

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7401



INTRODUCED BY
REP. ALFRED VARGAS

AN ACT
RATIONALIZING AND EXPANDING THE POWERS AND DUTIES OF THE
SOCIAL SECURITY COMMISSION AND THE SOCIAL SECURITY SYSTEM,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED
BY REPUBLIC ACT NO. 8282, OTHERWISE KNOWN AS THE
“SOCIAL SECURITY ACT OF 1997”

EXPLANATORY NOTE

A social insurance program like the Social Security System (SSS) helps provide benefits for retired SSS members in forms of pension among others. With the increase in the minimum monthly pension approved by President Rodrigo Duterte last 2017, the SSS Commission was tasked to also increase the contribution rate for members on the same year.

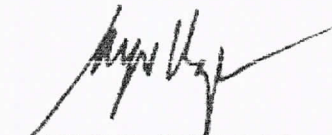
In terms of striking a balance between the people's paying capacity and the complex realities of institutional financial management, we can only surmise that necessary structural reforms are needed to empower and enable the SSS Commission to adapt and harmonize the low absorptive capacity and design flaws of the SSS, the Commission, and its members.

This bill seeks to propose the following reforms:

1. Empowering the SSS Commission to condone, enter into a compromise, or release in whole or in part, penalties imposed upon delinquent social security contributions;
2. Enabling the Commission to determine and fix the minimum and maximum monthly contributions of SSS members;

3. Enabling the SSS to provide for feasible increases in benefits without President approval and allowing for a corresponding increase in the rates of contribution.

In view of the foregoing, the immediate passage of this bill is urgently sought.



ALFRED VARGAS

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS

Second Regular Session

House Bill No. 7401

**INTRODUCED BY
REP. ALFRED VARGAS**

**AN ACT
RATIONALIZING AND EXPANDING THE POWERS AND DUTIES OF THE
SOCIAL SECURITY COMMISSION AND THE SOCIAL SECURITY SYSTEM,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED
BY REPUBLIC ACT NO. 8282, OTHERWISE KNOWN AS THE
“SOCIAL SECURITY ACT OF 1997”**

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

SECTION 1. Short Title. – The Act shall be known as the “SSS Reform Act”

**SECTION 2. Section 4 of Republic Act No. 1161, as amended, is hereby
further amended to read as follows:**

“SEC. 4. *Powers and Duties of the Commission and SSS.*- (a) The
Commission.- For the attainment of its main objectives as set forth in
Section 2 hereof, the Commission shall have the following powers and
duties:

“(2) To establish a provident fund for the members which will
consist of voluntary contributions of employers and/or employees,
self-employed and voluntary members and their earnings, for the
payment of benefits to such members or their beneficiaries, subject to
such rules and regulations as it may promulgate [~~and approved by the
President of the Philippines~~];

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

"ANY LAW TO THE CONTRARY NOTWITHSTANDING, TO CONDONE, ENTER INTO A COMPROMISE, OR RELEASE, IN WHOLE OR IN PART, PENALTIES IMPOSED UPON DELINQUENT SOCIAL SECURITY CONTRIBUTIONS REGARDLESS OF THE AMOUNT INVOLVED UNDER SUCH VALID TERMS AND CONDITIONS IT MAY PRESCRIBE WHEN THE FINANCIAL POSITION OF THE EMPLOYER DEMONSTRATES A CLEAR INABILITY TO PAY THE ASSESSED DELIQUENCY.

"THE COMMISSION SHALL SUBMIT TO BOTH THE SENATE AND HOUSE OF REPRESENTATIVES OF THE PHILIPPINES AN ANNUAL REPORT ON THE EXERCISE OF THE POWERS UNDER THIS PROVISIONS, STATING THEREIN THE FOLLOWING FACTS AND INFORMATION, AMONG OTHERS: NAMES AND ADDRESSES OF EMPLOYERS WHOSE PENALTY DELIQUENCIES HAVE BEEN THE SUBJECT OF COMPROMISE OR CONDONATION; AMOUNT INVOLVED; AMOUNT COMPROMISED OR CONDONED; AND THE JUSTIFICATIONS THEREON, TO DETERMINE THAT SAID POWERS ARE REASONABLY EXERCISED AND THAT THE SSS IS NOT UNDULY DERIVED OF REVENUES;

"(8) TO DETERMINE AND FIX FROM TIME TO TIME, THROUGH RULES AND REGULATIONS, THE MINIMUM AND MAXIMUM MONTHLY SALARY CREDITS OF MEMBER-EMPLOYEES, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS OF EMPLOYERS AND MEMBER-EMPLOYEES, THE RATE OF PENALTY ON DUE BUT UNREMITTED CONTRIBUTIONS OF EMPLOYERS AND MEMBER-EMPLOYEES AND UNPAID LOAN AMORTIZATIONS OF MEMBER-EMPLOYEES, TAKEN INTO CONSIDERATION ACTUARIAL CALCULATIONS, RATE OF BENEFITS, INFLATION, AND OTHER RELEVANT SOCIOECONOMIC DATA; AND

