

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 4735



Introduced by BAYAN MUNA Rep. CARLOS ISAGANI T. ZARATE

**AN ACT INCREASING PENALTIES FOR EMPLOYERS WHICH FAILS TO
REMIT SSS CONTRIBUTIONS OF THEIR EMPLOYEES AMENDING
PARAGRAPH (h), SECTION 28 OF REPUBLIC ACT 8282, AS AMENDED
OTHERWISE KNOWN AS THE "SOCIAL SECURITY LAW" FOR THAT
PURPOSE**

EXPLANATORY NOTE

In line with the constitutional mandate to protect the rights of workers and promote their welfare, the Social Security Law penalizes employers for failure or refusal to pay or remit contributions to the Social Security System with a fine and imprisonment. Despite this penal sanction though, many employers continue to violate this provision to the detriment of workers who are not only denied the benefits that may be availed of but also the funds deducted from their already meager wages. Some employers, especially big companies with a large number of employees, have no qualms about violating the said provision of the law because they could just opt for the payment of the negligible fines presently imposed therein or opt for condonation or amnesty from government.

To address the problem of non-remittance by delinquent employers, which is estimated to have reached 164,111 employers in the first month of 2010 and amounted to P94 -billion of receivables from unpaid contributions to the SSS, RA 9903 or the Social Security Condonation Law of 2009 was passed in January 2010. The said Condonation Law should serve as a reprieve for employers to settle their delinquent status.

Yet despite such law, employers and companies have stubbornly and willfully violated the mandatory remittance of contributions, as provided in the SSS Charter. Such prevalence of delinquent employers has been so wide that SSS could not now even track consistently how many delinquent employers are there. Newly-appointed SSS Chair Amado Valdez ordered the prosecution of about 34,000 employers nationwide who have deliberately failed to settle a total of PHP 1.4 billion in contributions. Apparently, these figures run inconsistent with the Commission on Audit's 2015 Audit Report on SSS, which observed that there are 13,886 delinquent employers as of December 2015, with unsettled contributions and penalties totaling PHP 4.845 billion, in the National Capital Region alone.

The need to stringently go after delinquent employers should come critical with the recent order of Pres. Rodrigo Duterte to grant the first tranche of the PHP 2000 pension hike. While we laud the fruits of the struggle of our pensioners and workers, we maintain the position that there is no need to have a premium hike as a complement to the pension hike,

considering the glaring failure of SSS to institute reforms in collection and investment, as manifested by the significant number of delinquent employers.

Because it is the millions of employees who are the most affected by this fraud, the government should ensure to protect the rights of the employees who were regularly deducted their SSS contributions but are being denied their benefits and privileges because of their employers' failure to remit their contributions.

Thus, to deter unscrupulous employers from further violating the law, this bill seeks to increase the penalty for committing the infraction that is inimical to the welfare of workers by increasing the penalty of employers who fail to remit the funds they deducted from their employees and imposing steeper fines for such a violation. The Bill also aims to help the victim-employees by commanding that half of any fine imposed on these unscrupulous employers should be given to the aggrieved employee.

We ask for your support and immediate approval and that this Bill be immediately referred to the *Committee on Government Enterprises and Privatization* for appropriate action.

Approved,


Rep. CARLOS ISAGANI T. ZARATE
Bayan Muna Party-List

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

SECTION 1. Paragraph (h) of Section 28 of Republic Act No. 8282, as amended, is hereby further amended to read as follows:

"Sec. 28. Penal Clause. -

"(h) Any employer who, after deducting the monthly contributions or loan amortizations from his employee's compensation, fails to remit the said deduction to the

SSS within thirty (30) days from the date they became due, shall be presumed to have misappropriated such contributions or loan amortizations and shall suffer [the penalties provided in Article Three hundred fifteen of the Revised Penal Code.] A FINE OF TWENTY FIVE THOUSAND PESOS (P25,000.00) AND AN ADDITIONAL TWENTY THOUSAND PESOS (P20,000.00) FOR EVERY TEN THOUSAND PESOS WITHHELD AND IMPRISONMENT OF NOT LESS THAN EIGHT YEARS (8) NOR MORE THAN FOURTEEN (14) YEARS.

SEC. 2. *Repealing Clause.* Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation inconsistent with this Act is hereby repealed, modified or amended accordingly.

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

Approved,