

CONGRESS OF THE PHILIPPINES
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HOUSE OF REPRESENTATIVES

H. No. 7758

INTRODUCED BY HONORABLE DE VENECIA, JR., ENVERGA, AUMENTADO, VILLAR, JR., ROMERO, LACSON, DEL MAR, TY, JAVIER (R.), TAJON, ABLAN, JR., FIGUEROA, BAGATSING (A.), MADRONA, BAGATSING, JR., SARMIENTO (A.), SAN BUENAVENTURA, LAUREL-TRINIDAD, PLAZA, DAZA, ESPINA, LAZATIN, GOLEZ, CRUZ-DUCUT, LOBREGAT, DRAGON, ROXAS, AVILA, LIBAN, ALMENDRAS, JR., RAMIREZ, DEJON, SR., CALALAY, MONTEMAYOR, ABAYA (P.), LLORENTE, JR., ERMITA, PANCHO, LEVISTE, PALMA GIL, MARAÑON, PIMENTEL, ESPINOSA, TEVES, NAVARRO, JR., RAMIRO, APOSTOL, FALCON, RAMA, SR., NOGRALES, FUENTES, PUNZALAN, JR., VILLAROSA, REYES, MERCADO, SANDOVAL, OCAMPO, CANDAZO, SEACHON, JR., CLAUDIO, VERCELES, JR., ANGARA-CASTILLO, GARCIA (E.), BARBERS, NATIVIDAD, CUENCO, RODRIGUEZ, RUIZ, SILVERIO, MONFORT, DEL ROSARIO, LOPEZ (J.), SERAPIO, JALOSJOS, ALMARIO, BAKUNAWA, CARLOTO, LOPEZ (E.), TUAZON, LORETO, BADELLES, SR., DOMINGUEZ, ORTEGA, ZAPATA, BELMONTE, JR., TAMMANG, DIAZ (R.), GULLAS, TILANDUCA, ASPIRAS, AQUINO (F.), MANGOTARA, ACOSTA, DEFENSOR, GONZALES II, LORENZO-VILLAREAL, PADILLA, CAPPLEMAN, DY, JR., ARROYO, DUAVIT, RECTO, CHIONGBIAN, AND TAÑADA, PER COMMITTEE REPORT No. 527

AN ACT EXPANDING THE COVERAGE AND BENEFITS OF THE SOCIAL SECURITY SYSTEM AND INSTITUTING REFORMS THEREIN, FURTHER AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED, 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. Section 2 of Republic Act No. 1161, as amended,
2 is hereby further amended to read as follows:

3 "SEC. 2. *Declaration of Policy.* - It is the policy of the [Republic
4 of the Philippines] STATE to establish, develop, promote, and perfect
5 a sound and viable tax-exempt social security [service] SYSTEM
6 suitable to the needs of the people throughout the Philippines which
7 shall: (A) PROMOTE SOCIAL JUSTICE AND TOWARDS THIS END, THE
8 STATE SHALL ENDEAVOR TO EXTEND SOCIAL SECURITY PROTECTION
9 TO ALL WORKERS AND THEIR FAMILIES; (B) [p]Provide MEANINGFUL
10 PROTECTION to [covered employees] MEMBERS and their families
11 [protection] against the hazards of disability, sickness, MATERNITY,
12 old age, [and] death, [with a view of promoting their well-being in
13 the spirit of social justice] AND OTHER CONTINGENCIES RESULTING IN
14 LOSS OF INCOME OR FINANCIAL BURDEN; AND (C) CONTRIBUTE TO
15 THE SOCIOECONOMIC DEVELOPMENT OF THE COUNTRY."

1 SEC. 2. Section 3 of Republic Act No. 1161, as amended, is
2 hereby further amended to read as follows:

3 "SEC. 3. *Social Security System.* - (a) To carry out the purposes
4 of this Act, the Social Security System, **HEREINAFTER REFERRED TO**
5 **AS THE SSS, A CORPORATE BODY, with JURIDICAL PERSONALITY AND**
6 principal place of business in Metro Manila, Philippines is hereby
7 created. The SSS shall be directed and controlled by a Social
8 Security Commission composed of the Secretary of Labor and
9 Employment **OR HIS DULY DESIGNATED UNDERSECRETARY, the SSS**
10 **[Administrator] PRESIDENT** and seven (7) appointive members,
11 three (3) of whom shall represent the [labor] **WORKERS** group, AT
12 **LEAST one (1) of whom shall be a woman; three (3), the**
13 **[management] EMPLOYERS** group, **AT LEAST one (1) of whom shall**
14 **be a woman; and one (1), the general public WHOSE**
15 **REPRESENTATIVE SHALL HAVE ADEQUATE KNOWLEDGE AND**
16 **EXPERIENCE REGARDING SOCIAL SECURITY, to be appointed by the**
17 **President of the Philippines. THE SIX (6) MEMBERS REPRESENTING**
18 **WORKERS AND EMPLOYERS SHALL BE CHOSEN FROM AMONG THE**
19 **NOMINEES OF THE WORKERS' AND EMPLOYERS' ORGANIZATIONS,**

1 RESPECTIVELY. The Chairman of the Commission shall be
 2 designated by the President OF THE PHILIPPINES from among its
 3 members. The term of the appointive members shall be three (3)
 4 years: *Provided*, That the terms of the first six (6) appointive
 5 members shall be one, two, and three years for every two members,
 6 respectively: **PROVIDED, FURTHER, THAT THEY SHALL CONTINUE TO**
 7 **HOLD OFFICE UNTIL THEIR SUCCESSORS SHALL HAVE BEEN**
 8 **APPOINTED AND DULY QUALIFIED.**

9 "All vacancies, except through the expiration of the term, shall
 10 be filled for the unexpired term only. The [appointive] members of
 11 the Commission shall receive [One] AT LEAST TWO thousand five
 12 hundred pesos (**₱2,500.00**) *per diem* for each meeting actually
 13 attended by them, **BUT NOT TO EXCEED TEN THOUSAND PESOS**
 14 **(₱10,000.00) A MONTH: *Provided*, That [no compensation shall be**
 15 **paid for more than eight meetings a month,] members of the**
 16 **Commission who hear AND EVALUATE cases pending before the**
 17 **Commission, shall receive a *per diem* of [One] AT LEAST TWO**
 18 **thousand five hundred pesos (**₱2,500.00**), **BUT NOT TO EXCEED**
 19 **FIFTEEN THOUSAND PESOS (**₱15,000.00**) A MONTH: *PROVIDED,***
 20 ***FURTHER, THAT THE COMMISSION MAY INCREASE THE RATE OF PER*****

1 DIEMS, SUBJECT TO THE APPROVAL OF THE PRESIDENT OF THE
 2 PHILIPPINES: PROVIDED, FINALLY, THAT MEMBERS OF THE
 3 COMMISSION SHALL BE REIMBURSED FOR ACTUAL EXPENSES, SUCH
 4 AS TRANSPORTATION AND SUBSISTENCE EXPENSES, INCURRED BY
 5 THEM IN THE PERFORMANCE OF THEIR DUTIES.

6 (b) The general conduct of the operations and management
 7 functions of the SSS shall be vested in the [Administrator] SSS
 8 PRESIDENT who shall serve as the chief executive officer
 9 immediately responsible for carrying out the programs of the SSS
 10 and the policies of the Commission. The [Administrator] SSS
 11 PRESIDENT shall be a person who has had previous experience in
 12 technical and administrative fields related to the purposes of this
 13 Act. He shall be appointed by the President of the Philippines and
 14 shall receive a salary to be fixed by the Commission with the
 15 approval of the President OF THE PHILIPPINES, payable from the
 16 funds of the SSS.

17 (c) The Commission, upon the recommendation of the
 18 [Administrator] SSS PRESIDENT, shall appoint an actuary, and such
 19 other personnel as may be deemed necessary; BY ITSELF fix their
 20 REASONABLE compensation, ALLOWANCES AND OTHER BENEFITS;

1 prescribe their duties and establish such methods and procedures
 2 **NECESSARY** to ensure the efficient, honest and economical
 3 administration of the provisions and purposes of this Act: *Provided,*
 4 *however,* That the personnel of the SSS **BELOW THE RANK OF VICE-**
 5 **PRESIDENT SHALL BE APPOINTED BY THE SSS PRESIDENT: PROVIDED,**
 6 **FURTHER, THAT THE PERSONNEL APPOINTED BY THE SSS PRESIDENT,**
 7 **EXCEPT THOSE BELOW THE RANK OF ASSISTANT MANAGER, SHALL BE**
 8 **SUBJECT TO THE CONFIRMATION BY THE COMMISSION: PROVIDED,**
 9 **FURTHER, THAT THE PERSONNEL OF THE SSS shall be selected only**
 10 **from civil service eligibles and be subject to civil service rules and**
 11 **regulations: PROVIDED, FINALLY, THAT THE SSS SHALL BE EXEMPT**
 12 **FROM THE PROVISIONS OF REPUBLIC ACT NO. 6758 AND REPUBLIC**
 13 **ACT NO. 7430."**

14 SEC. 3. Section 4 of Republic Act No. 1161, as amended, is
 15 hereby further amended to read as follows:

16 "SEC. 4. *Powers and Duties of the Commission AND THE SSS.* -
 17 **(A) THE COMMISSION** - For the attainment of its main objectives as
 18 set forth in Section 2 hereof, the Commission shall have the
 19 following powers and duties:

1 "[(a)] (1) To adopt, amend and rescind[, subject to the
 2 approval of the President,] such rules and regulations as may be
 3 necessary to carry out the provisions and purposes of this Act,
 4 EXCEPT THOSE PROVISIONS WHICH REQUIRE THE APPROVAL OF THE
 5 PRESIDENT OF THE PHILIPPINES;

6 (2) TO AUTHORIZE COOPERATIVES REGISTERED WITH THE
 7 COOPERATIVE DEVELOPMENT AUTHORITY OR ASSOCIATIONS
 8 REGISTERED WITH THE APPROPRIATE GOVERNMENT AGENCY TO ACT
 9 AS COLLECTING AGENTS OF THE SSS WITH RESPECT TO THEIR
 10 MEMBERS: *PROVIDED*, THAT THE SSS SHALL ACCREDIT THE
 11 COOPERATIVE OR ASSOCIATION: *PROVIDED, FURTHER*, THAT THE
 12 PERSONS AUTHORIZED TO COLLECT ARE BONDED;

13 (3) TO COMPROMISE OR RELEASE, IN WHOLE OR IN PART,
 14 ANY INTEREST, PENALTY OR ANY CIVIL LIABILITY TO SSS IN
 15 CONNECTION WITH THE INVESTMENTS AUTHORIZED UNDER
 16 SECTION 26 HEREOF, UNDER SUCH TERMS AND CONDITIONS AS IT
 17 MAY PRESCRIBE;

18 (4) TO APPROVE RESTRUCTURING PROPOSALS FOR THE
 19 PAYMENT OF DUE BUT UNREMITTED CONTRIBUTIONS AND LOAN
 20 AMORTIZATIONS UNDER SUCH TERMS AND CONDITIONS AS IT MAY

1 **PRESCRIBE; AND**

2 **(5) TO APPROVE, CONFIRM, PASS UPON OR REVIEW ANY AND**
3 **ALL ACTIONS OF THE SSS IN THE EXERCISE OF ITS POWERS AND**
4 **DUTIES HEREINAFTER ENUMERATED.**

5 **(B) THE SOCIAL SECURITY SYSTEM - SUBJECT TO THE**
6 **PROVISIONS OF SECTION 4, PARAGRAPH 7 HEREOF, THE SSS SHALL**
7 **HAVE THE FOLLOWING POWERS AND DUTIES:**

8 **"[(b)](1) To submit annually not later than [March 31] APRIL**
9 **30, a public report to the President of the Philippines AND TO THE**
10 **CONGRESS OF THE PHILIPPINES covering its activities in the**
11 **administration and enforcement of this Act during the preceding**
12 **year including information and recommendations on broad policies**
13 **for the development and perfection of the program of the SSS;**

14 **"[(c)](2) To require the actuary to submit a valuation report**
15 **on the SSS benefit program every [five] FOUR (4) years, or more**
16 **frequently as may be necessary, and to undertake the necessary**
17 **actuarial studies and calculations concerning increases in benefits**
18 **and the financial stability of the SSS and to provide for the feasible**
19 **increases in benefits and the addition of new ones under such rules**
20 **and regulations as the Commission may adopt subject to the**

1 approval of the President OF THE PHILIPPINES: *Provided*, That the
 2 actuarial soundness of the reserve fund shall be guaranteed:
 3 *Provided, further*, That such increases in benefits shall not require
 4 any increase in the rate of contribution;

5 "[(d)](3) To establish branches of the [System] SSS IN
 6 PROVINCES AND HIGHLY URBANIZED CITIES, AND REPRESENTATIVE
 7 OFFICES IN EVERY CONGRESSIONAL DISTRICT WITHIN A PERIOD OF
 8 FIVE (5) YEARS AFTER THE EFFECTIVITY OF THIS ACT, OR whenever
 9 and wherever it may be expedient or necessary: *PROVIDED*, THAT
 10 THE SSS MAY ESTABLISH OFFSHORE OFFICES IN SELECTED
 11 COUNTRIES UPON THE RECOMMENDATION OF THE COMMISSION,
 12 SUBJECT TO THE APPROVAL OF THE PRESIDENT OF THE PHILIPPINES:
 13 *PROVIDED, FURTHER*, THAT THE SSS MAY inspect or cause to be
 14 inspected periodically such branches AND OFFICES;