"(9) TO DEVELOP AND ADMINISTER A SEPARATE AND SPECIAL SOCIAL SECURITY PROGRAM FOR VOLUNTARY AND SELF-EMPLOYED MEMBERS, INCLUDING OTHER MEMBER CLASSIFICATIONS WITH UNIQUE ECONOMIC SITUATIONS, AS DETERMINED BY THE COMMISSION; PROVIDED, THAT THE SPECIAL PROGRAM MAY HAVE DIFFERENT CONTRIBUTIONS, PENSION AND BENEFIT SCHEMES, WHICH MUST BE FAIR AND EQUITABLE, ACTUARIALLY SOUND AND VIABLE, AND DESIGNED TO ADDRESS THE NEEDS AND CIRCUMSTANCES OF VOLUNTARY AND SELF-EMPLOYED MEMBERS; PROVIDED, FURTHER, THAT THE SPECIAL PROGRAM SHALL ENJOY THE SAME LEGAL PRIVILEGES AS THE REGULAR SOCIAL SECURITY SYSTEM;

"[(7)] (10) To approve, confirm, pass upon or review any and all actions of the SSS in the proper and necessary exercise of its powers and duties hereinafter enumerated.

"The Social Security System. - Subject to the provisions of Section [four (4)], [paragraph seven(7)] **SUBSECTION (A.9)** hereof, the SSS shall have the following powers and duties:

"x x x

"(2) To require the actuary to submit a valuation report on the SSS benefit program every four (4) years, or more frequently as may be necessary, to undertake the necessary actuarial studies and calculations concerning increases in benefits taking into account inflation and the financial stability of the SSS, **THE INDIVIDUAL INCOME GAP AND POVERTY THRESHOLD OR THE ELDERLY, SIMILAR BENEFITS PROVIDED BY OTHER SOCIAL PROTECTION PROGRAMS OF THE GOVERNMENT**, and to provide for feasible increases in benefits every four (4) years, including the addition of new ones, under such rules and regulations as the commission may adopt [~~subject to the approval of the President of the Philippines~~]: Provided, That the actuarial soundness of the reverse fund shall be guaranteed [Provided, further, That such increases in benefits shall not require any increase in the rate of contribution];

"x x x."

SECTION 3. *Section 18, paragraph (a) of Republic Act No. 1161, as amended, is hereby deleted and a new paragraph shall be introduced to read as follows:*

"SEC. 18. EMPLOYEE'S CONTRIBUTION. - BEGINNING ON THE LAST DAY OF THE CALENDAR MONTH WHEN AN EMPLOYEE'S COMPLUSORY COVERAGE TAKES EFFECT AND EVERY ONTH THEREAFTER DURING HIS EMPLOYEMENT, THE EMPLOYER SHALL DEDUCT AND WITHHOLD FROM SUCH EMPLOYEE'S MONTHLY SALAR, WAGE, COMPENSATION OR EARNINGS, THE EMPLOYEE'S CONTRIBUTION IN AN AMOUNT CORRESPONDING TO HIS SALARY, WAGE, COMPENSATION OR EARNING DURING THE MONTH IN ACCORDANCE WITH THE MONTHLY SALARY CREDITS, SCHEDULE, AND THE RATE OF CONTRIBUTIONS AS MAY BE DETERINED AND FIXED BY THE COMISSION.

"THE MONTHLY SALARY CREDITS, SCHEDULE, AND RATE OF CONTRIBUTION SHALL ALSO APPLY TO SELF-EMPLOYED AND VOLUNTARY MEMBERS."

SECTION 4. *SEC. 3. Section 22, paragraph (a) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:*

“SEC. 22. Remittance of Contributions. – (a) 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 contributions shall be liable for their payment and if any contribution is not paid to the SSS as herein prescribed, ~~[he]~~ **THE DELIQUENT EMPLOYER** shall pay besides the contribution a penalty thereon [of three percent (3%) per month] from the date the contribution falls due until paid.

THE RATE OF THE PENALTY ON DELIQUENT CONTRIBUTIONS PER MONTH SHALL BE DETERMINED AND FIXED BY THE COMMISSION THROUGH RULES AND REGULATION. If deemed expedient and advisable by the Commission, the collection and remittance of contributions shall be made 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 5. *Implementing Rules and Regulations.* - The Commission shall promulgate the necessary rules and regulations to implement this Act not later than ninety (90) days after its effectivity.

SECTION 6. *Separability Clause.* – If, for any reason, any part, section or provision of this Act is held invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 7. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly. Republic Act No. 1161, as amended, is further amended accordingly.

SECTION 8. *Effectivity.* This Act shall take effect after fifteen (15) days after its publication either in the Official Gazette or in a newspaper of general circulation.

Approved,