

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

Sixteenth Congress  
Second Regular Session



House Bill No. **5342**

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Introduced by AKBAYAN Representatives  
Ibarra "Barry" M. Gutierrez III and Walden F. Bello

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**EXPLANATORY NOTE**

The annual report of the Social Security System for the year 2012 states that through the SSS Loan Condonation Program for individual members – which granted partial to full amnesty on loan penalties to about 208,502 *delinquent* borrowers – the System was able to collect a total of Php 2.878 billion, an amount which *surpassed* the 2012 target of Php 2.432 billion. This means that delinquent borrowers would more likely avail themselves of a condonation program to pay loans but would avoid settlement of mandatory obligations without such a program because of the fear of high rates of penalties accumulated through the years.

This bill seeks to provide the Social Security Commission the authority to compromise, waive or release, in whole or in part, penalties imposed upon delinquent contributions whenever an employer demonstrates a clear inability to pay assessed delinquencies. More importantly, this measure would be a welcome development for ordinary and privately employed individual-members of the System, who would be able to avail of the privileges enjoyed by members of good standing which would otherwise not be available under the existing law.

Under Section 22 (a) of Republic Act No. 1161 or the *Social Security Law* a penalty of three percent a month is assessed on unremitted contributions. For troubled companies which do not want to be delinquent in the first place, this penalty and the presumptive delinquency under Republic Act No. 1161, is a nightmare they would not want to face.

This measure provides a strong incentive for those that have been arrears on their principal payments for their employees' contributions to immediately settle what is due and overdue because of the possibility of eliminating the huge burden of dealing with delinquency penalties.

In view of the foregoing, immediate approval of this measure is earnestly sought.



IBARRA "BARRY" M. GUTIERREZ III



WALDEN F. BELLO

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**AN ACT**  
**AUTHORIZING THE SOCIAL SECURITY COMMISSION TO CONDONE**  
**PENALTIES ON DELINQUENT CONTRIBUTIONS, FURTHER**  
**AMENDING REPUBLIC ACT NO. 1161, OTHERWISE KNOWN AS THE**  
**"SOCIAL SECURITY LAW"**

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

1 **SECTION 1. *Amendatory provision.***—Section 4(a) of Republic Act No. 1161, as  
2 amended, is hereby further amended to read as follows:

3

4 "Section 4. Powers and duties of the Commission and of the  
5 SSS.—

6

7 (a) *The Commission.*—For the attainment of its main  
8 objectives as set forth in Section 2 hereof, the  
9 Commission shall have the following powers and duties:

10

11 (1) To adopt, amend and rescind, subject to the  
12 approval of the President of the Philippines, such rules  
13 and regulations as may be necessary to carry out the  
14 provisions and purposes of this Act;

15

16 (2) To establish a provident fund for the members  
17 which will consist of voluntary contributions of  
18 employers and/or employees, self-employed and  
19 voluntary members and their earnings, for the payment of  
20 benefits to such members or their beneficiaries, subject to

1 such rules and regulations as it may promulgate—~~and~~  
2 ~~approved by the President of the Philippines;~~

3  
4 (3) To maintain a provident fund which consists of  
5 contributions made by both the SSS and its official  
6 employees and their earnings, for the payment of benefits  
7 to such officials and employees or their heirs under such  
8 terms and conditions as it may prescribe;

9  
10 (4) To approve restructuring proposals for the  
11 payment of due but unremitted contributions and unpaid  
12 loan amortizations under such terms and conditions as it  
13 ay prescribe;

14  
15 (5) To authorize cooperatives registered with the  
16 cooperative development authority or associations  
17 registered with the appropriate government agency to act  
18 as collective agents of the SSS with respect to their  
19 members: *Provided*, That the SSS shall accredit the  
20 cooperative or association: *Provided, further*, That the  
21 persons authorized to collect are bonded;

22  
23 (6) To compromise or release, in whole or in part, any  
24 interest, penalty or any civil liability to SSS in connection  
25 with the investments authorized under Section 25 hereof,  
26 under such terms and conditions as it may prescribe—~~and~~  
27 ~~approved by the President of the Philippines; and~~

28  
29 (7) Any law to the contrary notwithstanding, to  
30 condone, compromise, waive or release, in whole or in  
31 party, such penalties imposed upon delinquent employers  
32 regardless of the amount involved, under such terms and  
33 conditions it may prescribe when the financial condition  
34 of the employer demonstrates a clear inability to pay the  
35 assessed delinquency.

36  
37 The Commission shall submit to both the Senate of the  
38 Philippines and to the House of the Representatives of  
39 the Philippines an annual report on the exercise of its  
40 power under this Subsection in order to determine that  
41 the said power was reasonably exercised and that the SSS  
42 is not unduly deprived of revenues, stating therein the  
43 following facts and information, to wit: Names and  
44 addresses of employers whose penalty delinquencies have  
45 been the subject of compromise or condonation, Amount  
46 involved, Amount compromised or condoned, and the  
47 Reason/s for the exercise of the said power.

48  
49 (8) To approve, confirm, pass upon or review any and  
50 all actions of the SSS in the proper and necessary exercise  
51 of its powers and duties hereinafter enumerated.”

1

2 **SECTION 2. *Implementing rules and regulations.***—The implementing rules and  
3 regulations to carry out the amendments introduced by this Act shall be adopted and  
4 promulgated by the Commission not later than ninety (90) days after the effectivity of  
5 this Act.

6

7 **SECTION 3. *Separability clause.***—If, for any reason, any part, section or provision of  
8 this Act is held invalid or unconstitutional, the remaining provisions not affected thereby  
9 shall continue to be in full force and effect.

10

11 **SECTION 3. *Repealing clause.***—All laws, decrees, orders, rules, regulations and other  
12 issuances or parts thereof which are inconsistent with the provisions of this Act are  
13 hereby repealed or modified accordingly. Republic Act No. 1161 is amended accordingly.

14

15 **SECTION 4. *Effectivity clause.***—This Act shall take effect fifteen (15) days after the  
16 completion of its publication in the Official Gazette or in at least two (2) newspapers of  
17 general circulation.

Approved,