



Republic of the Philippines
SOCIAL SECURITY SYSTEM

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CIRCULAR NO. 2019-004

TO : ALL EMPLOYERS

**SUBJECT : CONDONATION AND NON-IMPOSITION OF PENALTIES ON
DELINQUENT SOCIAL SECURITY CONTRIBUTIONS**

Pursuant to Section 4, (a), (8), 1st proviso in relation to Section 31 of Republic Act (R.A.) No. 11199, also known as the "Social Security Act of 2018", the Social Security Commission (SSC), under its Resolution No. 211-s.2019, dated 13 March 2019, hereby issues the following rules and regulations for the effective implementation of the said provisions.

Unless the context of a certain provision of this Circular clearly indicates otherwise, the term "Program" refers to the Condonation Program as provided for under the aforesaid provisions of the Social Security Act of 2018, and "Contributions" refers to Social Security contributions.

SECTION 1. WHO MAY AVAIL OF THE PROGRAM. — Any employer who is delinquent or has not remitted all contributions due and payable to the Social Security System (SSS) may avail of the Program, including the following:

- (a) Those not yet registered with the SSS, including household employers;
- (b) Those with pending or approved proposal under the existing Installment Payment Scheme Program of the SSS;
- (c) Those with pending or approved application under the SSS Program for Acceptance of Properties Offered Through Dacion En Pago;
- (d) Those with pending cases involving collection of contributions and/or penalties or non-reporting of employees before the SSC, the regular Courts or the Department of Justice or Office of the Prosecutor;
- (e) Those against whom judgment had been rendered either by the SSC or the regular Courts but have not complied with the judgment;
- (f) Those who settled all contributions before the effectivity of R.A. No. 11199 but with unpaid or partially paid penalty/ies for none or late remittance, and
- (g) Those against whom a Warrant of Dstraint/Levy/Garnishment (WDLG) or Encumbrance had been issued.

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SECTION 2. UNREGISTERED EMPLOYERS. — Prior to availing of the Program, unregistered employers shall register first with the SSS Branch/Office having jurisdiction over their place of business or household.

SECTION 3. EMPLOYERS WITH PENDING OR APPROVED PROPOSALS UNDER THE INSTALLMENT PAYMENT SCHEME PROGRAM. — To avail of the Program, an employer with pending or approved proposal submitted under other rules issued by the SSC allowing employers to pay their delinquencies in installment shall remit its contribution delinquency in full or submit an installment proposal under this Circular.

Upon remittance of the contribution delinquency in full or submission of an installment proposal under this Circular, a pending installment proposal submitted under other rules shall be considered withdrawn.

The submission of an installment proposal under this Circular shall have the effect of terminating an installment proposal approved under other rules, and the remaining post-dated checks received by SSS for the latter shall be returned to the employer upon issuance by the latter of the post-dated checks required under this Circular.

SECTION 4. EMPLOYERS WITH PENDING OR APPROVED APPLICATION UNDER THE PROGRAM FOR ACCEPTANCE OF PROPERTIES OFFERED THROUGH DACION EN PAGO. — To avail of the Program, an employer with pending or approved application for dacion en pago submitted under other rules issued by the SSC allowing employers to pay their delinquencies through dacion en pago shall remit the contribution delinquency in full or submit an installment proposal under this Circular.

Upon remittance of the contribution delinquency in full or submission of an installment proposal by an employer under this Circular, a pending dacion en pago application shall be considered withdrawn.

The submission of an installment proposal by an employer under this Circular shall have the effect of annulling an approved dacion en pago application if the title to the property is not yet transferred to the SSS.

An employer without a pending dacion en pago application may opt to settle its contribution delinquency through dacion en pago but subject to such rules and guidelines in the acceptance of properties offered through dacion en pago under Circular No. 6-P (29 January 2002).

SECTION 5. EMPLOYERS WITH PENDING CASES. — All pending cases involving collection of contributions and/or penalties or those involving non-reporting of employees shall be withdrawn upon payment in full or approval of installment proposal, without prejudice to the revival or refiling of the case by the SSS in the event that the employer defaults in the payment of any installment due under the approved proposal.

SECTION 6. PENALTIES COVERED UNDER THE PROGRAM. — This Circular shall apply only to penalties on unremitted or delinquent contributions up to the applicable month of January 2019.

Penalties on contributions falling due thereafter shall not be covered by the Program but shall be paid as prescribed by law.

SECTION 7. CONTRIBUTIONS PAID BEFORE THE EFFECTIVITY OF R.A. No. 11199. — For reason of equity, the accrued penalties of the following employers shall likewise be subject of condonation:

- (a) Those who settled in full all their arrears in contributions before the effectivity of the Social Security Act of 2018; and
- (b) Those who settled partially their arrears in contribution before the effectivity of the Social Security Act of 2018 and pay the balance in full or in installment under the Program.