15 "[(e)](4) To enter into agreements or contracts for such
 16 service and aid, as may be needed for the proper, efficient and stable
 17 administration of the [System] SSS;

18 "[(f)](5) To adopt from time to time a budget of expenditures
 19 including salaries of personnel, against all funds available to the
 20 [System] SSS under this Act;

1 **"[(g)](6) To set up its accounting system and provide the**
2 **necessary personnel therefor;**

3 **"[(h)](7) To require reports, compilations and analyses of**
4 **statistical and economic data and to make investigation as may be**
5 **needed for the proper administration and development of the**
6 **[System] SSS;**

7 **"[(i)](8) To acquire AND DISPOSE OF property, real or**
8 **personal, AND TO BORROW FUNDS, which may be necessary or**
9 **expedient for the attainment of the purposes of this Act;**

10 **"[(j)](9) To acquire, receive, or hold, by way of purchase,**
11 **expropriation or otherwise, public or private property for the**
12 **purpose of undertaking housing projects preferably for the benefit of**
13 **low-salaried employees and for the maintenance of SCHOOLS AS**
14 **WELL AS hospitals and institutions for the MEMBERS AND THEIR**
15 **FAMILIES WHO ARE sick, aged and [infirm employees and immediate**
16 **members of their families] DISABLED;**

17 **"[(k)](10) To sue and be sued in court; and**

18 **"[(l)](11) To perform CORPORATE AND such other acts as it**
19 **may deem appropriate for the proper enforcement of this Act."**

1 SEC. 4. Paragraph (d), Section 5 of Republic Act No. 1161, as
2 amended, is hereby further amended to read as follows:

3 "SEC. 5. *Settlement of Disputes.* - (a) Any dispute arising under
4 this Act with respect to coverage, benefits, contributions and
5 penalties thereon or any other matter related thereto, shall be
6 cognizable by the Commission and any case filed with respect
7 thereto shall be heard by the Commission, or any of its members, or
8 by hearing officers duly authorized by the Commission and decided
9 within twenty days after the submission of the evidence. The filing,
10 determination and settlement of disputes shall be governed by the
11 rules and regulations promulgated by the Commission.

12 "(b) *Appeal to Courts* - Any decision of the Commission in the
13 absence of an appeal therefrom as herein provided, shall become
14 final fifteen days after the date of notification, and judicial review
15 thereof shall be permitted only after any party claiming to be
16 aggrieved thereby has exhausted his remedies before the
17 Commission. The Commission shall be deemed to be a party to any
18 judicial action involving any such decision, and may be represented
19 by an attorney employed by the Commission, or when requested by
20 the Commission, by the solicitor general or any fiscal.

1 "(c) *Court Review* - The decision of the Commission upon any
2 disputed matter may be reviewed both upon the law and the facts by
3 the Court of Appeals. For the purpose of such review, the procedure
4 concerning appeals from the [Court of First Instance] REGIONAL
5 TRIAL COURTS shall be followed as far as practicable and consistent
6 with the purposes of this Act. Appeal from a decision of the
7 Commission must be taken within 15 days from notification of such
8 decision. If the decision of the Commission involves only questions
9 of law, the same shall be reviewed by the Supreme Court. No appeal
10 bond shall be required. The case shall be heard in a summary
11 manner, and shall take precedence over all cases, except that in the
12 Supreme Court, criminal cases wherein life imprisonment or death
13 has been imposed by the trial court shall take precedence. No appeal
14 shall act as a *supersedeas* or a stay of the order of the Commission
15 unless the Commission itself, or the Court of Appeals or the
16 Supreme Court, shall so order.

17 "(d) *Execution of Decisions* - [Any decision or award of the
18 Commission after the same has become final and executory shall be
19 enforced and executed in the same manner as decisions of the

1 Courts of First Instance and the Commission shall have the power to
 2 issue to] THE COMMISSION MAY, *MOTU PROPIO* OR ON MOTION OF
 3 ANY INTERESTED PARTY, ISSUE A WRIT OF EXECUTION TO ENFORCE
 4 ANY OF ITS DECISIONS OR AWARDS AFTER IT HAS BECOME FINAL
 5 AND EXECUTORY, IN THE SAME MANNER AS THE DECISIONS OF THE
 6 REGIONAL TRIAL COURTS, BY DIRECTING the city or provincial sheriff
 7 or the sheriff whom it may appoint TO ENFORCE SUCH FINAL
 8 DECISION OR EXECUTE such [writs] WRIT [of execution as may be
 9 necessary for the enforcement of such decision or award], and any
 10 person who shall fail or refuse to comply with such decision, award,
 11 or writ, after being required to do so shall, upon application by the
 12 Commission PURSUANT TO RULE 71 OF THE RULES OF COURT, be
 13 punished [by the proper court] for contempt."

14 SEC. 5. Section 7 of Republic Act No. 1161, as amended, is
 15 hereby further amended to read as follows:

16 "SEC. 7. *Oaths, Witnesses, and Production of Records.* - When
 17 authorized by the Commission, an official or employee thereof shall
 18 have the power to administer oath and affirmation, take depositions,
 19 certify to official acts, and issue *subpoena* and *subpoena duces tecum*
 20 to compel the attendance of witnesses and the production of books,

1 papers, correspondence, and other records deemed necessary as
 2 evidence in connection with any question arising under this Act. Any
 3 case of contumacy shall be dealt with BY THE COMMISSION in
 4 accordance with [the provisions of section five hundred eighty of the
 5 Administrative Code] LAW."

6 SEC. 6. Section 8 of Republic Act No. 1161, as amended, is
 7 hereby further amended by amending subsections (e), (f), (i), (j),
 8 (k), (l), and (m), deleting subsection (q), redesignating subsection
 9 (r) as the new subsection (q), and adding a new subsection to be
 10 designated as subsection (r), to read as follows:

11 "SEC. 8. *Terms Defined.* - For the purposes of this Act, the
 12 following terms shall, unless the context indicates otherwise, have
 13 the following meanings:

14 "(a) *SSS* - The Social Security System created by this Act.

15 "(b) *Commission* - The Social Security Commission as herein
 16 created.

17 "(c) *Employer* - Any person, natural or juridical, domestic or
 18 foreign, who carries on in the Philippines any trade, business,
 19 industry, undertaking or activity of any kind and uses the services
 20 of another person who is under his orders as regards the

1 employment, except the government and any of its political
 2 subdivision, branches or instrumentalities, including corporations
 3 owned or controlled by the government: *Provided*, That a self-
 4 employed person shall be both employee and employer at the same
 5 time.

6 "(d) *Employee* - Any person who performs services for an
 7 employer in which either or both mental and physical efforts are
 8 used and who receives compensation for such services, where there
 9 is an employer-employee relationship: *Provided*, That a self-
 10 employed professional shall be both employee and employer at the
 11 same time.

12 "(e) *Dependents* - The [legitimate, legitimated or legally
 13 adopted child who is unmarried, not gainfully employed, and not
 14 over 21 years of age, or over 21 years of age, provided that he is
 15 congenitally incapacitated and incapable of self-support, physically
 16 or mentally; the legitimate spouse dependent for support upon the
 17 employee; and the legitimate parents wholly dependent upon the
 18 covered employee for regular support.] **DEPENDENTS SHALL BE THE**
 19 **FOLLOWING:**

1 employment, except the government and any of its political
 2 subdivision, branches or instrumentalities, including corporations
 3 owned or controlled by the government: *Provided*, That a self-
 4 employed person shall be both employee and employer at the same
 5 time.

6 "(d) *Employee* - Any person who performs services for an
 7 employer in which either or both mental and physical efforts are
 8 used and who receives compensation for such services, where there
 9 is an employer-employee relationship: *Provided*, That a self-
 10 employed professional shall be both employee and employer at the
 11 same time.

12 "(e) *Dependents* - The [legitimate, legitimated or legally
 13 adopted child who is unmarried, not gainfully employed, and not
 14 over 21 years of age, or over 21 years of age, provided that he is
 15 congenitally incapacitated and incapable of self-support, physically
 16 or mentally; the legitimate spouse dependent for support upon the
 17 employee; and the legitimate parents wholly dependent upon the
 18 covered employee for regular support.] **DEPENDENTS SHALL BE THE**
 19 **FOLLOWING:**

1 (1) THE LEGITIMATE SPOUSE DEPENDENT FOR SUPPORT UPON
2 THE MEMBER;

3 (2) THE LEGITIMATE, LEGITIMATED OR LEGALLY ADOPTED
4 CHILD, INCLUDING THE ILLEGITIMATE CHILD, WHO IS UNMARRIED,
5 NOT GAINFULLY EMPLOYED, AND HAS NOT REACHED TWENTY-ONE
6 YEARS OF AGE, OR IF OVER TWENTY-ONE YEARS OF AGE, IS
7 CONGENITALLY OR WHILE STILL A MINOR HAS BEEN
8 PERMANENTLY INCAPACITATED AND INCAPABLE OF SELF-SUPPORT
9 PHYSICALLY OR MENTALLY; AND

10 (3) THE PARENT WHO IS WHOLLY DEPENDENT UPON THE
11 MEMBER FOR REGULAR SUPPORT.

12 "(f) *Compensation* - All actual remuneration for employment,
13 including the mandated cost of living allowance, as well as the cash
14 value of any remuneration paid in any medium other than cash
15 except that part of the remuneration in excess of [three] NINE
16 thousand pesos received during the month EFFECTIVE JANUARY
17 NINETEEN HUNDRED AND NINETY-SIX: *PROVIDED*, THAT IT SHALL BE
18 INCREASED BY ONE THOUSAND PESOS (P1,000.00) EVERY YEAR
19 THEREAFTER UNTIL IT SHALL HAVE REACHED TWELVE THOUSAND
20 PESOS (P12,000.00) BY NINETEEN HUNDRED AND NINETY-NINE.

1 "(g) *Monthly salary credit* - The compensation base for
2 contributions and benefits as indicated in the schedule in Section
3 Eighteen of this Act.

4 "(h) *Monthly* - The period from one end of the last payroll
5 period of the preceding month to the end of the last payroll period
6 of the current month if compensation is on hourly, daily or weekly
7 basis; if on any other basis, 'monthly' shall mean a period of one
8 month.

9 "(i) *Contribution* - The amount paid to SSS by AND ON BEHALF
10 OF the [employee and by his employer] MEMBER in accordance with
11 Section Eighteen of this Act.

12 "(j) *Employment* - Any service performed by an employee for
13 his employer, except:

14 ["(1) Agricultural labor when performed by a share or
15 leasehold tenant or worker who is not paid any regular daily wage or
16 base pay and who does not work for an uninterrupted period of at
17 least six months in a year;]

18 ["(2) Domestic service in a private home;]

1 "[(3)](1) Employment purely casual and not for the purpose
2 of occupation or business of the employer;

3 "[(4)] Service performed by an individual in the employ of his
4 son, daughter, or spouse, and service performed by a child under the
5 age of 21 years in the employ of his parents;]

6 "[(5)](2) Service performed on or in connection with an alien
7 vessel by an employee if he is employed when such vessel is outside
8 the Philippines;

9 "[(6)](3) Service performed in the employ of the Philippine
10 government or instrumentality or agency thereof;

11 "[(7)](4) Service performed in the employ of a foreign
12 government or international organization, or their wholly-owned
13 instrumentality: *Provided, however,* That this exemption
14 notwithstanding, any foreign government, international organization,
15 or their wholly-owned instrumentality employing workers in the
16 Philippines, or employing Filipinos outside the Philippines may enter
17 into an agreement with the Philippine government for the inclusion
18 of such employees in the SSS except those already covered by their
19 respective civil service retirement systems: *Provided, further,* That the
20 terms of such agreement shall conform with the provisions of this

1 Act on coverage and amount of payment of contributions and
2 benefits: *Provided, finally*, That the provisions of this Act shall be
3 supplementary to any such agreement;

4 "[8](5) Such other services performed by temporary AND
5 OTHER employees which may be excluded by regulation of the
6 Commission. Employees of bona fide independent contractors shall
7 not be deemed employees of the employer engaging the services of
8 said contractors.

9 "(k) *Beneficiaries* - The dependent spouse until he OR SHE
10 remarries, [and] THE dependent LEGITIMATE, LEGITIMATED OR
11 LEGALLY ADOPTED CHILDREN, AND THE DEPENDENT ILLEGITIMATE
12 children, who shall be the primary beneficiaries OF THE MEMBER:
13 **PROVIDED, THAT THE DEPENDENT ILLEGITIMATE CHILDREN SHALL**
14 **BE ENTITLED TO FIFTY PERCENT OF THE SHARE OF EACH**
15 **LEGITIMATE, LEGITIMATED OR LEGALLY ADOPTED CHILDREN:**
16 **PROVIDED, FURTHER, THAT IN THE ABSENCE OF THE DEPENDENT**
17 **LEGITIMATE, LEGITIMATED OR LEGALLY ADOPTED CHILDREN OF**
18 **THE MEMBER, HIS DEPENDENT ILLEGITIMATE CHILDREN SHALL BE**
19 **ENTITLED TO ONE HUNDRED PERCENT OF THE BENEFITS. In their**
20 absence, the dependent parents [and, subject to restrictions imposed

1 on dependent children, the illegitimate descendants and illegitimate
2 children who] shall be the secondary beneficiaries[.] OF THE
3 MEMBER; [In] AND IN the absence of [any] ALL of the foregoing, any
4 other person designated by the [covered employee] MEMBER as HIS
5 secondary beneficiary.

