System Act of 1997"

The proposed amendments, as a whole is an effort to resolve the issues concerning the GSIS Premium-based policy that has long been haunted by complaints coming from its members more particularly those from the teaching sector who comprise 40% of GSIS membership.

There had been numerous cases of teacher's getting much-diminished take-home pay as a result of their supposed failure to pay member contributions and loan payments to the GSIS when in fact, payments for their contributions and loan accounts are religiously being deducted every month from their salaries by their employers.

Under the GSIS Premium-based policy, GSIS deducts premium contributions that were not remitted to the GSIS from all GSIS social security benefits and loan proceeds due to a GSIS member. The GSIS also imposes a 2% interest per month, retroactive to the date the supposed premium was supposed to have been remitted to the GSIS.

In addition, the GSIS does not include as part of a retiree's creditable service record, for purposes of computing retirement benefits, any period for which the employee's premium contributions were not remitted to the GSIS by his office or agency. Thereby shortening the creditable period of service of an employee, which in effect reduces the benefits entitled to a member.

These policies punishes the employee for the act, omission and offense of the employee's office or agency, who under Section 5(c) of Republic Act No.8291 and Sections 3.2,3.3,3.4 and 3.7 of its Implementing Rules and Regulations, has the primary responsibility and duty to remit its employee's premium contributions to the GSIS.

In this light, an appropriate legislation to address the problem of non-remittance of premium contributions is needed. It is the GSIS members, particularly our teachers who suffer from the flawed implementation of the law. Instead of giving them due recognition for their significant contributions to the country, they are deemed as delinquent members and are further burdened with meager earnings and less privileges.

This bill shall prohibit the deduction of premium contributions which were not remitted to the GSIS from the social security benefits and other social security benefits of GSIS members and to prohibit the reduction of the GSIS member's creditable service

record the periods for which his premium contributions were not remitted to the GSIS. The bill shall also fund the delinquent contributions of government employees.


Non-remittance of contributions is not a fault done by the employees, thus they should not be punished twice for a responsibility or obligation that is not theirs.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.


PANFILO M. LACSON
Senator



SENATE
Senate Bill No. 2785

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**“AN ACT AMENDING REPUBLIC ACT NO. 8291, OTHERWISE KNOWN AS THE
“GOVERNMENT SERVICE INSURANCE SYSTEM ACT OF 1997” AND
INSTITUTIONALIZING REFORMS AND CORRECTIVE MEASURES IN THE
COLLECTION AND REMITTANCE OF CONTRIBUTIONS OF GSIS PREMIUMS”**

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

SECTION 1. Sections **5, 7** and **10** of Republic Act No. 8291, otherwise known as the
“Government Service Insurance System Act of 1997,” are hereby amended to read as
follows:

“SEC. 5. *Contributions.xxx.* (c) It shall be mandatory and compulsory for
all employers to include the payment of contributions in their annual
appropriations. Penal sanctions shall be imposed upon employers **AND
HEADS OF OFFICES AND AGENCIES** who fail to include the payment of
contributions in their annual appropriations or otherwise fail to remit the
accurate/exact amount of contributions on time, or delay the remittance of
premium contributions to the GSIS. The heads of offices and agencies
shall **LIKEWISE** be administratively liable for non-remittance or delayed
remittance of premium contributions to the GSIS.”

“SEC. 7. *Interest on Delayed Remittances.* - Agencies which delay the
remittance of any and all monies due the GSIS shall be charged interests
as may be prescribed by the Board but not [less] **MORE** than two percent
(2%) simple interest per month. Such interest shall be paid **ONLY** by the
employers concerned.”

“Sec.10 *Computation of Service* – (a) The computation of service for the
purpose of determining the amount of benefits payable under this Act shall
be from the date of original appointment/election, **AND NOT FROM THE
START OF PAYMENT OF PREMIUM**, including periods of service at
different times under one or more employers, those performed overseas
under the authority of the Republic of the Philippines, and those that may
be prescribed by the GSIS in coordination with the Civil Service
Commission.

**SECTION 2. PREMIUMS NOT PAID - ALL OUTSTANDING PREMIUM
CONTRIBUTIONS, WHICH WERE NOT PAID BY ANY GOVERNMENT OFFICE OR
AGENCY PRIOR TO THE PASSAGE OF THIS ACT, SHALL BE INCLUDED IN THE**

ANNUAL BUDGET AFTER THE PASSAGE OF THIS ACT AND SHALL BE REMITTED AUTOMATICALLY BY THE DBM TO THE GSIS. AFTER THE PAYMENT OF THE SAME, THE GSIS SHALL NOT DENY OR REDUCE ANY BENEFITS OF ANY GSIS MEMBER FOR THE FAILURE TO REMIT THEIR CONTRIBUTIONS BY THEIR AGENCY OR OFFICE.

SECTION 3. NON-REMITTANCE OF CONTRIBUTIONS- (A) FAILURE BY THE EMPLOYER OR REMITTING OFFICER CONCERNED TO REMIT TO THE GSIS THE OUTSTANDING PREMIUM CONTRIBUTIONS SHALL NOT BE A GROUND TO DENY OR REDUCE THE RETIREMENT BENEFITS OR OTHER SOCIAL SECURITY BENEFITS DUE TO A GSIS MEMBER.

(B) PERIODS COVERING DATES WHEN SAID PREMIUMS WERE NOT REMITTED BY THE EMPLOYER OR REMITTING OFFICER CONCERNED SHALL REMAIN TO BE A CREDITABLE PERIOD OF SERVICE FOR RETIREMENT PURPOSES.

SECTION 4. PENALTY. FAILURE OF ANY EMPLOYER, REMITTING OFFICER OR EMPLOYEE OF THE GOVERNMENT SERVICE INSURANCE SYSTEM DESIGNATED TO FULFILL THE PROVISIONS OF THIS ACT SHALL BE PUNISHED BY A FINE OF NOT LESS THAN PHP 50,000 NOR MORE THAN PHP 100,000 AND BY IMPRISONMENT OF NOT LESS THAN SIX (6) YEARS NOR MORE THAN TWELVE (12) YEARS.

SECTION 5. *Separability Clause.* Should any provisions of this Act or any part thereof be declared unconstitutional or invalid, other parts or provisions hereof not affected shall remain in full force and effect.

SECTION 6. *Repealing Clause.* All laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SECTION 7. This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation or in the Official Gazette.

Approved,