SECTION 8. PERIOD OF THE PROGRAM. — An employer may choose to avail of the Program within six (6) months from effectivity of the Social Security Act of 2018.

SECTION 9. MODES OF AVAILING THE PROGRAM. — An employer may avail of the Program in any of the following modes:

- (a) Remit within the period of the Program the full amount of the delinquent contributions through any SSS Branch/Office with tellering facility or authorized collection agent of the SSS; or
- (b) Submit a proposal within the period of the Program to pay the delinquent contributions in installment to the SSS Branch/Office or Large Accounts Department having functional jurisdiction over its place of business or household.

In any case, the employer shall submit the corresponding Collection List/s upon availment and within the period of the Program.

SECTION 10. INSTALLMENT PROPOSALS. — If the employer opts to submit an installment proposal, the Head of the SSS Branch/Office or Large Accounts Department to which the proposal was submitted shall give due course to approve and grant the same, subject to the following requirements:

- (a) Upon submission of the proposal, the employer shall remit a down payment equivalent to at least five percent (5%) of its total contribution delinquency;
- (b) Together with the proposal, the employer shall submit an instrument/promissory note promising to pay the balance of the delinquency in equal monthly installments within a period not exceeding forty-eight (48) months, the first monthly installment of which shall fall due within thirty (30) days after date of approval of the proposal; and
- (c) The installment payments shall bear an interest of six percent (6%) per annum.

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If the employer is an association, partnership, corporation or any other institution, any of its present managing head, director or partner shall sign the proposal and the instrument/promissory note in his/her official capacity, attaching therewith a Secretary's Certificate in case of a corporation.

In case the employer has already been dissolved, any of its former managing head, director or partner shall sign the proposal and the promissory note.

Upon approval of the proposal, the employer has the following obligations:

- (a) It shall issue the corresponding post-dated checks payable to the SSS to cover all monthly installments, and cause the replacement thereof within a reasonable period whenever necessary as in the case of change of its authorized check signatory or closure of bank account.
- (b) It shall remit current contributions every month as they fall due.

Failure by the employer to comply with any of the above requirements shall automatically terminate the approved installment proposal. This shall have the same effect as in case of the employer that defaulted in the payment of any installment under the approved proposal.

SECTION 11. RESTORATION OF LOAN PRIVILEGES. — Upon remittance in full of the delinquent contributions or approval of the installment proposal of the employer, the short-term loan privileges of their employees shall be restored, provided, that the said employees comply with other requirements of their loan applications. However, said privileges shall again be suspended in the event of violation of any of the terms and conditions hereof.

SECTION 12. FAILURE TO REMIT OR DEFAULT IN INSTALLMENT. — In case the employer fails to remit in full the required delinquent contribution or defaults in the payment of any installment under the approved proposal within the period provided therein, the penalties are deemed reimposed from the time the contributions first became due, to accrue until the delinquent account is paid in full.

The approval by SSS of the installment proposal submitted by the employer under this Circular is without prejudice to the (i) refiling of the case in the event the employer fails to remit in full the required delinquent contributions or defaults in the payment of any installment under the approved proposal and (ii) the reimposition of the prescribed penalty from the time the contributions first became due as provided in Section 22 (a) of R.A. No. 11199 or the Social Security Act of 2018.

SECTION 13. WHEN ARE PENALTIES CONDONED. — The penalty provided under Section 22 (a) of R.A. No. 1161, as amended by R.A. No. 8282, shall be condoned by virtue of R.A. No. 11199 or the Social Security Act of 2018 when and until all the delinquent contributions are remitted by the employer to the SSS.

SECTION 14. OTHER DELINQUENCY PAYMENT PROGRAMS UNDER DIFFERENT CIRCULARS. — An employer may settle in installment its contribution

delinquency not under this Circular but subject to (i) such rules and guidelines in the installment payment scheme program for employers under Circular No. 2018-008 (22 March 2018) and (ii) the imposition of the 2% penalty per month from the time the contributions first became due until paid in full.

An employer may settle its contribution delinquency not under this Circular through dacion en pago but subject to (i) such rules and guidelines in the acceptance of properties offered through dacion en pago under Circular No. 6-P (29 January 2002) and (ii) the imposition of the 2% penalty per month from the time the contributions first became due until paid in full.

SECTION 15. REPEALING CLAUSE. — All other Circulars, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Circular are hereby repealed or modified accordingly.

SECTION 16. EFFECTIVITY. — This Circular shall take effect immediately.