6 "(l) *Contingency* - The retirement, death, permanent
7 disability, injury or sickness, AND MATERNITY of the [covered
8 employee] MEMBER.

9 "(m) *Average monthly salary credit* - The result obtained by
10 dividing the sum of the LAST SIXTY monthly salary credits [in the
11 sixty-month period] immediately preceding the semester of
12 contingency by [the number of months of coverage in the same
13 period] SIXTY, or the result obtained by dividing the sum of all the
14 monthly salary credits paid prior to the semester of contingency by
15 the number of [calendar months of coverage] MONTHLY
16 CONTRIBUTIONS PAID in the same period, whichever is greater[;
17 except where the month of contingency falls within eighteen
18 months from the month of coverage, in which case it is the result
19 obtained by dividing the sum of all monthly salary credits paid prior
20 to the month of contingency by the total number of calendar months

1 of coverage in the same period]: *Provided*, That the injury or
2 sickness which caused the disability shall be deemed as the
3 permanent disability for the purpose of computing the average
4 monthly salary credit.

5 "(n) *Average daily salary credit* - The result obtained by
6 dividing the sum of the highest monthly salary credits in the twelve-
7 month period immediately preceding the semester of contingency by
8 one hundred eighty.

9 "(o) *Semester* - A period of two consecutive quarters ending in
10 the quarter of contingency.

11 "(p) *Quarter* - A period of three consecutive calendar months
12 ending on the last day of March, June, September and December.

13 ["(q) *Replacement ratio* - The sum of twenty percent and the
14 quotient obtained by dividing three hundred by the sum of three
15 hundred forty and the average monthly salary credit.]

16 "[(r)](Q) *Credited years of service* - For a member covered
17 prior to January [1975]1985, nineteen hundred [seventy] EIGHTY-
18 five minus the calendar year of coverage plus the number of
19 calendar years in which six or more contributions have been paid
20 from January [1975]1985 up to the calendar year containing the

1 semester prior to the contingency. For a member covered in or after
 2 January [1975] 1985, the number of calendar years in which six or
 3 more contributions have been paid from the year of coverage up to
 4 the calendar year containing the semester prior to the contingency:
 5 **PROVIDED, THAT THE COMMISSION MAY PROVIDE FOR A DIFFERENT**
 6 **NUMBER OF CONTRIBUTIONS IN A CALENDAR YEAR FOR IT TO BE**
 7 **CONSIDERED AS A CREDITED YEAR OF SERVICE.**

8 **"(R) MEMBER - THE WORKER WHO IS COMPULSORILY COVERED**
 9 **UNDER SECTION 9 AND SECTION 9-A OF THIS ACT."**

10 SEC. 7. Section 9 of Republic Act No. 1161, as amended, is
 11 hereby further amended to read as follows:

12 "SEC. 9. *Compulsory Coverage.* - (a) Coverage in the SSS shall
 13 be compulsory upon all employees not over 60 years of age and their
 14 employers: *Provided, That IN CASE OF DOMESTIC HELPERS, THEIR*
 15 *MONTHLY INCOME SHALL NOT BE LESS THAN ONE THOUSAND PESOS*
 16 *(₱1,000.00): PROVIDED, FURTHER, THAT any benefit already earned*
 17 *by employees under private benefit plans existing at the time of the*
 18 *approval of this Act shall not be discontinued, reduced or otherwise*
 19 *impaired: Provided, further, That private plans which are existing and*
 20 *in force at the time of compulsory coverage shall be integrated with*

1 the plan of the SSS in such a way where the employer's contribution
2 to his private plan is more than that required of him in this Act. He
3 shall pay to the SSS only the contributions required of him and he
4 shall continue his contribution to such private plan less his
5 contribution to the SSS so that the employer's total contribution to
6 his private benefit plan and to the [Social Security System] SSS shall
7 be the same as his contribution to his private benefit plan before the
8 compulsory coverage: *Provided, further,* That any charges,
9 adjustments, modifications, eliminations or improvements in the
10 benefits to be available under the remaining private plan, which may
11 be necessary to adopt by reason of the reduced contribution thereto
12 as a result of the integration, shall be subject to agreements between
13 the employers and employees concerned: *Provided, further,* That the
14 private benefit plan which the employer shall continue for his
15 employees shall remain under the employer's management and
16 control unless there is an existing agreement to the contrary:
17 *Provided, finally,* That nothing in this Act shall be construed as a
18 limitation on the right of employers and employees to agree on and
19 adopt benefits which are over and above those provided under this
20 Act.

1 "(b) Filipinos recruited [in the Philippines] by foreign-based
2 employers for employment abroad may be covered by the SSS on a
3 voluntary basis."

4 SEC. 8. Section 9-A of Republic Act No. 1161, as amended, is
5 hereby further amended to read as follows:

6 "SEC. 9-A. *Compulsory Coverage of the Self-Employed.* -
7 Coverage in the SSS shall [also] be compulsory upon [all] SUCH self-
8 employed persons [earning ₱1,800 or more per annum: *Provided,*
9 That the effectivity of coverage of certain groups of self-employed
10 shall] AS MAY be determined by the Commission under such rules
11 and regulations AS it may prescribe[: *Provided, further,* That the
12 effectivity of the coverage of the following self-employed persons
13 shall be in accordance with section ten (b) hereof], **INCLUDING BUT**
14 **NOT LIMITED TO THE FOLLOWING:**

15 "1. All self-employed professionals [licensed by the
16 Professional Regulations Commission or those licensed to practice
17 law];

18 "2. Partners and single proprietors of businesses;

1 "3. Actors and actresses, directors, scriptwriters and news
2 correspondents who do not fall within the definition of the term
3 'employee' in Section eight (d) of this Act;

4 "4. [Professional] Athletes, coaches, trainers, AND JOCKEYS
5 [licensed by the Games and Amusement Board as well as jockeys
6 and trainers licensed by the Philippine Racing Commission]; AND

7 "5. Individual farmers and fishermen.

8 "Unless otherwise specified herein, all provisions of the SSS
9 Law applicable to covered employees shall also be applicable to the
10 covered self-employed persons."

11 SEC. 9. Section 10 of Republic Act No. 1161, as amended, is
12 hereby further amended to read as follows:

13 "SEC. 10. *Effective Date of Coverage.* - Compulsory coverage
14 of the employer shall take effect on the first day of his operation and
15 that of the employee on the day of his employment: *Provided, That*
16 the compulsory coverage of THE self-employed [persons referred to
17 in paragraphs (1) to (4)] PERSON shall take effect [on the first day of
18 January following the calendar year they started the practice of their
19 profession or business operations but in no case earlier than January
20 1, 1980] UPON HIS REGISTRATION WITH THE SSS."

1 SEC. 10. Section 11-A of Republic Act No. 1161, as amended,
2 is hereby further amended to read as follows:

3 "SEC. 11-A. *Effect of Interruption of Business or Professional*
4 *Income.* - If the self-employed PERSON realizes no [net professional
5 or business] income in any [calendar year] GIVEN MONTH, he shall
6 not be required to pay contributions for [the succeeding year] THAT
7 MONTH. He may, however, be allowed to continue paying the
8 contributions under the same rules and regulations applicable to
9 separated [covered] MEMBER employees: **PROVIDED, THAT NO**
10 **RETROACTIVE PAYMENT OF CONTRIBUTIONS SHALL BE ALLOWED**
11 **OTHER THAN WHAT IS PRESCRIBED UNDER SECTION 22-A**
12 **HEREOF."**

13 SEC. 11. Section 12 of Republic Act. No. 1161, as amended, is
14 hereby further amended to read as follows:

15 "SEC. 12. *Monthly Pension.* - (a) The monthly pension shall be
16 the [sum] HIGHEST of the following AMOUNTS:

17 ["The average monthly salary credit multiplied by twenty
18 percent plus three hundred, and;]

19 (1) THE SUM OF THE FOLLOWING:

1 (I) THREE HUNDRED PESOS; PLUS

2 (II) TWENTY PERCENT OF THE AVERAGE MONTHLY
3 SALARY CREDIT; PLUS

4 "(III) Two percent of the average monthly salary credit for
5 each credited year of service in excess of ten years[.], OR

6 (2) FORTY PERCENT OF THE AVERAGE MONTHLY SALARY
7 CREDIT; OR

8 (3) ONE THOUSAND PESOS: *PROVIDED*, THAT THE MONTHLY
9 PENSION SHALL IN NO CASE BE PAID FOR AN AGGREGATE AMOUNT
10 OF LESS THAN SIXTY MONTHS.

11 "(b) [The monthly pension shall in no case be less than eight
12 hundred pesos for death and disability pensioners and one
13 thousand pesos for retirement pensioners nor paid in an aggregate
14 amount of less than sixty times the monthly pension except to a
15 secondary beneficiary: *Provided*, That the monthly pension of
16 surviving pensioners as of December 31, 1986 shall be increased by
17 twenty percent] NOTWITHSTANDING THE PRECEDING PARAGRAPH,
18 THE MINIMUM PENSION SHALL BE ONE THOUSAND TWO HUNDRED
19 PESOS FOR MEMBERS WITH AT LEAST TEN CREDITED YEARS OF
20 SERVICE AND TWO THOUSAND PESOS FOR THOSE WITH TWENTY

1 CREDITED YEARS OF SERVICE."

2 SEC. 12. Section 12-A of Republic Act No. 1161, as amended,
3 is hereby further amended to read as follows:

4 "SEC. 12-A. *Dependents' Pension.* - [The] WHERE MONTHLY
5 PENSION IS PAYABLE ON ACCOUNT OF DEATH, TOTAL AND
6 PERMANENT DISABILITY OR RETIREMENT, dependents' pension
7 [shall be] equivalent to ten percent of the monthly pension or [one]
8 TWO hundred fifty pesos, whichever is higher, SHALL ALSO BE PAID
9 for each dependent child, CONCEIVED ON OR BEFORE THE DATE OF
10 THE CONTINGENCY but not exceeding five, beginning with the
11 youngest and without substitution: *PROVIDED, THAT WHERE THERE*
12 *ARE LEGITIMATE AND ILLEGITIMATE CHILDREN, THE FORMER*
13 *SHALL BE PREFERRED.*"

14 SEC. 13. Section 12-B of Republic Act No. 1161, as amended,
15 is hereby further amended by amending paragraphs (a), (c) and (d),
16 and adding a new paragraph (e) to read as follows:

17 "SEC. 12-B. *Retirement Benefits.* - (a) A [covered employee]
18 MEMBER who has paid at least one hundred twenty monthly
19 contributions prior to the semester of retirement[;] and who: (1) has
20 reached the age of sixty years OR SIXTY-FIVE YEARS and (2) is [not

1 receiving monthly compensation of at least three hundred pesos; or
 2 (2) has reached the age of sixty-five years,] **ALREADY SEPARATED**
 3 **FROM EMPLOYMENT OR HAS CEASED TO BE SELF-EMPLOYED**, shall be
 4 entitled for as long as he lives to the monthly pension: *Provided,*
 5 That [his dependents born before his retirement of a marriage
 6 subsisting when he was fifty-seven years old shall be entitled to the
 7 dependents' pension] **HE SHALL RECEIVE HIS FIRST SIX MONTHLY**
 8 **PENSIONS IN LUMP SUM.**

9 " (b) A covered member who is sixty years old at retirement
 10 and who does not qualify for pension benefits under paragraph (a)
 11 above, shall be entitled to a lump sum benefit equal to the total
 12 contributions paid by him and on his behalf: *Provided,* That he is
 13 separated from employment and is not continuing payment of
 14 contributions to the SSS on his own.

15 " (c) The monthly pension shall be [reduced] **SUSPENDED** upon
 16 the reemployment **OR RESUMPTION OF SELF-EMPLOYMENT** of a
 17 retired [employee] **MEMBER** who is less than sixty-five years old [by
 18 an amount equivalent to one-half his earnings over three hundred
 19 pesos]. He shall again be subject to Section eighteen and his
 20 employer to Section nineteen of this Act.

1 "(d) Upon the death of the retired [employee pensioner]
 2 MEMBER, his primary beneficiaries as of the date of his retirement
 3 shall be entitled to [one hundred percent of] RECEIVE the monthly
 4 pension [and his dependents to the dependents' pension]: *Provided,*
 5 That if he has no primary beneficiaries and he dies within sixty
 6 months from the start of his monthly pension, his secondary
 7 beneficiaries shall be entitled to a lump sum benefit equivalent to
 8 [the bigger of (1) twenty times the monthly pension or (2) the
 9 difference of sixty times the monthly pension and] the total monthly
 10 pensions [paid by the SSS] CORRESPONDING TO THE BALANCE OF
 11 THE FIVE-YEAR GUARANTEED PERIOD, excluding the dependents'
 12 pension."

