

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

House Bill No. 3265



Introduced by Rep. Roberto C. Cajés

EXPLANATORY NOTE

This Bill seeks to amend Sections 8(f) and 22 (a) of Republic Act No. 8282 otherwise known as “AN ACT FURTHER STRENGTHENING THE SOCIAL SECURITY SYSTEM THEREBY AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 1161 AS AMENDED, OTHERWISE KNOWN AS THE SOCIAL SECURITY LAW”

In lieu of the financial difficulties being experienced by many of the middle and small scale local entrepreneurs, both local and foreign, this Bill seeks to improve business climate and remove some barriers which retard economic growth and development in the country.

Under Section 22 of Republic Act 8282, that every employer who failed to deduct and to remit such contributions shall pay a penalty of three (3) percent per month from the date the contribution falls due until it is paid. Accordingly, the penalty therefore is equivalent to an annual penalty of Thirty Six (36%) per cent which is onerous and burdensome to the companies experiencing heavy financial losses due to peso devaluation, oil price hike, pervading cloud of fiscal crisis, among others.

Delays in the remittance of SSS contributions are not entirely due to lack of interest or honest compliance on the part of the employers but simply due to financial difficulties being encountered as a result of the prolonged economic slump in the country. The prevalent economic and financial conditions compel most of the medium and small scale companies to prioritize the payment of wages and other benefits of their employees instead of strictly paying their remittances with the SSS. Unfortunately, however, the penalty of 36% per annum provided by the said Act would further aggravate the problems of these companies. These companies might close their shops than to incur heavy financial losses. The result of this will be massive lay-offs in the industrial and service sectors, which will directly hit the poor.

If the government can extend tax amnesty to the companies and corporations for their tax obligations with the Bureau of Internal Revenue, it is likewise more prudent to give consideration to companies and corporations by reducing the penalty from 3% to 1%. The 1% penalty is justifiable to a company that is capable of paying its remittances and this can give more financial flexibility to small and medium enterprises.

In the same breath, the employers are likewise concerned to a bigger take home pay of the employees considering the diminishing purchasing power of their incomes. The employers are giving allowances and other remunerations to augment the daily needs of its employees. The inclusion of the employees' cost of living allowances and the cash value of other remunerations would only reduce their take home pays.

Hence, the proposed reduction of the rate of penalty and amendment of Section 8 (f) are primarily intended to encourage more investments and prevent massive labor lay-offs in the country in the next few years. The reduction of the penalty would likewise persuade more companies to remit their monthly contributions to the SSS.

In view thereof, the swift approval of this Bill is earnestly sought.



Rep. **ROBERTO C. CAJES**

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AN ACT
AMENDING SECTIONS 8 (f) AND 22 (a) OF THE REPUBLIC ACT NO. 8282
OTHERWISE KNOWN AS THE SOCIAL SECURITY ACT OF 1997

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

SECTION 1. Section 8 (f) of the Republic Act 8282 is hereby amended as follows;

Section 8 (f) *Compensation* – All **BASIC** [actual] remuneration for employment, **EXCLUDING** [including] the mandated cost of living allowance, as well as the cash value of remuneration paid in any medium other than cash. [except that part of the remuneration received during the month in excess of the maximum salary credit as provided under Section 18 of this Act.]

SECTION 2. Section 22 (a) of the Republic Act 8282 is hereby amended as follows;

“Section 22. (a) *Remittance of Contributions*- The contribution imposed in the preceding Section shall be remitted to the SSS within the first ten (10) days of each calendar month following the month for which they are applicable or within such time as the Commission may prescribe. Every employer required to deduct and to remit

such contribution shall be liable for their payment and if any contribution is not paid to the SSS as herein prescribed, he shall pay besides the contribution as penalty thereon of **ONE (1%) PER CENT** [three percent (3%)] per month from the date the contribution falls due until paid. If deemed expedient and advisable by the Commission, the collection and remittance of contributions shall be made **IN THE FIRST TEN (10) DAYS OF THE SUCCEEDING MONTH.** [quarterly or semi-annually in advance, the contributions payable by the employees to be advanced by their respective employers: *Provided*, That upon separation of an employee, any contribution so paid in advance but not due shall be credited or refunded to his employer”]

SECTION 3.- This Act shall take effect immediately 15 days after its publication in the Official Gazette.

Approved,