

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

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SENATE

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Senate Bill No. 706

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

The Constitution, Article 11, Section 18, mandates the State to protect the rights of workers and promote their welfare. Article 3 of the Labor Code, as amended, 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 of not less than Five Thousand Pesos (P5,000.00) nor more than Twenty Thousand Pesos (P20,000.00) or imprisonment of not less than six (6) years and one (1) day nor more than twelve (12) years, 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 a fine of not less than Ten Thousand Pesos (P10,000.00) nor more than Fifty Thousand Pesos (P50,000.00). In addition, an employer who fails or refuses to remit the employees' contributions to the SSS shall be liable to pay an interest of six percent (6%) per month computed based on the unremitted contributions. 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.

Immediate passage of this bill is earnestly sought.


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT

AMENDING REPUBLIC ACT NUMBERED 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 House of Representatives of the Philippines in Congress assembled:

SECTION 1. Paragraph (e) of Section 28 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"Sec. 28. Penal Clause. -

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"(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] TEN thousand pesos [P5,000.00] (P10,000.00) nor more than [Twenty] FIFTY thousand pesos [P20,000.00] (P50,000.00) or imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years, 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] TEN Thousand Pesos [P10,000] (P10,000.00) nor more than [Twenty] FIFTY Thousand Pesos [P20,000] (P50,000.00) and imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years; *Provided Further*, That FAILURE OR REFUSAL TO PAY OR REMIT CONTRIBUTIONS, THE ERRING EMPLOYER SHALL, IN ADDITION TO THE FINE, BE LIABLE TO PAY INTEREST AT THE RATE OF SIX PERCENT (6%) PER MONTH COMPUTED BASED ON THE UNREMITTED CONTRIBUTIONS, FROM THE DATE THE CONTRIBUTIONS FALL DUE UNTIL THE AMOUNT IS FULLY REMITTED.

SEC 2. Separability Clause. If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC 3. Repealing Clause. Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation *contrary* to or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC 4. Effectivity Clause. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,