13 (E) THE MONTHLY PENSION OF A MEMBER WHO RETIRES
 14 AFTER REACHING AGE SIXTY SHALL BE THE HIGHER OF EITHER (1)
 15 THE MONTHLY PENSION COMPUTED AT THE EARLIEST TIME HE
 16 COULD HAVE RETIRED HAD HE BEEN SEPARATED FROM
 17 EMPLOYMENT OR CEASED TO BE SELF-EMPLOYED PLUS ALL
 18 ADJUSTMENTS THERETO, OR (2) THE MONTHLY PENSION COMPUTED
 19 AT THE TIME WHEN HE ACTUALLY RETIRES.

1 SEC. 14. Section 13 of Republic Act No. 1161, as amended, is
2 hereby further amended to read as follows:

3 "SEC. 13. *Death Benefits.* - Upon the [covered employee's]
4 death OF A MEMBER WHO HAS PAID AT LEAST THIRTY-SIX MONTHLY
5 CONTRIBUTIONS PRIOR TO THE SEMESTER OF DEATH, his primary
6 beneficiaries shall be entitled to the monthly pension [and his
7 dependents to the dependents' pension]: *Provided*, That [he has paid
8 at least thirty-six monthly contributions prior to the semester of
9 death: *Provided, further*, That if the foregoing condition is not
10 satisfied] IF HE HAS NO PRIMARY BENEFICIARIES, HIS SECONDARY
11 BENEFICIARIES SHALL BE ENTITLED TO A LUMP SUM BENEFIT
12 EQUIVALENT TO THIRTY-SIX TIMES THE MONTHLY PENSION. IF HE
13 HAS NOT PAID THE REQUIRED THIRTY-SIX MONTHLY CONTRIBUTIONS,
14 his primary OR SECONDARY beneficiaries shall be entitled to a lump
15 sum benefit equivalent to [thirty-five times the monthly pension:
16 *Provided, further*, That if he has no primary beneficiaries, his
17 secondary beneficiaries shall be entitled to a lump sum benefit
18 equivalent to twenty times the monthly pension: *Provided, however*,
19 That the minimum death benefit shall not be less than the total
20 contribution paid by him and his employer on his behalf nor less

1 than one thousand pesos: *Provided, finally*, That the beneficiaries of
2 the covered employee who dies without having paid at least three
3 monthly contributions shall be entitled to the minimum benefit] THE
4 MONTHLY PENSION TIMES THE NUMBER OF MONTHLY
5 CONTRIBUTIONS PAID TO THE SSS OR TWELVE TIMES THE MONTHLY
6 PENSION, WHICHEVER IS HIGHER."

7 SEC. 15. Section 13-A of Republic Act No. 1161, as amended,
8 is hereby further amended by amending paragraphs (a), (b) and (c),
9 and adding new paragraphs to be designated as paragraphs (h), (i)
10 and (j), respectively, to read as follows:

11 "SEC. 13-A. *Permanent Disability Benefits*. - (a) Upon the
12 [covered employee's] permanent total disability[, if such disability
13 occurs after he had] OF A MEMBER WHO HAS paid at least thirty-six
14 monthly contributions prior to the semester of disability, he shall be
15 entitled to the monthly pension [and his dependents to the
16 dependents' pension]: *Provided*, That if [the disability occurs before
17 he has paid thirty-six monthly contributions prior to the semester of
18 disability] HE HAS NOT PAID THE REQUIRED THIRTY-SIX MONTHLY
19 CONTRIBUTIONS, he shall be entitled to a lump sum benefit
20 equivalent to [thirty-five times the monthly pension: *Provided*,

1 further, That the minimum disability benefit shall not be less than the
 2 total contributions paid by him and his employer on his behalf nor
 3 less than one thousand pesos: *Provided, further,* That a covered
 4 employee who becomes permanently totally disabled without having
 5 paid at least three monthly contributions shall be entitled to the
 6 minimum benefit: *Provided, finally,* That a] **THE MONTHLY PENSION**
 7 **TIMES THE NUMBER OF MONTHLY CONTRIBUTIONS PAID TO THE SSS**
 8 **OR TWELVE TIMES THE MONTHLY PENSION, WHICHEVER IS HIGHER.**
 9 A member who (1) HAS received a lump sum benefit and (2) Is
 10 reemployed **OR HAS RESUMED SELF-EMPLOYMENT** not earlier than
 11 one year from the date of his disability shall again be subject to
 12 compulsory coverage and **SHALL BE** considered a new member.

13 "(b) The monthly pension **AND DEPENDENT'S PENSION** shall be
 14 [reduced] **SUSPENDED** upon [his] **THE** reemployment [by an amount
 15 equivalent to one-half of his earnings over three hundred pesos. The
 16 monthly pension and dependents' pension shall be suspended upon
 17 his] **OR RESUMPTION OF SELF-EMPLOYMENT OR THE** recovery **OF THE**
 18 **DISABLED MEMBER** from [the] **HIS** permanent total disability, or his
 19 failure to present himself for examination at least once a year upon
 20 notice by the SSS.

1 "(c) Upon the death of the permanent total disability
 2 pensioner, his primary beneficiaries as of the date of disability shall
 3 be entitled to [one hundred percent of] RECEIVE the monthly
 4 pension [and his dependents to the dependents' pension]: *Provided,*
 5 That if he has no primary beneficiaries and he dies within sixty
 6 months from the start of his monthly pension, his secondary
 7 beneficiaries shall be entitled to a lump sum benefit equivalent to
 8 [the bigger of (1) twenty times the monthly pension or (2) the
 9 difference of sixty times the monthly pension and] the total monthly
 10 pensions [paid by the SSS] CORRESPONDING TO THE BALANCE OF THE
 11 FIVE-YEAR GUARANTEED PERIOD, excluding the dependents' pension.

12 "(d) The following disabilities shall be deemed permanent
 13 total:

- 14 "(1) Complete loss of sight of both eyes;
- 15 "(2) Loss of two limbs at or above the ankle or wrists;
- 16 "(3) Permanent complete paralysis of two limbs;
- 17 "(4) Brain injury resulting to incurable imbecility or insanity;
- 18 and
- 19 "(5) Such cases as determined and approved by the SSS.

1 "(e) If the disability is permanent partial, and such disability
 2 occurs before thirty-six monthly contributions have been paid prior
 3 to the semester of disability, the benefit shall be such percentage of
 4 the lump sum benefit described in the preceding paragraph with due
 5 regard to the degree of disability as the Commission may determine.

6 "(f) If the disability is permanent partial, and such disability
 7 occurs after thirty-six monthly contributions have been paid prior to
 8 the semester of disability, the benefit shall be the monthly pension
 9 for permanent total disability payable not longer than the period
 10 designated in the following schedule:

11	COMPLETE AND PERMANENT	NUMBER OF MONTHS
12	LOSS OF USE OF	
13	"One thumb	10
14	"One index finger	8
15	"One middle finger	6
16	"One ring finger	5
17	"One little finger	3
18	"One big toe	6
19	"One hand	39
20	"One arm	50

1	"One foot	31
2	"One leg	46
3	"One ear	10
4	"Both ears	20
5	"Hearing of one ear	10
6	"Hearing of both ears	50
7	"Sight of one eye	25

8 "(g) The percentage degree of disability, which is equivalent to
9 the ratio that the designated number of months of compensability
10 bears to seventy-five, rounded to the next higher integer, shall not be
11 additive or distinct, separate and unrelated permanent partial
12 disabilities, but shall be additive for deteriorating and related
13 permanent partial disabilities, to a maximum of one hundred
14 percent, in which case the employee shall be deemed as permanently
15 totally disabled."

16 (H) IN CASE OF PERMANENT PARTIAL DISABILITY, THE
17 MONTHLY PENSION BENEFIT SHALL BE GIVEN IN LUMP SUM IF IT IS
18 PAYABLE FOR LESS THAN TWELVE MONTHS.

19 (I) FOR THE PURPOSE OF ADJUDICATING RETIREMENT, DEATH

1 AND PERMANENT TOTAL DISABILITY PENSION BENEFITS,
 2 CONTRIBUTIONS SHALL BE DEEMED PAID FOR THE MONTHS DURING
 3 WHICH THE MEMBER RECEIVED PARTIAL DISABILITY PENSION:
 4 **PROVIDED, THAT SUCH CONTRIBUTIONS SHALL BE BASED ON HIS LAST**
 5 **CONTRIBUTION PRIOR TO HIS DISABILITY.**

6 (J) SHOULD A MEMBER WHO IS ON PARTIAL DISABILITY
 7 PENSION RETIRE OR DIE, HIS DISABILITY PENSION SHALL CEASE UPON
 8 HIS RETIREMENT OR DEATH.

9 SEC. 16. Section 13-B of Republic Act No. 1161, as amended,
 10 is hereby further amended to read as follows:

11 "SEC. 13-B. *Funeral Benefit.* - A funeral grant [of ten thousand
 12 pesos] EQUIVALENT TO TWELVE THOUSAND PESOS (**₱12,000.00**)
 13 shall be paid, IN CASH OR IN KIND, to help defray the cost of funeral
 14 expenses upon the death of a [covered] member, INCLUDING
 15 permanently totally disabled [employee] MEMBER or retiree."

16 SEC. 17. Section 14 of Republic Act No. 1161, as amended, is
 17 hereby further amended by amending paragraph (a) to read as
 18 follows:

19 "SEC. 14. *Sickness Benefit.* - (a) A [covered employee]
 20 MEMBER who has paid at least three monthly contributions in the

1 twelve-month period immediately preceding the semester of sickness
 2 OR INJURY and is confined THEREFOR for more than three days in a
 3 hospital or elsewhere with the [Commission's] approval OF THE SSS;
 4 shall, for each day of compensable confinement or fraction thereof,
 5 be paid by his employer, or the SSS, if such person is unemployed OR
 6 SELF-EMPLOYED, [an allowance] A DAILY SICKNESS BENEFIT
 7 equivalent to ninety percent of his average daily salary credit, subject
 8 to the following conditions:

9 "(1) In no case shall the [total amount of such] daily
 10 [allowance] SICKNESS BENEFIT be [less than seven pesos and fifty
 11 centavos nor exceed seventy-five pesos nor] paid longer than one
 12 hundred twenty days in one calendar year; nor shall any unused
 13 portion of the one hundred twenty (120) days of sickness benefit
 14 granted under this section be carried forward and added to the total
 15 number of compensable days allowable in the subsequent year;

16 "(2) [No employee] THE DAILY SICKNESS BENEFIT shall NOT
 17 be paid [any sickness benefit] for more than two hundred forty days
 18 on account of the same confinement; and

19 "(3) The employee MEMBER shall notify his employer of the
 20 fact of his sickness or injury within five (5) calendar days after the

1 start of his confinement unless such confinement is in a hospital or
 2 the employee became sick or was injured while working or within
 3 the premises of the employer in which case notification to the
 4 employer is not necessary: *Provided*, That if the member is
 5 unemployed OR SELF-EMPLOYED, he shall directly notify the SSS of
 6 his confinement within five calendar days after the start thereof
 7 unless such confinement is in a hospital in which case such
 8 notification is also not necessary: *Provided, further*, That in cases
 9 where notification is necessary, the confinement shall be deemed to
 10 have started not earlier than the fifth day immediately preceding the
 11 date of notification.

12 "(b) The compensable confinement shall begin on the first day
 13 of sickness, and the payment of such allowances shall be promptly
 14 made by the employer every regular payday or on the fifteenth or
 15 last day of each month, and similarly in the case of direct payment by
 16 the SSS, for as long as such allowances are due and payable:
 17 *Provided*, That such allowance shall begin only after all sick leaves of
 18 absence with full pay to the credit of the employee shall have been
 19 exhausted.

1 "(c) One hundred percent of the daily benefits provided in the
2 preceding paragraph shall be reimbursed by the SSS to said
3 employer upon receipt of satisfactory proof of such payment and
4 legality thereof: *Provided*, That the employer has notified the SSS of
5 the confinement within five calendar days after receipt of the
6 notification from the employee: *Provided, further*, That if the
7 notification to the SSS is made by the employer beyond five calendar
8 days after receipt of notification from the employee, said employer
9 shall be reimbursed only for each day of confinement starting from
10 the tenth calendar day immediately preceding the date of
11 notification to the SSS: *Provided, finally*, That the SSS shall
12 reimburse the employer or pay the unemployed member only for
13 confinement within the one-year period immediately preceding the
14 date the claim for benefit or reimbursement is received by the SSS,
15 except confinement in a hospital in which case the claim for benefit
16 or reimbursement must be filed within one-year from the last day of
17 confinement.

18 "(d) Where the employee has given the required notification
19 but the employer fails to notify the SSS of the confinement or to file
20 the claim for reimbursement within the period prescribed in this

1 section resulting in the reduction of the benefit or denial of the
2 claim, such employer shall have no right to recover the
3 corresponding daily allowance he advanced to the employee as
4 required in this section.

5 "(e) The claim of reimbursement shall be adjudicated by the
6 SSS within a period of two months from receipt thereof: *Provided,*
7 That should no payment be received by the employer within one
8 month after the period prescribed herein for adjudication, the
9 reimbursement shall thereafter earn simple interest of one percent
10 per month until paid.

11 "(f) The provisions regarding the notification required of the
12 covered employee and the employer as well as the period within
13 which the claim for benefit or reimbursement may be filed shall
14 apply to all claims filed with the SSS beginning January 1, 1973."