COMM. AURORA C. IGNACIO
Officer-in-Charge 

15 MAR 2019

Date

ATTACHMENTS: Annex A - Application for Installment Proposal
Annex B - Promissory Note
Annex C - Notice of Approval

(Policy – Contributions Collection)

Republic of the Philippines
SOCIAL SECURITY SYSTEM
(Name of Branch)
(Branch address & contact details)

APPLICATION FOR INSTALLMENT PROPOSAL
Under Republic Act No. 11199 or the Social Security Act of 2018

(Date)

To the SOCIAL SECURITY SYSTEM:

Pursuant to Republic Act No. 11199, the "Social Security Act of 2018," and its implementing rules and regulations, I/We, _____, proprietor/(position) of _____, with Employer ID No. _____ and principal place of business at _____, hereby apply for condonation of penalties on all unremitted or delinquent contributions amounting to _____ (P _____), and submit the following for consideration of the SSS:

- (a) Proof of payment of the amount of P _____, under receipt no. _____, dated, _____ paid at _____, representing _____ percent (_____ %) of the total contribution delinquency;
- (b) Promissory note to pay the SSS the amount of P _____ per month inclusive of six percent (6%) interest per annum, within a period of _____ (_____) months, starting _____, 2019.
- (c) The corresponding Collection List (SSS Form R-3) for the total contribution delinquency.

I/We undertake to submit the corresponding post-dated checks not later than five (5) working days from receipt of notice of approval of the proposal.

I/We further undertake that should the settlement of contributions through full payment or installment result in additional benefits for contingencies that have occurred prior to the date of settlement or shall occur within the installment period, the employer shall pay the SSS damages in accordance with the provisions of Section 24 of RA No. 11199.

I/We further agree that failure on my/our part to disclose and remit any and all of my/our delinquent contributions will result in the reimposition of penalties that have been condoned under the Program.

Signature over printed name
Official Designation of Signatory*

*Note: If the employer is an association, partnership, corporation or any other institution, any of its present managing head, director or partner shall sign the proposal and the promissory note in his/her official capacity, attaching therewith a Secretary's Certificate in case of a corporation.

In case said employer has already been dissolved, any of its former managing head, director or partner shall sign the proposal and the promissory note.

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Republic of the Philippines
SOCIAL SECURITY SYSTEM
(Name of Branch)
(Branch address & contact details)

PROMISSORY NOTE

Under Republic Act No. 11199 or the Social Security Act of 2018

(Date)

I/We, _____, proprietor/(position) of _____, with Employer ID No. _____ and principal place of business at _____, promise to pay the Social Security System, the amount of _____ (P _____) representing all contribution delinquency incurred by said business entity for the applicable period _____ to _____ within a period of ____ () months, starting on _____ at _____ (P _____) per month inclusive of six percent (6%) interest per annum, in accordance with Republic Act No. 11199, the "Social Security Act of 2018," and its implementing rules and regulations,

I/We agree that failure on my/our part to disclose and remit any and all of my/our delinquent contributions will result in the reimposition of penalties that have been condoned under the Program.

Signed in _____, Philippines, On _____.

*Signature over printed name
Official Designation of Signatory**

SUBSCRIBED AND SWORN TO before me this _____, affiant having shown to me his/her competent evidence of identity _____ issued on _____ at _____, Philippines.

Notary Public

*Note: If the employer is an association, partnership, corporation or any other institution, any of its present managing head, director or partner shall sign the proposal and the promissory note in his/her official capacity, attaching therewith a Secretary's Certificate in case of a corporation.

In case said employer has already been dissolved, any of its former managing head, director or partner shall sign the proposal and the promissory note.

Republic of the Philippines
SOCIAL SECURITY SYSTEM
(Name of Branch)
(Branch address & contact details)

NOTICE OF APPROVAL

(Date)

(Name of addressee).

(Official Designation).

(Name of employer & Address of employer).

Dear Mr./Ms. _____:

Please be informed that your proposal dated _____, made on behalf of _____, with Employer ID No. _____ and principal place of business at _____, to pay the Social Security System, the amount of _____ (P _____) representing the unremitted or delinquent contributions incurred by the said business entity for the applicable period _____ to _____ within a period of _____ () months, starting on _____ at _____ (P _____) per month inclusive of six percent (6%) interest per annum, is hereby approved, subject to the provisions of Republic Act No. 11199, the "Social Security Act of 2018," and its implementing rules and regulations.

Kindly submit the corresponding post-dated checks not later than five (5) working days from receipt of notice of approval of the proposal.

Notwithstanding this approval, in the event of default in the payment of any monthly installments, and/or non-payment of current contribution, salary, and/or calamity loan amortization, and/or non-compliance with any of the other provisions of SSC Circular No. _____, the "Implementing Rules and Regulations of the Social Security Act of 2018 (R.A. No. 11199), the two percent (2%) penalty per month in accordance with Section 22(a) of R.A. No. 11199, shall be reimposed from the time the contributions first became due, to accrue until the delinquent account is paid in full, and the total obligations shall become due and demandable and the SSS shall collect the delinquency in accordance with the provisions of the Social Security Law.

Moreover, the SSS retains its right to institute the necessary legal action for violation of the Social Security Act of 2018 for failure to comply with any of the terms and conditions hereof.

Signature over printed name
Branch Head

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