



**EXCERPTS FROM THE MINUTES OF
THE THIRD (3RD) REGULAR COMMISSION MEETING
EMPLOYEES' COMPENSATION COMMISSION
SERIES OF 2019**

*Convened at ECC Board Room, 5th Floor, ECC Building, 355 Sen. Gil Puyat Ave.,
Makati City
Thursday, 27 June 2019 at 12:00 N.N.*

BOARD RESOLUTION NO. 19-06-21

***Adopting the Penalties for Failure to Remit SSS and GSIS Contributions as
provided under Republic Act (RA) No. 11199 and Republic Act No. 8291
Amending for this Purpose Rule V, Sec. 3 (4) of the Amended Rules on
Employees' Compensation***

WHEREAS, Article 207 [213] paragraph (a) of P.D. No. 626, as amended, partly provides:

"(a) The penal provision of Republic Act numbered eleven hundred sixty-one, as amended, and Commonwealth Act numbered one-hundred eighty-six, as amended, with regard to the funds as are thereunder being paid to, collected or disbursed by the System, shall be applicable to collection, administration and disbursement of the Funds under this Title.." (emphasis supplied)

WHEREAS, Section 21 paragraph (a) of Republic Act (R.A.) No. 1161 ("Social Security Law of 1954") partly provides:

SEC. 21. Collection and payment of contributions.—(a) xxx xxx 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 System within thirty days from its due date or the date prescribed for its remittance, he shall pay besides the contribution a penalty thereon of three per centum per month from the date the contribution falls due until paid..." (emphasis supplied, as amended by Sec. 12, P.D. No. 24, S-1972)

WHEREAS, R.A. No. 8282 ("Social Security Act of 1997") further amends R.A. No. 1161. Section 22 of R.A. No. 8282 partly provides:

*"SEC. 22. Remittance of Contributions. - (a) xxx xxx
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 shall pay besides the contribution a penalty thereon of three percent (3%) per month from the date the contribution falls due until paid..." (emphasis supplied)*

WHEREAS, R.A. No. 11199 ("Social Security Act of 2018") repeals R.A. No. 1161 and R.A. No. 8282. Section 22 paragraph (a) of Republic Act No. 11199 partly provides:

"SEC. 22. Remittance of Contribution. (a) xxx xxx 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, the delinquent employer shall pay besides the contribution a penalty thereon of two percent (2%) per month from the date the contribution falls due until paid..." [emphasis supplied]

WHEREAS, Section 6 of Commonwealth Act (C.A.) No. 186 ("An Act to Create and Establish a Government Service Insurance System, to Provide for its Administration, and to appropriate the Necessary Funds Therefor") partly provides:

"Sec. 6. Employer's premiums. xxx xxx

"The Board shall have the full power and authority to adopt rules and regulations for the collection and remittance of premiums or other amounts payable as provided in this Act and/or any indebtedness to the System, and impose a fine not exceeding the loss or damage that the System may suffer on the official or officials responsible for the delay or failure in collecting or remitting said premiums or indebtedness without prejudice to such other punishment as may be imposed in accordance with existing Civil Service rules and regulations..." (emphasis supplied)

WHEREAS, P.D. No. 1146 ("Amending, Expanding, Increasing and Integrating the Social Security and Insurance Benefits of Government Employees and Facilitating the Payment Thereof under Commonwealth Act No. 186, as amended, and for other Purposes") amends C.A. No. 186. Section 7 of P.D. No. 1146 provides:

"Section 7. Penalty for Non-Remittance or Delayed Remittances. Unremitted collections shall earn such interest as the Board may prescribe, not exceeding two percent per month from their due

date to the date of payment, payable by the employer.” (emphasis supplied)

WHEREAS, R.A. No. 8291 (“An Act Amending Presidential Decree No. 1146, as amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance Systems, Instituting Reforms therein and for other Purposes”) repeals C.A. No. 186 and P.D. No. 8291. Section 7 of R.A. No. 8291 provides:

“SEC. 7. Interest on Delayed Remittances.- Agencies which delay the remittance of any and all monies due the GSIS shall be charged interest as may be prescribed by the Board but not less than two percent (2%) simple interest per month. Such interest shall be paid by the employers concerned.” (emphasis supplied)

WHEREAS, considering that Article 213 (207) of P.D. No. 626, as amended, refers to the penal provisions of the prevailing SSS and GSIS laws on collection of contributions, the Commission finds the need to amend EC Rules in relation to the percentage or amount of penalty to be imposed on delinquent employers to avoid conflict and confusion vis-à-vis the rate of penalty being imposed by the SSS as provided under R.A. 11199 and by the GSIS as provided under R.A. 8291;

WHEREAS, Article 183 (177) of P.D. No. 626, as amended, empowers this Commission to approve rules and regulations governing the processing of EC claims:

NOW THEREFORE, ON MOTION DULY MADE AND SECONDED,

The Commission **RESOLVES AS IT HEREBY RESOLVED** to amend Rule V, Sec. 3 (4) of the Amended Rules on Employees’ Compensation which provides:

“RULE V-EMPLOYER’S CONTRIBUTION

xxx xxx

“SECTION 3. Penalty.- Any violation of the provisions on contribution under these Rules shall be penalized as follows:

xxx xxx

“(4) If any contribution is not paid to the SSS as prescribed under these Rules, the employer shall pay besides the contribution a penalty thereon of 3 percent a month from the date of the contribution falls due until paid.”

The said paragraph shall now read as follows:

"(4) If any EC contribution is not paid to the SSS or to the GSIS as herein prescribed, the delinquent employer shall pay besides the contribution a penalty thereon of two percent (2%) per month from the date the contribution falls due until paid."

RESOLVED FURTHER, that all previous Rules and Regulation which are inconsistent with this Resolution are hereby repealed or modified thoroughly;

RESOLVED FINALLY, that this Resolution shall take effect immediately after its publication in a newspaper of general circulation and a copy of this Resolution shall be transmitted to the SSS and to the GSIS for guidance and compliance.

DONE, this 27th day of June 2019, in Makati City, Philippines.


SILVESTRE H. BELLO III

Chairperson
Department of Labor and Employment


ELVIRA G. ALCANTARA-RESARE

Member-Designate
Social Security System


CARLITO P. ROBLE

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DENNIS S. MAS

Member-Designate
Philippine Health Insurance Corporation


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STELLA ZIPAGAN-BANAWIS

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