15 SEC. 18. Section 14-A of Republic Act No. 1161, as amended,
16 is hereby further amended to read as follows:

17 "SEC. 14-A. *Maternity Leave Benefit.* - A [covered] female
18 [employee] MEMBER who has paid at least three monthly
19 [maternity] contributions in the twelve-month period immediately
20 preceding the semester of her childbirth, abortion or miscarriage

1 [and who is currently employed] shall be paid a daily maternity
 2 benefit equivalent to one hundred percent of her [present basic
 3 salary, allowances and other benefits or the cash equivalent of such
 4 benefits] **AVERAGE DAILY SALARY CREDIT** for sixty days **OR**
 5 **SEVENTY-EIGHT DAYS IN CASE OF CAESARIAN DELIVERY**, subject to
 6 the following conditions:

7 "(a) That the employee **MEMBER** shall have notified her
 8 employer of her pregnancy and the probable date of her childbirth
 9 which notice shall be transmitted to the SSS in accordance with the
 10 rules and regulations it may provide;

11 "(b) The **FULL** payment shall be advanced by the employer [in
 12 two equal installments] within thirty days from the filing of the
 13 maternity leave application;

14 ["(c) That in case of caesarian delivery, the employees shall be
 15 paid the daily maternity benefit for seventy-eight days;]

16 "[(d)](C) That payment of daily maternity benefits shall be a
 17 bar to the recovery of sickness benefits provided by this Act for the
 18 same [compensable] period [of sixty days for the same childbirth,
 19 abortion or miscarriage] **FOR WHICH DAILY MATERNITY BENEFITS**
 20 **HAVE BEEN RECEIVED;**

1 "[(e)](D) That the maternity benefits provided under this
2 section shall be paid only for the first four deliveries [after May 13,
3 1973] OR INVOLUNTARY ABORTION OR MISCARRIAGES;

4 "[(f)](E) That the SSS shall immediately reimburse the
5 employer of one hundred percent of the amount of maternity
6 benefits advanced to the employee by the employer upon receipt of
7 satisfactory proof of such payment and legality thereof;

8 "[(g)](F) That if an employee MEMBER should give birth or
9 suffer abortion or miscarriage without the required contributions
10 having been remitted for her by her employer to the SSS, or without
11 the latter having been previously notified by the employer of time of
12 the pregnancy, the employer shall pay to the SSS damages equivalent
13 to the benefits which said employee MEMBER would otherwise have
14 been entitled to, and the SSS shall in turn pay such amount to the
15 employee concerned."

16 SEC. 19. Section 15 of Republic Act No. 1161, as amended, is
17 hereby further amended to read as follows:

18 "SEC. 15. *Nontransferability of Benefits.* - The SSS shall
19 PROMPTLY pay the benefits provided for in this Act to such persons

1 as may be entitled thereto in accordance with the provisions of this
2 Act: *Provided*, That THE SSS SHALL PAY THE RETIREMENT BENEFITS
3 ON THE DAY OF CONTINGENCY TO QUALIFIED MEMBERS WHO HAVE
4 SUBMITTED THE NECESSARY DOCUMENTS AT LEAST SIX (6) MONTHS
5 BEFORE: *PROVIDED, FURTHER*, THAT the beneficiary who is a national
6 of a foreign country which does not extend benefits to a Filipino
7 beneficiary residing in the Philippines, shall not be entitled to receive
8 any benefit under this Act: *Provided, further*, That if the recipient is
9 a minor or a person incapable of administering his own affairs, the
10 Commission shall appoint a representative under such terms and
11 conditions as it may deem proper: *Provided, further*, That such
12 appointment shall not be necessary in case the recipient is under the
13 custody of or living with the parents or spouse of the employee in
14 which case the benefits shall be paid to such parents or spouse, as
15 representative payee of the recipient. Such benefits are not
16 transferable and no power of attorney or other document executed
17 by those entitled thereto, in favor of any agent, attorney or any other
18 person for the collection thereof on their behalf shall be recognized,
19 except when they are physically unable to collect personally such
20 benefits: *Provided, further*, That in case of death benefits, if no

1 beneficiary qualifies under this Act, said benefits shall be paid to the
 2 legal heirs in accordance with the law of succession: *Provided, finally,*
 3 That notwithstanding any law to the contrary, the payment of
 4 benefits under this Act shall ban the recovery of similar benefits
 5 under Title II of Book IV of the Labor Code of the Philippines, as
 6 amended, during the period of such payment for the same
 7 contingency, and conversely."

8 SEC. 20. Section 16 of Republic Act No. 1161, as amended, is
 9 hereby further amended to read as follows:

10 "SEC. 16. *Exemption from Tax, Legal Process and Lien.* - All
 11 laws to the contrary notwithstanding, the SSS and all its assets and
 12 properties, all contributions collected and all accruals thereto and
 13 income or investments earnings therefrom as well as all supplies,
 14 equipment, papers or documents [which may be required in
 15 connection with the operation or execution of this Act] shall be
 16 exempt from any tax, assessment, fee or charges, and shall not be
 17 liable for attachments, garnishments, levy or seizure by or under any
 18 legal or equitable process whatsoever, either before or after receipt
 19 by the person or persons entitled thereto, except to pay any debt of
 20 the [covered employee] MEMBER to the SSS. No LAW, RULES,

1 REGULATIONS, OPINIONS OR ANY tax measure HERETOFORE OR
 2 hereafter enacted OR PROMULGATED shall apply to the SSS, unless [it
 3 expressly revokes] the declared policy of the State in Section two
 4 hereof granting tax exemption to the SSS IS EXPRESSLY REVOKED.
 5 Any tax assessment against[, and still unpaid by] the SSS shall be
 6 null and void."

7 SEC. 21. Section 18 of Republic Act No. 1161, as amended, is
 8 hereby further amended by amending paragraph (a) to read as
 9 follows:

10 "SEC. 18. *Employee's Contribution.* - (a) Beginning as of the
 11 last day of the calendar month when an employee's compulsory
 12 coverage takes effect and every month thereafter during his
 13 employment, the employer shall deduct and withhold from such
 14 employee's monthly salary, wage, compensation or earnings, the
 15 employee's contribution in an amount corresponding to his salary,
 16 wage, compensation or earnings during the month in accordance
 17 with the following schedule [effective January 1, 1987]:

SALARY BRACKET NUMBER	RANGE OF MONTHLY COMPENSATION	MONTHLY SALARY CREDIT	MONTHLY CONTRIBUTIONS		
			EMPLOYER	EMPLOYEE	TOTAL
[I	P1.00 - 149.99	P125.00	P6.40	P4.10	P10.50
[II	150.00 - 199.99	175.00	9.00	5.70	14.70
[III	200.00 - 249.99	225.00	11.40	7.50	18.90
[IV	250.00 - 349.99	300.00	15.20	10.00	25.20
[V	350.00 - 499.99	425.00	21.60	14.10	35.70
[VI	500.00 - 699.99	600.00	30.40	20.00	50.40
[VII	700.00 - 899.99	800.00	40.50	26.70	67.20
[VIII] I	1.00 - 1,099.99	1,000.00	50.70	33.30	84.00
[IX	1,100.00 - 1,399.99	1,250.00	63.30	41.70	105.00
[X] II	1,400.00 - 1,749.99	1,500.00	76.00	50.00	126.00
[XI] III	1,750.00 - 2,249.99	2,000.00	101.30	66.70	168.00
[XII] IV	2,250.00 - 2,749.99	2,500.00	126.70	83.30	210.00
[XIII] V	2,750.00 - 3,249.99	3,000.00	152.00	100.00	252.00
[XIV] VI	3,250.00 - 3,749.99	3,500.00	177.30	116.70	294.00
[XV] VII	3,750.00 - 4,249.99	4,000.00	202.70	133.30	336.00
[XVI] VIII	4,250.00 - 4,749.99	4,500.00	228.00	150.00	378.00
[XVII] IX	4,750.00 - 5,249.99	5,000.00	253.30	166.70	420.00
[XVIII] X	5,250.00 - 5,749.99	5,500.00	278.70	183.30	462.00
[XIX] XI	5,750.00 - 6,249.99	6,000.00	304.00	200.00	504.00
[XX] XII	6,250.00 - 6,749.99	6,500.00	329.30	216.70	546.00
[XXI] XIII	6,750.00 - 7,249.99	7,000.00	354.70	233.30	588.00
[XXII] XIV	7,250.00 - 7,749.99	7,500.00	380.00	250.00	630.00
[XXIII] XV	7,750.00 - 8,249.99	8,000.00	405.30	266.70	672.00
[XXIV] XVI	8,250.00 - 8,749.99	8,500.00	430.70	283.30	714.00
[XXV] XVII	8,750.00 - 9,249.99	9,000.00	456.00	300.00	756.00

1 "The [tabulated] FOREGOING schedule [for the monthly] OF
 2 contribution SHALL ALSO APPLY [of the] TO self-employed PERSONS
 3 and voluntary members [effective January 1, 1987 shall be as
 4 follows:].

5 "The maximum [covered earnings or compensation of all SSS
 6 members shall be limited to Four thousand pesos per month for
 7 1991, Five thousand pesos per month for 1992, Six thousand pesos
 8 per month for 1993, as provided in the foregoing schedules unless
 9 otherwise provided] MONTHLY SALARY CREDIT SHALL BE NINE
 10 THOUSAND PESOS EFFECTIVE JANUARY NINETEEN HUNDRED AND
 11 NINETY-SIX: *PROVIDED*, THAT IT SHALL BE INCREASED BY ONE
 12 THOUSAND PESOS EVERY YEAR THEREAFTER UNTIL IT SHALL HAVE
 13 REACHED TWELVE THOUSAND PESOS BY NINETEEN HUNDRED AND
 14 NINETY-NINE: *PROVIDED, FURTHER*, THAT THE MINIMUM AND
 15 MAXIMUM MONTHLY SALARY CREDITS AS WELL AS THE RATES OF
 16 CONTRIBUTIONS MAY BE FIXED FROM TIME TO TIME by the Social
 17 Security Commission through rules and regulations taking into
 18 consideration actuarial calculations and rate of benefits, SUBJECT TO
 19 THE APPROVAL OF THE PRESIDENT OF THE PHILIPPINES.

1 "(b) Every employer shall issue a receipt of all contributions
2 deducted from the employee's compensation or shall indicate such
3 deductions on the employee's pay envelopes."

4 SEC. 22. Section 19-A of Republic Act No. 1161, as amended,
5 is hereby further amended to read as follows:

6 "SEC. 19-A. *Contributions of the Self-Employed.* - The
7 contributions to the SSS of the self-employed MEMBER shall be
8 determined in accordance with Section eighteen of this Act:
9 *Provided, That the [average] monthly [net] earnings declared by the*
10 self-employed MEMBER at the time of his registration with the SSS
11 shall be considered as his monthly compensation and he shall pay
12 both the employer and employee contributions: **PROVIDED, FURTHER,**
13 **THAT THE CONTRIBUTIONS OF SELF-EMPLOYED PERSONS EARNING**
14 **ONE THOUSAND PESOS (P1,000.00) MONTHLY OR BELOW MAY BE**
15 **REDUCED BY THE SSS BOARD.**

16 ["Net earnings as understood under this section shall be the
17 net income from his business or profession as reflected in the
18 income tax return for the immediately preceding year, excluding
19 rental income, dividend, interest investments and the like or all types
20 of incomes which are not derived from his business registered with

1 the SSS or from the practice of his profession.]

2 "The [average] monthly [net] earnings declared by the self-
3 employed member at the time of his registration shall remain as the
4 basis of his monthly salary credit, unless he makes[, at the start of
5 the year,] another declaration of his [average] monthly [net]
6 earnings [based on his income tax returns for the immediately
7 preceding year], in which case such latest declaration becomes the
8 new basis of his monthly salary credit."

9 SEC. 23. Section 22 of Republic Act No. 1161, as amended, is
10 hereby further amended to read as follows:

11 "SEC. 22. *Remittance of Contributions.* - (a) The contribution
12 imposed in the preceding section shall be remitted to the SSS within
13 the first [seven] TEN (10) days of each calendar month following the
14 month for which they are applicable or within such time as the
15 Commission may prescribe. Every employer required to deduct and
16 to remit such contributions shall be liable for their payment and if
17 any contribution is not paid to the SSS as herein prescribed, he shall
18 pay besides the contribution a penalty thereon of three percent per
19 month from the date the contribution falls due until paid. If deemed
20 expedient and advisable by the Commission, the collection and

1 remittance of contributions shall be made quarterly or semi-annually
2 in advance, the contributions payable by the employees to be
3 advanced by their respective employers: *Provided*, That upon
4 separation of any employee, any contribution so paid in advance but
5 not due shall be credited or refunded to his employer.

6 "(b) The contributions payable under this Act in cases where
7 an employer refuses or neglects to pay the same shall be collected by
8 the SSS in the same manner as taxes are made collectible under the
9 National Internal Revenue Code, as amended. Failure or refusal of
10 the employer to pay or remit the contributions herein prescribed
11 shall not prejudice the right of the covered employee the benefits of
12 the coverage.

13 "The right to institute the necessary action [against the
14 employer] may be commenced within twenty years from the time the
15 delinquency is known or the assessment is made by the SSSI, or
16 from the time the benefit accrues, as the case may be].

