GUIDELINES ON PENALTY CONDONATION FOR EMPLOYERS WHO DEDUCTED MONTHLY SAVINGS (MS) BUT FAILED TO REMIT

CIRCULAR NO. 404, May 29, 2018

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Adopted: 24 May 2018
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Pursuant to the approval of the Pag-IBIG Fund Board of Trustees in its 2018-02 meeting held last March 13, 2018, the Guidelines on Penalty Condonation for Employers Who Deducted Monthly Savings (MS) But Failed to Remit are hereby issued:

I. OBJECTIVES
This program aims to achieve the following objectives:

1. To ensure registration of unregistered employers with the Fund; and
2. To compel employers to settle their provident obligations.

II. COVERAGE

This Guidelines shall apply to the following:

1. All unregistered and delinquent registered employers who deducted monthly savings (MS) from their employees but failed to remit the same to the Fund.
2. All employers who have pending applications for plan of payment resulting from enforcement efforts of the Fund who were not qualified to apply under Circular 387.

III. PAYMENT OF PROVIDENT OBLIGATION

1. The employer shall pay the following provident obligations:

1.1 Total unremitted monthly mandatory savings. This shall include the employer counterpart and employee contribution;
1.2 Deprived dividends; and computed as of payment date of provident obligation.

1.3 Total assessed penalties (TAP). The TAP shall be the penalties computed as of payment date of provident obligation.

2. The employer shall be granted specific discount on the TAP based on the following payment options:

2.1 Full Payment

A 70% discount on TAP shall be given to the employers for full settlement of the total unremitted monthly mandatory savings, deprived dividends and the remaining 30% of the TAP. Full payment shall be made within thirty (30) calendar days from the date of approval of the discount. Otherwise, said approval shall be forfeited.

Employers who signified their intent to pay in full but later on opted for a plan of payment shall be granted

discount based on Item III.2.2 hereof provided they shall submit their plans of payment not later than the 25th day from the date of approval of application for penalty condonation. Otherwise, said approval shall be forfeited.

2.2 Plan of Payment

2.2.1 Employers who opted for plan of payment shall be granted discount on TAP based on the following settlement term:

Settlement Term

Penalty Discount on TAP

1 year or l ess

60%

M or e than 1 year to 2 years

50%

M or e than 2 years to 3 years

40%

M or e than 3 years to 4 years

30%

M or e than 4 years to 5 years

20%

2.2.2 The total unpaid balance shall be charged an interest of
0.50% per month until full settlement thereof.

2.2.3 Should the employer fail to pay any of the installment due under the approved plan of payment, all other penalties shall be re-imposed. Further, appropriate civil and/or criminal actions shall be filed against the delinquent employer.

2.2.4 Payment shall start exactly one month after the date of the approval of application for penalty condonation, which shall be the due date under the plan of payment.

2.2.5 The employer shall issue the corresponding number of post- dated checks (PDCs) to cover the approved plan of payment.

IV. PERIOD OF AVAILMENT

1. Eligible employers may avail of this program within one year from the effectivity of this Guidelines.

2. Only applications with complete documents shall be accepted and processed.

V. MECHANISM ON RESOLUTION OF ISSUES

Any issue in the interpretation and implementation of this Guidelines shall, as much as possible, be resolved by the concerned officer. Matters that are not thereby satisfactorily resolved shall be escalated to the next higher approving authority.

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VI. EFFECTIVITY

This Circular takes effect after fifteen (15) days following the completion of its publication in the Official Gazette or in a newspaper of generaI circulation.

(SGD) ACMAD RIZALDY P. MOTI
Chief Executive Officer

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