

THIRTEENTH CONGRESS OF THE RESPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
OFFICE OF SECRETARY

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SENATE
S. B. No. 1601

RECEIVED BY:

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 2, 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

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AN ACT
AMENDING REPUBLIC ACT NUMBER ELEVEN HUNDRED SIXTY ONE, ALSO
KNOWN AS THE SOCIAL SECURITY LAW, AS AMENDED INCREASING THE
PENALTIES FOR NON-REMITTANCE OF CONTRIBUTIONS TO THE SOCIAL
SECURITY SYSTEM BY THE EMPLOYER

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

SECTION 1. Paragraph (e) of SECTION 28 of the Social security Law is hereby further
amended to read as follows:

“Sec. 28 – Penal Clause—

xxx

xxx

xxx

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

MONTHS AND ONE DAY TO SIX YEARS, OR BOTH AT THE DISCRETION OF THE COURT (As amended by Sec. 19, RA 1792, Sec. 16, RA 2658, Sec. 8 P.D. 177, S-1973 and Sec. 20, P.D. 1636, S-1979)

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administrative order, rule and regulation contrary to, or inconsistent with the provisions of this Act, is hereby repealed, modified, or amended accordingly.

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

Approved.