17 "(c) Should any person, natural or juridical default in any
18 payment of contributions, the Commission may also collect the same
19 in either of the following:

20 "(1) By an action in court, which shall hear and dispose of the

1 case in preference to any other civil action; or

2 "(2) By issuing a warrant to the Sheriff of any province or city
3 commanding him to levy upon and sell any real and personal
4 property of the debtor. The Sheriff's sale by virtue of said warrant
5 shall be governed by the same procedure prescribed for executions
6 against property upon judgments by a court of record.

7 "(d) The last complete record of monthly contributions paid by
8 the employer or the average of the monthly contributions paid
9 during the past three years as of the date of filing of the action for
10 collection shall be presumed to be the monthly contributions payable
11 by and due from the employer to the SSS for each of the unpaid
12 months, unless contradicted and overcome by other evidence:
13 *Provided*, That the SSS shall not be barred from determining and
14 collecting the true and correct contributions due the SSS even after
15 full payment pursuant to this paragraph, nor shall the employer be
16 relieved of his liability under Section twenty-eight of this Act.

17 ["(e) For purposes of this section, any employer who is
18 delinquent or has not remitted all the monthly contributions due and
19 payable may within six months from the issuance of this Executive
20 Order remit said contributions to the SSS and submit the

1 corresponding collection list herefor without incurring the
 2 prescribed three percent penalty. In case the employer fails to remit
 3 to the SSS the said contributions within the six-month grace period,
 4 the penalty of three percent shall be imposed from the time the
 5 contributions first became due as provided in paragraph (a) of this
 6 section."]

7 SEC. 24. Section 22-A of Republic Act No. 1161, as amended,
 8 is hereby further amended to read as follows:

9 "SEC. 22-A. *Remittance of Contributions of Self-Employed.* -
 10 Self-employed members shall remit their monthly contributions
 11 quarterly on such dates and schedules, as the Commission may
 12 specify through rules and regulations: **PROVIDED, THAT**
 13 **RETROACTIVE PAYMENT OF CONTRIBUTIONS SHALL BE ALLOWED BY**
 14 **THE COMMISSION UNDER CERTAIN CONDITIONS AND GUIDELINES.**

15 "The penalty of three percent per month for late payments
 16 provided for in paragraph (a) of Section twenty-two of this Act and
 17 the manner of collection of contributions specified in paragraphs (b),
 18 (c), and (d) of Section twenty-two of this Act are also applicable to
 19 the collection of penalties and contributions of the covered self-
 20 employed."

1 SEC. 25. Paragraphs (a), (b), (c), and (f) of Section 24 of
 2 Republic Act No. 1161, as amended, are hereby further amended
 3 and a new paragraph to be designated as paragraph (g) is added to
 4 read as follows:

5 "SEC. 24. *Employment Records and Reports.* - (a) Each
 6 employer shall immediately report to the SSS the names, ages, civil
 7 status, occupations, salaries and dependents of all his employees
 8 who are subject to compulsory coverage: *Provided,* That if an
 9 employee subject to compulsory coverage should die or become sick
 10 or disabled or reach the age of sixty without the SSS having
 11 previously received any report or written communication about him
 12 from his employer [or a contribution paid in his name by his
 13 employer], the said employer shall pay to the SSS damages
 14 equivalent to the benefits to which said employee MEMBER would
 15 have been entitled had his name been reported on time by his
 16 employer to the SSS, except that in case of pension benefits, the
 17 employer shall be liable to pay the SSS damages equivalent to THE
 18 ACCUMULATED PENSION DUE AS OF THE DATE OF SETTLEMENT OF
 19 THE CLAIM OR TO THE five year's [monthly] pension, WHICHEVER IS

1 HIGHER, including dependents' pension: *Provided, further,* That if the
 2 contingency occurs within thirty days from the date of employment,
 3 the employer shall be relieved of his liability of damages: **PROVIDED,**
 4 **FURTHER, THAT ANY PERSON OR ENTITY ENGAGING THE SERVICES OF**
 5 **AN INDEPENDENT CONTRACTOR SHALL BE SUBSIDIARILY LIABLE WITH**
 6 **SUCH CONTRACTOR FOR ANY CIVIL LIABILITY INCURRED BY THE**
 7 **LATTER UNDER THIS ACT: PROVIDED, FINALLY, THAT THE SAME**
 8 **PERSON OR ENTITY ENGAGING THE SERVICES OF AN INDEPENDENT**
 9 **CONTRACTOR SHALL REQUIRE SUCH CONTRACTOR TO POST A SURETY**
 10 **BOND TO GUARANTEE THE PAYMENT OF THE WORKER'S BENEFITS.**

11 (b) Should the employer misrepresent the true date of
 12 employment of [his employees] THE EMPLOYEE MEMBER or remit to
 13 the SSS contributions which are less than those required in this Act
 14 OR FAIL TO REMIT ANY CONTRIBUTION DUE PRIOR TO THE DATE OF
 15 CONTINGENCY, resulting in a reduction of benefits, [the] SUCH
 16 employer shall pay the SSS damages [to the extent of such
 17 reduction] EQUIVALENT TO THE DIFFERENCE BETWEEN THE AMOUNT
 18 OF BENEFIT TO WHICH THE EMPLOYEE MEMBER OR HIS BENEFICIARY
 19 IS ENTITLED HAD THE PROPER CONTRIBUTIONS BEEN REMITTED TO
 20 THE SSS AND THE AMOUNT PAYABLE ON THE BASIS OF THE

1 CONTRIBUTIONS ACTUALLY REMITTED: *PROVIDED*, THAT IF IN SUCH A
 2 CASE, THE EMPLOYEE MEMBER OR HIS BENEFICIARY IS ENTITLED TO
 3 PENSION BENEFITS, THE DAMAGES SHALL BE EQUIVALENT TO THE
 4 ACCUMULATED PENSION DUE AS OF THE DATE OF SETTLEMENT OF
 5 THE CLAIM OR TO THE FIVE YEARS' PENSION, WHICHEVER IS
 6 HIGHER, INCLUDING DEPENDENTS' PENSION.

7 "In addition to the liability mentioned in the preceding
 8 paragraphs (a) and (b) hereof, the employer shall also be liable for
 9 the payment of the corresponding unremitted contributions and
 10 penalties thereon.

11 "(c) The records and reports duly accomplished and submitted
 12 to the SSS by the employee or the employer, as the case may be shall
 13 be kept confidential by the SSS except in compliance with a
 14 *subpoena duces tecum* issued by the Courts, shall not be divulged
 15 without the consent of the [Administrator] SSS PRESIDENT or any
 16 official of the SSS duly authorized by him, shall be presumed correct
 17 as to the data and other matters stated therein, unless the necessary
 18 corrections to such records and reports have been properly made by
 19 the parties concerned before the right to the benefit being claimed
 20 accrues, and shall be made the basis for the adjudication of the

1 claim. If as a result of such adjudication the SSS in good faith pays a
 2 monthly pension to a beneficiary who is inferior in right to another
 3 beneficiary or with whom another beneficiary is entitled to share,
 4 such payments shall discharge the SSS from liability unless and until
 5 such other beneficiary notifies the SSS of his claim prior to the
 6 payments.

7 "(d) Every employer shall keep true and accurate work
 8 records for such period and containing such information as the
 9 Commission may prescribe, in addition to an "Annual Register of
 10 New and Separated Employees" which shall be secured from the SSS
 11 wherein the employer shall enter on the first day of employment or
 12 on the effective date of separation, the names of the persons
 13 employed or separated from employment, their SSS numbers, and
 14 such other data that the Commission may require and said annual
 15 register shall be submitted to the SSS in the month of January of
 16 each year. Such records shall be open for inspection by the SSS or its
 17 authorized representatives quarterly or as often as the SSS may
 18 require.

19 "The SSS may also require each employer to submit, with
 20 respect to the persons in his employ, reports needed for the effective

1 administration of this Act.

2 "e) Effective July 1, 1973, each employer shall require as a
 3 condition to employment, the presentation of a registration number
 4 secured by the prospective employee from the SSS in accordance
 5 with such procedure as the SSS may adopt: *Provided*, That in case of
 6 employees who have earlier been assigned registration numbers by
 7 virtue of a previous employment, such numbers originally assigned
 8 to them should be used for purposes of this section: *Provided*,
 9 *further*, That the issuance of such registration numbers by the SSS
 10 shall not exempt the employer from complying with the provisions of
 11 paragraph (a) of this section.

12 "(f) Notwithstanding any law to the contrary, microfilm, OR
 13 NON-ERASABLE OPTICAL DISK AND OTHER SIMILAR ARCHIVAL MEDIA
 14 copies of original SSS records and reports, OR COPIES OF SUCH
 15 RECORDS AND REPORTS, duly certified by the official custodian
 16 thereof, shall have evidentiary value as the originals and be
 17 admissible as evidence in all legal proceedings."

18 (G) NOTWITHSTANDING ANY LAW TO THE CONTRARY, LOCAL
 19 GOVERNMENT UNITS SHALL, PRIOR TO ISSUING ANY ANNUAL BUSINESS
 20 LICENSE OR PERMIT, REQUIRE SUBMISSION OF CERTIFICATE OF SSS

1 **COVERAGE AND COMPLIANCE WITH THE PROVISIONS OF THIS ACT:**
 2 ***PROVIDED, THAT THE CERTIFICATION OR CLEARANCE SHALL BE***
 3 ***ISSUED BY THE SSS WITHIN FIVE WORKING DAYS FROM RECEIPT OF***
 4 ***THE REQUEST.***

5 SEC. 26. Section 25 of Republic Act No. 1161, as amended, is
 6 hereby further amended to read as follows:

7 "***SEC. 25. Deposits and Disbursements.*** - All money paid to or
 8 collected by the SSS every year under this Act, and all accruals
 9 thereto, shall be deposited, administered and disbursed in the same
 10 manner and, under the same conditions and requirements as
 11 provided by law for other public special funds: *Provided, That not*
 12 *more than twelve percent of the total yearly contributions plus three*
 13 *percent of other revenues shall be disbursed for ADMINISTRATIVE*
 14 *AND OPERATIONAL EXPENSES SUCH AS salaries and wages, [purchases*
 15 *of office equipment] SUPPLIES and materials, [operational expenses]*
 16 *DEPRECIATION, and the maintenance of [regional] BRANCH AND*
 17 *REPRESENTATIVE offices of the SSS: *Provided, further, That if the**
 18 *expenses in any year are less than the maximum amount permissible,*
 19 *the difference shall not be availed of as additional expenses in the*
 20 *following years."*

1 SEC. 27. Section 26 of Republic Act No. 1161, as amended, is
2 hereby further amended to read as follows:

3 "SEC. 26. *Investment of Reserve Funds.* - All revenues of the
4 SSS that are not needed to meet the current administrative and
5 operational expenses incidental to the carrying out of this Act shall
6 be accumulated in a fund to be known as 'Reserve Fund.' Such
7 portions of the Reserve Fund as are not needed to meet the current
8 benefit obligations thereof shall be KNOWN AS THE INVESTMENT
9 RESERVE FUND WHICH SHALL, WITH THE APPROVAL OF THE
10 COMMISSION, BE INVESTED WITH DUE DILIGENCE AND PRUDENCE IN
11 LINE WITH THE BASIC PRINCIPLES OF SAFETY, YIELD, SOCIAL AND
12 ECONOMIC UTILITY AND LIQUIDITY to earn an average annual income
13 CLOSE TO THE AVERAGE RATES OF TREASURY BILLS OR ANY OTHER
14 ACCEPTABLE MARKET YIELD INDICATOR, [of at least nine percent and
15 shall be known as the 'Investment Reserve Fund' which shall be
16 invested] in any or all of the following:

17 "(a) In [interest-bearing] bonds, [or] securities, PROMISSORY
18 NOTES OR OTHER EVIDENCE OF INDEBTEDNESS of the government of
19 the Philippines, or IN bonds, [or] securities, [for the payment of the

1 interest and principal] PROMISSORY NOTES OR OTHER EVIDENCE OF
 2 INDEBTEDNESS to which the FULL faith, [and] credit AND
 3 UNCONDITIONAL GUARANTEE of the [Republic] GOVERNMENT of the
 4 Philippines is pledged: *PROVIDED, THAT SUCH INVESTMENTS SHALL*
 5 *NOT EXCEED SIXTY PERCENT OF THE INVESTMENT RESERVE FUND;*

6 (B) IN BONDS, SECURITIES, PROMISSORY NOTES OR OTHER
 7 EVIDENCE OF INDEBTEDNESS OF THE GOVERNMENT OF THE
 8 PHILIPPINES OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES TO
 9 FINANCE DOMESTIC INFRASTRUCTURE PROJECTS SUCH AS ROADS,
 10 BRIDGES, PORTS, TELECOMMUNICATIONS, AND OTHER SIMILAR
 11 PROJECTS: *PROVIDED, THAT THE INSTRUMENTS ISSUED BY AN AGENCY*
 12 *OR INSTRUMENTALITY OF THE GOVERNMENT SHALL BE GUARANTEED*
 13 *BY THE GOVERNMENT OF THE PHILIPPINES OR ANY GOVERNMENT*
 14 *FINANCIAL INSTITUTION OR ACCEPTABLE MULTILATERAL AGENCY:*
 15 *PROVIDED, FURTHER, THAT THE SSS SHALL HAVE PRIORITY OVER THE*
 16 *REVENUES OF THE PROJECTS: PROVIDED, FINALLY, THAT SUCH*
 17 *INVESTMENTS SHALL NOT EXCEED THIRTY PERCENT OF THE*
 18 *INVESTMENT RESERVE FUND;*

