

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

7 OCT 16 1959

SENATE  
S. No. 1726

RECEIVED BY: [Signature]

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article II, Section 18 mandates the State to protect the rights of workers and promote their welfare. The Labor Code, as amended, Article 3, provides that the State shall afford protection to labor, promote full employment, ensure equal work opportunities regardless of sex, race or creed and regulate the relations between workers and employers.

Republic Act No. 1161, as amended, otherwise known as the Social Security Law, penalizes non-remittance of contributions to the Social Security System by employers with a fine equivalent to three percent (3%) per month from the date the contributions falls due until paid or imprisonment of not less than six months nor more than one year, or both at the discretion of the court. However, many employers continue to violate this provision presumably because of the minimal fines imposed. This bill seeks to increase the penalty by imposing imprisonment of not less than six months and one day to six years and/or a fine equivalent to not less than the total contributions unremitted plus three percent (3%) monthly interest from the date the contribution fails due. Increasing the fine and imposing a higher penalty of imprisonment will deter unscrupulous employers in violating the law by just opting to pay the fine presently imposed.\*

*Miriam Defensor Santiago*  
MIRIAM DEFENSOR SANTIAGO  
*[Signature]*

\* This bill was originally filed during the Thirteenth Congress, First Regular Session,

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7 OCT 16 13:30

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1 AN ACT  
2 AMENDING REPUBLIC ACT NO. 1161, ALSO KNOWN AS THE SOCIAL SECURITY  
3 LAW, AS AMENDED, INCREASING THE PENALTIES FOR NON-REMITTANCE OF  
4 CONTRIBUTIONS TO THE SOCIAL SECURITY SYSTEM BY THE EMPLOYER

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

7 SECTION 1. Republic Act No. 1161, otherwise known as the Social Security Law, as  
8 amended, Section 28, Paragraph (e) is amended to read as follows:

9 "Sec. 28 – Penal Clause—

10 xxx xxx xxx

11 (e) Whoever fails or refuses to comply with the provisions of this Act or  
12 with the rules and regulations promulgated by the Commission, shall be  
13 punished by a fine of not less than Five Hundred Pesos (P500.00) nor  
14 more than Five thousand Pesos (P5,000.00) or imprisonment for not less  
15 than six months nor more than one year, or both, at the discretion of the  
16 court: Provided, That where the violation consists in failure or refusal to  
17 register employees or himself in case of the covered self-employed or to  
18 deduct contributions from the employees' compensation [AND REMIT  
19 THE SAME TO THE SSS], the penalty shall be a fine of not less than  
20 Five Hundred Pesos (P500.00) nor more than Five thousand Pesos  
21 (P5,000.00) and imprisonment for not less than six months nor more than  
22 one year; Provided further, that FAILURE OR REFUSAL TO PAY OR  
23 REMIT CONTRIBUTIONS SHALL BE PUNISHABLE BY A FINE OF  
24 AN AMOUNT EQUIVALENT TO NOT LESS THAN THE TOTAL

1 CONTRIBUTIONS DUE OR WITHHELD, WHICHEVER IS HIGHER,  
2 OR IMPRISONMENT OF NOT LESS THAN SIX MONTHS AND ONE  
3 DAY TO SIX YEARS, OR BOTM AT THE DISCRETION OF THE  
4 COURT (As amended by Sec. 19, RA 1792, Sec. 16, RA 2658, Sec. 8  
5 P.D. 177, S-1973 and Sec. 20, P.D. 1636, S-1979)

6 SECTION 2. *Repealing Clause.* – Any law, presidential decree or issuance, executive  
7 order, letter of instruction, administrative order, rule and regulation contrary to, or inconsistent  
8 with the provisions of this Act, is hereby repealed, modified, or amended accordingly.

9 SECTION 3. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication  
10 in two (2) newspapers of general circulation.

11 Approved,