


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 SEP 17 1954

SENATE

RECEIVED BY: 

S. No. 1604

Introduced by Senator JUAN MIGUEL F. ZUBIRI

EXPLANATORY NOTE

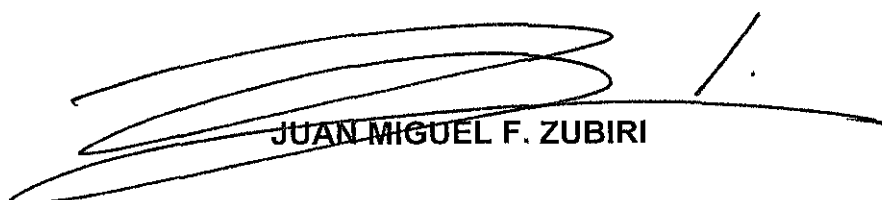
Economic instability is one of the reasons why basic social services have to be assured for our people. It is with providing efficient basic social services that the government is most helpful in absorbing the wrecking effects of an unstable economy. Where prices go up and income remains the same, the poor and even the average person, would have to resort to contracting loans just to meet his family's basic needs.

Such a cushion is one function that the Social Security System (SSS) provides. However, certain provisions in the law make it hard for the true benefits offered by SSS accessible to its members. Under its charter, the SSS requires delinquent payers to pay 3 per cent per month interest on their unpaid principal. This is equivalent to 36 per cent per annum or three to four times the normal interest charges by local banks. In the face of economic crisis, many companies have unpaid delinquent accounts for the past three years. With the high interest and penalties imposed by the SSS, obligations of these delinquent companies ballooned to more than double resulting to a 72 per cent of all companies in the country having unpaid accounts; with 49 per cent of these located in the National Capital Region.

With the present policy of the SSS in not accepting installments for payments of account without first settling the interest and penalties from companies, SSS members are unable to avail of their benefits such as loans without their employers settling their accounts.

Having a condonation on payment of interests and penalties during the time of President Aquino in 1987 and President Ramos, the same is again called for, so that delinquent accounts will be settled and enable SSS members to avail of their benefits.

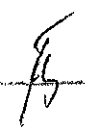
In view of the foregoing, approval of this bill is earnestly requested.


JUAN MIGUEL F. ZUBIRI

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AN ACT
AUTHORIZING THE CONDONATION OF PENALTIES ON DELINQUENT SOCIAL
SECURITY CONTRIBUTIONS AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Notwithstanding the provisions of Sec. 30 of Republic Act No. 1161,
2 as amended by Republic Act No. 8282, any employer who is delinquent or has not
3 *remitted all contributions due and payable to the Social Security System (SSS) may,*
4 *without incurring the prescribed penalty:*

- 5 a) *Remit all such delinquent contributions within a period of twelve (12) months*
6 *from the effectivity of this Act; or*
- 7 b) *Submit in writing a proposal to pay in installment such delinquent contribution*
8 *within a period of six (6) months from the effectivity of this Act.*

9 *Provided:* That the employers shall submit together with his remittance or
10 *installment proposal the corresponding correction list.*

11 **SECTION 2.** *In the event an employer chooses to submit an installment*
12 *proposal, the SSS may give due course and approve the same, subject to the*
13 *implementing rules and regulations as the Social Security Commission shall prescribe.*
14 *Provided,* that the employer shall remit, upon the submission of the installment
15 *proposal, a down payment of not less than five percent (5%) of its total contribution*
16 *delinquency; Provided further,* that the employer shall remit the balance thereof in equal
17 *monthly installments within a period not exceeding thirty six (36) months from the date*
18 *of approval of the proposal, and Provided finally,* that such delinquent contributions
19 *covered in the installment plan shall bear an interest of not more than twelve percent*
20 *(12%) per annum.*

21 **SECTION 3.** The penalty provided under Section 22(a) of Republic Act No. 8282

1 shall be condoned by virtue of this Act when and until all the delinquent contributions
2 are remitted by the employer to the SSS. Provided, that in case the employer fails to
3 remit in full the required delinquent contributions, or defaults in payment of any
4 installment in the approved proposal, within the availment period as provided in this Act,
5 the penalties are deemed reimposed from the time the contributions first became due
6 until the delinquent account is paid in full. The revised penalty shall be not more than
7 twelve percent (12%) per annum.

8 **SECTION 4.** This Act shall take effect fifteen (15) days after its complete
9 publication in the Official Gazette or in at least two (2) national newspapers of general
10 circulation, whichever comes earlier.

11 Approved,