19 (C) IN BONDS, SECURITIES, PROMISSORY NOTES OR OTHER
 20 EVIDENCE OF INDEBTEDNESS OF GOVERNMENT FINANCIAL

1 INSTITUTIONS OR GOVERNMENT CORPORATIONS WITH ACCEPTABLE
2 CREDIT OR GUARANTEE: *PROVIDED*, THAT SUCH INVESTMENTS SHALL
3 NOT EXCEED THIRTY PERCENT OF THE INVESTMENT RESERVE FUND;
4 "[(b)](D) In [interest-bearing] BONDS, SECURITIES, deposits,
5 PROMISSORY NOTES or [securities in] OTHER EVIDENCE OF
6 INDEBTEDNESS OF any [domestic] bank doing business in the
7 Philippines AND IN GOOD STANDING WITH THE *BANGKO SENTRAL NG*
8 *PILIPINAS* TO FINANCE LOANS TO PRIVATE CORPORATIONS DOING
9 BUSINESS IN THE PHILIPPINES, INCLUDING SCHOOLS, HOSPITALS,
10 SMALL AND MEDIUM SCALE INDUSTRIES, COOPERATIVES AND
11 NONGOVERNMENTAL ORGANIZATIONS, IN WHICH CASE THE
12 COLLATERALS OR SECURITIES SHALL BE ASSIGNED TO THE SSS, UNDER
13 SUCH TERMS AND CONDITIONS AS THE COMMISSION MAY PRESCRIBE:
14 *Provided*, That [such] IN THE CASE OF BANK deposits, THEY shall not
15 exceed at any time the unimpaired capital and surplus or total
16 private deposits of the depository bank, whichever is smaller:
17 *Provided, further*, That said bank shall first have been designated as a
18 depository for this purpose by the Monetary Board of the [Central
19 Bank of the Philippines: *Provided, finally*, That such investment in
20 deposits or securities shall be equitably distributed to all designated

1 banks] **BANGKO SENTRAL NG PILIPINAS: PROVIDED, FINALLY, THAT**
 2 **SUCH INVESTMENTS SHALL NOT EXCEED THIRTY PERCENT OF THE**
 3 **INVESTMENT RESERVE FUND;**

4 [(C) In loans or interest-bearing advances to the national
 5 government for the construction of permanent toll bridges, toll roads
 6 or government office buildings in accordance with actuarial
 7 considerations and the conditions prescribed by the law in such
 8 cases: *Provided*, That the tolls shall be collected by the SSS for a
 9 reasonable fee;]

10 [(d)(E) In [direct] BONDS, SECURITIES, PROMISSORY NOTES
 11 OR OTHER EVIDENCE OF INDEBTEDNESS OF SHELTER AGENCIES OF
 12 THE NATIONAL GOVERNMENT OR FINANCIAL INTERMEDIARIES TO
 13 FINANCE housing loans [to covered employees and group housing
 14 projects giving priority to low-income groups, up to a maximum of
 15 ninety percent of the appraised value of the properties to be
 16 mortgaged by the borrowers and in loans for the construction and
 17 the maintenance of hospitals and institutions for the sick, aged and
 18 infirmed members and their families, referred to in Section four
 19 (j)(9) of this Act: *Provided*, That such investments shall not exceed
 20 thirty percent of the Investment Reserve Fund] OF SSS MEMBERS;

1 "[(e) In] AND IN short and medium term loans to [covered
 2 employees] MEMBERS such as salary, educational, LIVELIHOOD,
 3 MARITAL, calamity and emergency loans AND IN LONG-TERM
 4 INDIVIDUAL OR GROUP HOUSING LOANS GIVING PRIORITY TO THE
 5 LOW-INCOME GROUPS, UP TO A MAXIMUM OF NINETY PERCENT OF
 6 THE APPRAISED VALUE OF THE PROPERTIES TO BE MORTGAGED BY
 7 THE BORROWERS: *Provided*, That not more than [ten] FORTY percent
 8 of the Investment Reserve Fund at any time shall be invested for
 9 [this purpose] THESE PURPOSES;

10 (F) IN BONDS, SECURITIES, PROMISSORY NOTES OR OTHER
 11 EVIDENCE OF INDEBTEDNESS OF EDUCATIONAL OR MEDICAL
 12 INSTITUTIONS TO FINANCE THE CONSTRUCTION, IMPROVEMENT AND
 13 MAINTENANCE OF SCHOOLS AND HOSPITALS: *PROVIDED*, THAT SUCH
 14 INVESTMENTS SHALL NOT EXCEED TEN PERCENT OF THE INVESTMENT
 15 RESERVE FUND;

16 "[(f)](G) In REAL ESTATE PROPERTY INCLUDING SHARES OF
 17 STOCKS INVOLVING REAL ESTATE PROPERTY [other income earning
 18 projects,] and investments secured by first mortgages on real estate
 19 OR OTHER collaterals [which] ACCEPTABLE TO THE SSS: *PROVIDED*,

1 THAT SUCH INVESTMENTS SHALL, in the determination of the
2 Commission, [shall] redound to the benefit of the SSS, its members,
3 as well as the GENERAL public [welfare: *Provided*, That any such
4 investments shall be made with due diligence and prudence to earn
5 the highest possible interest consistent with safety]: **PROVIDED,**
6 **FURTHER, THAT INVESTMENT IN REAL ESTATE PROPERTY INCLUDING**
7 **SHARES OF STOCKS INVOLVING REAL ESTATE PROPERTY SHALL NOT**
8 **EXCEED TEN PERCENT OF THE INVESTMENT RESERVE FUND:**
9 **PROVIDED, FINALLY, THAT INVESTMENTS SECURED BY FIRST**
10 **MORTGAGES ON REAL ESTATE OR OTHER COLLATERALS SHALL NOT**
11 **EXCEED THIRTY PERCENT OF THE INVESTMENT RESERVE FUND;**

12 [“(g) As part of its investment operation, the SSS shall act as
13 insurer of all or part of its interests on SSS properties mortgaged to
14 the SSS, or lives of mortgagors whose properties are mortgaged to
15 the SSS. For this purpose, the SSS shall establish a separate account
16 to be known as the ‘Mortgagors Insurance Account.’ All amounts
17 received by the SSS, in connection with the aforesaid insurance
18 operation shall be placed in the Mortgagors’ Insurance Account. The
19 assets and liabilities of the Mortgagors’ Insurance Account shall at
20 all times be clearly identifiable and distinguishable from the assets

1. and liabilities in all other accounts of the SSS. Notwithstanding any
 2. provision of law to the contrary, the assets held in the Mortgagors'
 3. Insurance Account shall not be chargeable with the liabilities arising
 4. out of any other business the SSS may conduct but shall be held and
 5. applied exclusively for the benefit of the owners or beneficiaries of
 6. the insurance contracts issued by the SSS under this paragraph.]

7. ["(h) The SSS may insure any of its interests or part thereof
 8. with any private company or reinsurer. The Insurance Commission
 9. or its authorized representatives shall make an examination into the
 10. financial condition and methods of transacting business of the SSS at
 11. least once in two years, but such examination shall be limited to the
 12. insurance operation of the SSS as authorized under this section and
 13. shall not embrace the other operations of the SSS; and the report of
 14. said examination shall be submitted to the Commission and a copy
 15. thereof shall be furnished the Office of the President of the
 16. Philippines within a reasonable time after the close of the
 17. examination: *Provided*, That for each examination, the SSS shall pay
 18. to the Insurance Commission an amount equal to the actual
 19. expenses of the Insurance Commission in the conduct of the
 20. examination including the salaries of the examiners and of the

1 actuary of the Insurance Commission who have been assigned to
 2 make such examination for the actual time spent in said
 3 examination: *Provided, further,* That the general law on insurance
 4 promulgated thereunder shall have suppletory application insofar as
 5 it is not in conflict with the SSS law and its rules and regulations;]

6 "[(i)] (H) In LOANS TO, OR IN bonds, debentures, PROMISSORY
 7 NOTES or other evidence of indebtedness of any solvent corporation
 8 or institution created or existing under the laws of the Philippines:
 9 *Provided,* That the issuing, or assuming or guaranteeing entity or its
 10 predecessors shall not have defaulted in the payment of interest on
 11 any of its securities and that during each of any three including the
 12 last two of the five fiscal years next preceding the date of THE LOAN
 13 OR THE acquisition by the SSS of such bonds, debentures,
 14 PROMISSORY NOTES or other evidences of indebtedness, the net
 15 earnings of the issuing, assuming or guaranteeing institutions
 16 available for its [fix charges] DEBT SERVICE, as hereinafter defined,
 17 shall have been not less than [one and one-quarter times the total of
 18 its fixed charges] ONE AND ONE-HALF TIMES THE TOTAL OF ITS DEBT
 19 SERVICE for such year: *Provided, further,* That such investment shall
 20 not exceed ten percent of the Investment Reserve Fund.

1 "As used in this section, the term 'net earnings available for
 2 ['fix charges' shall mean net income after deducting operating and
 3 maintenance expenses, taxes other than income taxes depreciation
 4 and depletion] DEBT SERVICE' SHALL MEAN THE SUM OF NET INCOME
 5 AFTER TAX PLUS NON-CASH CHARGES AND INTEREST; but excluding
 6 extraordinary non-recurring items of income or expense appearing
 7 in the regular financial statement of the issuing, assuming or
 8 guaranteeing institution. The term ['fixed charges'] DEBT SERVICE
 9 shall include interest on [funded and unfunded debt, amortization of
 10 debt discount, and rentals for leased properties] PRINCIPAL ON
 11 LONG-TERM DEBTS;

12 ["(j) In preferred stocks of any solvent corporation or
 13 institution created or existing under the laws of the Philippines:
 14 *Provided*, That the issuing, assuming or guaranteeing entity or its
 15 predecessors has paid regular dividends upon its preferred or
 16 guaranteed stocks for a period of at least three years next preceding
 17 the date of investment in such preferred or guaranteed stocks:
 18 *Provided, further*, That if the stocks are guaranteed, the amount of
 19 stocks so guaranteed is not in excess of fifty *per centum* of the

1 amount of preferred or common stocks, as the case may be, of the
 2 issuing corporations: *Provided, furthermore,* That if the corporation
 3 or institution has not paid dividends upon its preferred stocks, the
 4 corporation or institution has sufficient retained earnings to declare
 5 dividends for at least two years on such preferred stock: *Provided,*
 6 *finally,* That such investment shall not exceed ten percent of the
 7 Investment Reserve Fund;]

8 "[(k)](I) In PREFERRED OR common SHARES OF stocks LISTED
 9 OR ABOUT TO BE LISTED IN THE STOCK EXCHANGE OR OPTIONS OR
 10 WARRANTS TO SUCH STOCKS OR SUCH OTHER RISK MANAGEMENT
 11 INSTRUMENTS of any PRIME OR solvent corporation or FINANCIAL
 12 institution created or existing under the laws of the Philippines
 13 [listed in the stock exchange] with proven track record of
 14 profitability OVER THE LAST THREE YEARS and payment of dividends
 15 AT LEAST ONCE over the [last three years] SAME PERIOD, AND IN
 16 PREFERRED OR COMMON SHARES OF STOCKS OF ANY OR OPTIONS OR
 17 WARRANTS TO SUCH STOCKS OR OTHER RISK MANAGEMENT
 18 INSTRUMENTS OF A NEWLY-ORGANIZED CORPORATION: *PROVIDED,*
 19 *THAT INVESTMENTS IN PREFERRED OR COMMON SHARES OF STOCKS*
 20 *OF ANY CORPORATION SHALL NOT EXCEED TEN PERCENT OF TOTAL*

1. OUTSTANDING PREFERRED OR COMMON SHARES OF STOCKS OF SUCH
 2 CORPORATION: *PROVIDED, FURTHER*, THAT IN THE CASE OF A NEWLY-
 3 ORGANIZED CORPORATION, ITS MAJORITY STOCKHOLDER HAS A
 4 RELATED LINE OF BUSINESS WITH A PROVEN TRACK RECORD OF
 5 PROFITABILITY OVER THE LAST THREE YEARS AND PAYMENT OF
 6 DIVIDENDS AT LEAST ONCE OVER THE SAME PERIOD, AND AT LEAST
 7 TWENTY PERCENT OF ITS PREFERRED OR COMMON SHARES OF
 8 STOCKS SHALL BE IMMEDIATELY OFFERED TO THE PUBLIC: *PROVIDED,*
 9 *FURTHER*, THAT INVESTMENTS IN PREFERRED OR COMMON SHARES OF
 10 STOCKS WHICH ARE NOT LISTED SHALL NOT EXCEED TEN PERCENT OF
 11 THE INVESTMENT RESERVE FUND: *Provided, FINALLY*, That such
 12 [investment] INVESTMENTS shall not exceed [ten] THIRTY percent of
 13 the Investment Rescrve Fund;"

14 (J) IN DOMESTIC MUTUAL FUNDS INCLUDING INVESTMENTS
 15 RELATED TO THE OPERATIONS OF MUTUAL FUNDS: *PROVIDED*, THAT
 16 SUCH INVESTMENTS SHALL NOT EXCEED TWENTY PERCENT OF THE
 17 INVESTMENT RESERVE FUND;

