



SENATE
S. No. 1010

'19 SEP -4 P2 :09

Introduced by Senator Manuel "Lito" M. Lapid

RECEIVED

AN ACT
IMPOSING STIFFER PENALTIES FOR THE NON-REMITTANCE OF
MANDATORY GOVERNMENT CONTRIBUTIONS

EXPLANATORY NOTE

Article II, Section 18 of the 1987 Constitution recognizes the role of labor as a primary social economic force and mandates that the State shall protect the rights of workers and promote their welfare. Pursuant to this State Policy, laws have been enacted that requires employers to deduct certain amounts from the salaries and wages of workers as their mandatory contributions to social welfare programs. These are the deductions required under the Social Security Law, the Universal Health Care Law and the Home Development Mutual Fund or Pag-IBIG (Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industria at Gobyerno) Fund.

Despite the mandatory nature of these contributions, it is common knowledge that many employees especially in blue collar jobs are being defrauded by their employers who deduct yet fail to remit the same to the government agencies concerned. Our unknowing workers only discover these malicious schemes by the time that their claim for benefits or loan applications are denied because of delinquency, non-registration or non-remittance.

The statistics reveal the grim reality.

Based on a recent report of PhilHealth, it recorded a total of 17,699 employers which are non-remitting and/or non-reporting as of December 2017¹. The Pag-IBIG

¹https://www.philhealth.gov.ph/partners/employers/NonRemitting_NonReportingEmployers_122017.pdf

Fund is not spared from this fraudulent scheme. Evidence of this is the implementation of the Penalty Condonation Program to encourage delinquent employers to settle their obligations relating to non-remittance and/or non-registration of employees. Since its launch, almost 6,100 employers of the condonation program resulting to the collection of P260 million in monthly savings for over 194,000 employees who were previously deprived of their benefits². On the part of SSS, the agency just recently implemented the Contribution Penalty Condonation Program to allow delinquent employers to settle the unpaid premiums of their employees. But despite this program, there are still more than 115,000 delinquent employers who have not yet availed of the program³.

This deplorable pattern of neglect and non-compliance with the law necessitates a stiffer regime of punitive measures against errant employers. This bill proposes life imprisonment as the punishment for non-remittance of government-mandated contributions that constitutes as economic sabotage as defined herein, i.e. when carried out by a syndicate consisting of three or more persons or committed in large-scale against three or more persons, whether individually or as a group. For simple non-remittance, the penalty imposable is reclusion temporal to reclusion perpetua. This will thereby make this crime as a non-bailable offense.

Thus, early passage of this bill is earnestly sought.


MANUEL "LITO" M. LAPID
Senator 

² <https://pia.gov.ph/news/articles/1022095>

³ <https://www.pna.gov.ph/articles/1073373>



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

1 SECTION 1. *Declaration of Policy.* – It is hereby declared as a policy of the
2 State to protect the rights and welfare of workers from the fraudulent and malicious
3 non-remittance of the deductions to their salary and wages committed by their
4 employers.

5 Sec. 2. *Simple Non-Remittance.* – Any employer who, after deducting the
6 monthly contributions, collections, or loan amortizations from his employee's
7 compensation as required under Republic Act No. 9679 or the Home Development
8 Mutual Fund (Pag-IBIG) Law of 2009, Republic Act No. 11223 or the Universal
9 Health Care Act, and Republic Act No. 11199 or the Social Security Act of 2018, fails
10 to remit said deductions to the Pag-IBIG, PhilHealth or SSS, as the case may be,
11 within thirty (30) days from the date they became due, shall be presumed to have
12 misappropriated such contributions, collections or loan amortizations and shall suffer
13 the penalty of reclusion temporal.

1 *Sec. 3. Non-Remittance as Economic Sabotage.* - The crime of non-remittance
2 constitutes economic sabotage if committed by a syndicate or in large-scale. It is
3 deemed committed by a syndicate if carried out by three or more persons conspiring
4 or confederating with one another. It is deemed committed in large-scale if
5 committed against three or more persons, whether individually or as a group.

6 The imposable penalty for the crime of non-remittance as economic sabotage
7 shall be reclusion perpetua.

8 *Sec. 4. - Separability Clause.* - Should any provision of this Act or the
9 application thereof to any person or circumstance be held invalid, the other
10 provisions or sections of this Act shall not be affected thereby.

11 *Sec. 5. - Repealing Clause.* – Section 25 of Republic Act No. 9679, Section 38
12 (d) (1) of Republic Act No. 11223 and Section 28 (h) of Republic Act No. 11199 are
13 hereby amended or modified accordingly. All laws, decrees, executive orders, rules
14 and regulations or parts thereof which are inconsistent with this Act are hereby
15 repealed, amended or modified accordingly.

16 *Sec. 6. Effectivity Clause.* - This Act shall take effect fifteen (15) days
17 following its publication in the Official Gazette or in at least two (2) newspapers of
18 general circulation.

19 Approved,