18 (K) IN FOREIGN MUTUAL FUNDS, IN FOREIGN CURRENCY
 19 DEPOSITS OR FOREIGN CURRENCY DENOMINATED DEBTS, EQUITIES
 20 AND OTHER FINANCIAL INSTRUMENTS OR OTHER ASSETS ISSUED IN

1 ACCORDANCE WITH EXISTING LAWS OF THE COUNTRIES WHERE SUCH
 2 FINANCIAL INSTRUMENTS ARE ISSUED: *PROVIDED*, THAT THESE
 3 INSTRUMENTS OR ASSETS ARE LISTED IN BOURSES OF THE RESPECTIVE
 4 COUNTRIES WHERE THESE INSTRUMENTS OR ASSETS ARE ISSUED:
 5 *PROVIDED, FURTHER*, THAT THE ISSUING COMPANY HAS A PROVEN
 6 TRACK RECORD OF PROFITABILITY OVER THE LAST THREE YEARS AND
 7 PAYMENT OF DIVIDENDS AT LEAST ONCE OVER THE SAME PERIOD:
 8 *PROVIDED, FINALLY*, THAT SUCH INVESTMENTS SHALL NOT EXCEED
 9 TEN PERCENT OF THE INVESTMENT RESERVE FUND;

10 (L) IN LOANS SECURED BY SUCH COLLATERALS LIKE CASH,
 11 GOVERNMENT SECURITIES OR GUARANTEES OF MULTILATERAL
 12 INSTITUTIONS: *PROVIDED*, THAT SUCH INVESTMENTS SHALL NOT
 13 EXCEED THIRTY PERCENT OF THE INVESTMENT RESERVE FUND; AND

14 NO PORTION OF THE INVESTMENT RESERVE FUND OR INCOME
 15 THEREOF SHALL ACCRUE TO THE GENERAL FUND OF THE NATIONAL
 16 GOVERNMENT OR TO ANY OF ITS AGENCIES OR INSTRUMENTALITIES,
 17 INCLUDING GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS,
 18 EXCEPT AS MAY BE ALLOWED UNDER THIS ACT.

19 SEC. 28. A new section hereinafter designated as Section 26-A,
 20 is hereby inserted after Section 26 of Republic Act No. 1161, as

1 . amended, to read as follows:

2 "SEC. 26-A. *FUND MANAGERS.* - AS PART OF ITS INVESTMENT
3 OPERATIONS, THE SSS MAY APPOINT LOCAL OR FOREIGN FUND
4 MANAGERS TO MANAGE THE INVESTMENT RESERVE FUND, AS IT MAY
5 DEEM APPROPRIATE."

6 SEC. 29. Paragraphs (g) and (h) of Section 26 of Republic Act
7 No. 1161, as amended, are hereby constituted into a new section
8 hereinafter designated as Section 26-B, to read as follows:

9 "[g] SEC. 26-B. *MORTGAGOR INSURANCE ACCOUNT.* - (A) As
10 part of its investment operation, the SSS shall act as insurer of all or
11 part of its interests on SSS properties mortgaged to the SSS, or lives
12 of mortgagors whose properties are mortgaged to the SSS. For this
13 purpose, the SSS shall establish a separate account to be known as
14 the 'Mortgagors' Insurance Account.' All amounts received by the
15 SSS in connection with the aforesaid insurance operations shall be
16 placed in the Mortgagors' Insurance Account. The assets and
17 liabilities of the Mortgagors' Insurance Account shall at all times be
18 clearly identifiable and distinguishable from the assets and liabilities
19 in all other accounts of the SSS. Notwithstanding any provision of
20 law to the contrary, the assets held in the Mortgagors' Insurance

1 Account shall not be chargeable with the liabilities arising out of any
 2 other business the SSS may conduct but shall be held and applied
 3 exclusively for the benefit of the owners or beneficiaries of the
 4 insurance contracts issued by the SSS under this paragraph.

5 "[h](B) The SSS may insure any of its interests or part
 6 thereof with any private company or reinsurer. The Insurance
 7 Commission or its authorized representatives shall make an
 8 examination into the financial condition and methods of transacting
 9 business of the SSS at least once in two (2) years, but such
 10 examination shall be limited to the insurance operation of the SSS as
 11 authorized under this [section] PARAGRAPH and shall not embrace
 12 the other operations of the SSS; and the report of said examination
 13 shall be submitted to the Commission and a copy thereof shall be
 14 furnished the Office of the President of the Philippines within a
 15 reasonable time after the close of the examination: *Provided, That*
 16 for each examination, the SSS shall pay to the Insurance
 17 Commission an amount equal to the actual expenses of the
 18 Insurance Commission in the conduct of the examination including
 19 the salaries of the examiners and of the actuary of the Insurance
 20 Commission who have been assigned to make such examination for

1 the actual time spent in said examination: *Provided, further,* That the
2 general law on insurance AND THE RULES AND REGULATIONS
3 promulgated thereunder shall have suppletory application insofar as
4 it is not in conflict with the SSS law and its rules and regulations."

5 SEC. 30. Section 27 of Republic Act No. 1161, as amended, is
6 hereby further amended to read as follows:

7 "SEC. 27. *Records and Reports.* - The [administrator] SSS
8 PRESIDENT shall keep and cause to keep records of operations of the
9 funds of the [System] SSS and of disbursements thereof and all
10 accounts of payments made out of said funds. During the month of
11 January of each year, the [administrator] SSS PRESIDENT shall
12 prepare for submission to the President OF THE PHILIPPINES and the
13 Congress of the Philippines a report of operations of the [System]
14 SSS during the preceding year including statistical data on the
15 number of persons covered and benefited, their occupations and
16 employment status, the duration and amount of benefits paid, the
17 finances of the [System] SSS at the close of the said year, and
18 recommendations. He shall also cause to be published in two
19 newspapers of general circulation in the Philippines a synopsis of the
20 annual report, showing in particular the status of the finances of the

1 [System] SSS and the benefits administered."

2 SEC. 31. Section 28 of Republic Act No. 1161, as amended, is
3 hereby further amended to read as follows:

4 "SEC. 28. *Penal Clause.* - (a) Whoever, for the purpose of
5 causing any payment under this Act, or under an agreement
6 thereunder, where none is authorized to be paid, shall make or cause
7 to be made false statement or representation as to any compensation
8 paid or received or whoever makes or causes to be made any false
9 statement of a material fact in any claim for any benefit payable
10 under this Act, or application for loan with the SSS, or whoever
11 makes or causes to be made any false statement, representation,
12 affidavit or document in connection with such claim or loan shall,
13 UPON CONVICTION BY FINAL JUDGMENT, suffer the penalties
14 provided for in Article one hundred seventy-two of the Revised
15 Penal Code.

16 "(b) Whoever shall obtain or receive any money or check
17 under this Act or any agreement thereunder, without being entitled
18 thereto with intent to defraud any covered employee, employer or
19 the SSS shall, [be fined] UPON CONVICTION BY FINAL JUDGMENT,
20 SUFFER THE PENALTY OF IMPRISONMENT FROM SIX (6) MONTHS AND

1 ONE (1) DAY TO SIX (6) YEARS, AND A FINE OF not less than [five
 2 hundred] TWO THOUSAND pesos (P2,000.00) [nor] BUT NOT more
 3 than [five] SIX thousand pesos (P6,000.00). [and imprisoned not
 4 less than six months nor more than one year]

5 "(c) Whoever buys, sells, offers for sale, uses, transfers, takes
 6 or gives in exchange, or pledges or gives in pledge, except as
 7 authorized in this Act or in regulations made pursuant thereto, any
 8 stamp, coupon, ticket book or other device, prescribed pursuant to
 9 Section twenty-three hereof by the Commission for the collection or
 10 payment of contributions required herein shall, [be fined] UPON
 11 CONVICTION BY FINAL JUDGMENT, SUFFER THE PENALTY OF
 12 IMPRISONMENT FROM SIX (6) MONTHS AND ONE (1) DAY TO SIX (6)
 13 YEARS, AND A FINE OF not less than [five hundred] TWO THOUSAND
 14 pesos (P2,000.00) [nor] BUT NOT more than [five] SIX thousand
 15 pesos (P6,000.00). [or imprisoned for not less than six months nor
 16 more than one year]

17 "(d) Whoever, with intent to defraud, alters, forges, makes or
 18 counterfeits any stamp, coupon, ticket, books or other device
 19 prescribed by the Commission for the collection of payment of any
 20 contribution required herein, or uses, sells, lends or has in his

1 possession any such altered, forged, or counterfeited materials or
 2 makes, uses, sells or has in his possession any such altered, forged
 3 material in imitation of the material used in the manufacture of such
 4 stamp, coupon, ticket, book or other device shall, [be fined] UPON
 5 CONVICTION BY FINAL JUDGMENT, SUFFER THE PENALTY OF
 6 IMPRISONMENT FROM SIX (6) MONTHS AND ONE (1) DAY TO SIX (6)
 7 YEARS, AND A FINE OF not less than [one] SIX thousand pesos
 8 (P6,000.00) [nor] BUT NOT more than Ten thousand pesos
 9 (P10,000.00). [or imprisoned for not less than one year nor more
 10 than five years]

11 "(e) Whoever fails or refuses to comply with the provisions of
 12 this Act or with the rules and regulations promulgated by the
 13 Commission shall, UPON CONVICTION BY FINAL JUDGMENT, [be
 14 punished by] SUFFER THE PENALTY OF IMPRISONMENT FROM SIX (6)
 15 MONTHS AND ONE (1) DAY TO SIX (6) YEARS, AND a fine of not less
 16 than [five hundred] TWO THOUSAND pesos (P2,000.00) [nor] BUT
 17 NOT more than [five] SIX thousand pesos (P6,000.00) [or
 18 imprisonment for not less than six months nor more than one year]:
 19 *Provided*, That where the violation consists in failure or refusal to
 20 register employees or himself, in case of the covered self-employed

1 or to deduct contributions from the employee's compensation and
 2 remit the same to the SSS, the penalty shall be IMPRISONMENT FROM
 3 SIX (6) YEARS AND ONE (1) DAY TO EIGHT (8) YEARS, AND a fine of not
 4 less than [five hundred] SIX THOUSAND pesos (P6,000.00) [nor] BUT
 5 NOT more than [five] TEN thousand pesos (P10,000.00). [and
 6 imprisonment for not less than six months nor more than one year]

7 "(f) If the act or omission penalized by this Act be committed
 8 by an association, partnership, corporation or any other institution,
 9 its managing head, directors or partners shall be liable to the
 10 penalties provided in this Act for the offense.

11 "(g) Any employee of the System who receives or keeps funds
 12 or property belonging, payable or deliverable to the System and who
 13 shall appropriate the same, or shall take or misappropriate or shall
 14 consent, or through abandonment or negligence shall permit any
 15 other person to take such property or funds, wholly or partially, or
 16 shall otherwise be guilty of misappropriation of such funds or
 17 property shall, UPON CONVICTION BY FINAL JUDGMENT, suffer the
 18 penalties provided in Article two hundred seventeen of the Revised
 19 Penal Code.

20 "(h) Any employer who, after deducting the monthly

1 contributions or loan amortizations from his employee's
 2 compensation, fails to remit the said deductions to the SSS within
 3 thirty days from the date they became due shall be presumed to have
 4 misappropriated such contributions or loan amortizations and shall,
 5 **UPON CONVICTION BY FINAL JUDGMENT**, suffer the penalties provided
 6 in Article three hundred fifteen of the Revised Penal Code.

7 "(i) Criminal action arising from a violation of the provisions
 8 of this Act may be commenced by the SSS or the employee
 9 concerned either under this Act or in appropriate cases under the
 10 Revised Penal Code: *Provided*, That such criminal action may be
 11 filed by the SSS in the city or municipality where the SSS provincial
 12 or regional office is located if the violation was committed within its
 13 territorial jurisdiction or in Metro Manila, at the option of the SSS."

14 SEC. 32. *Transitory Provision.* - Any employer who is
 15 delinquent or has not remitted all contributions due and payable to
 16 the SSS may, within ninety days from the effectivity of this Act, remit
 17 said contributions or submit a proposal to pay the same in
 18 installments within a period of not more than twelve months from
 19 the effectivity of this Act without incurring the prescribed penalty,
 20 subject to the implementing rules and regulations which the

1 Commission may prescribe: *Provided*, That the employer submits the
 2 corresponding collection lists together with the remittance or
 3 proposal to pay in installments: *Provided, further*, That in case the
 4 employer fails to remit contributions within the ninety-day grace
 5 period or default in the payment of any amortization provided in the
 6 approved proposal, a penalty of three percent per month for late
 7 payments shall be imposed from the time the contributions first
 8 became due until paid.

9 SEC. 33. *Separability Clause.* - If, for any reason, any section or
 10 provision of this Act shall be held invalid or unconstitutional, the
 11 other provisions which are not affected thereby shall remain in force
 12 and effect.

13 SEC. 34. *Repealing Clause.* - All laws, executive orders,
 14 administrative orders, proclamations, rules and regulations or any
 15 part thereof inconsistent with the provisions of this Act are hereby
 16 repealed, amended or modified accordingly.

17 SEC. 35. *Effectivity Clause.* - This Act shall take effect fifteen
 18 (15) days from its publication in the *Official Gazette* or in at least
 19 two (2) national newspapers of general circulation whichever comes
 20 earlier.

Approved,