

MINDA DURANO GABRILLO, PETITIONER, VS. PEOPLE OF THE PHILIPPINES, RESPONDENT.

G.R. No. 275194, July 07, 2026

Ponente: CAGUIOA, J.

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CAGUIOA, J.:

This Petition for Review on Certiorari[1] (Petition) filed under Rule 45 of the Rules of Court by petitioner Minda Durano Gabrillo (Gabrillo) seeks to reverse and set aside the Decision[2] dated November 30, 2023 and the Resolution[3] dated July 3, 2024 of the Court of Appeals[4] (CA) in CA-G.R. CR No. 47400. The CA affirmed in toto the Decision[5] dated July 5, 2022 of Branch 32, Regional Trial Court of San Pablo City, Laguna (RTC) finding Gabrillo guilty beyond reasonable doubt for violating Section 28(e), in relation to Sections 9, 10, and 24 (A) of Republic Act No. 1161,[6] as amended by of Republic Act No. 8282,[7] otherwise known as the Social Security Act of 1997 (SSS Law).

Facts and Antecedent Proceedings

Gabrillo was charged before the RTC with violation of Section 28(e) of the SSS Law for failing to register her business and employees under the Social Security System (SSS). The accusatory portion of the said Information states the following:

"That sometime in April, 2018 up to present, in the City of San Pablo, Republic of the Philippines and within the jurisdiction of this Honorable Court, the accused above-named, a compulsory covered employer of Social Security System (SSS) but is not [registered] with the Social Security System (SSS), being then the owner of a business (Badang's Salon) located at 2/F Shopping Mall, A. Regidor St., Brgy. VII-E, San Pablo City, Laguna which place is within the jurisdiction of the SSS, Regional Office IV, San Pablo City and this Honorable Court, did then and there willfully, unlawfully and feloniously fail and refuse and continuously fails or refuses to register her business and report her employees with the Social Security System.["][8]

Upon arraignment, Gabrillo pleaded not guilty. Subsequently, pre-trial and trial ensued.[9]

To prove Gabrillo's guilt, the prosecution presented its lone witness, Ralyn M. Solis (Solis), who testified that she was an Account Officer at the SSS San Pablo City Branch. Her duties include conducting inspections of business establishments, collecting delinquent contributions, referring violations to the SSS legal department, and representing the SSS in legal proceedings.[10]

According to Solis, Gabrillo, the owner of Badang's Salon, was identified as a compulsorily covered employer under the SSS Law and was assigned to her for monitoring and investigation. In the course of her duties, she visited the establishment twice to verify compliance with the requirements of the law. She allegedly discovered that Gabrillo had not registered the business with the SSS nor reported any employees for coverage.[11]

Solis testified that she personally interviewed individuals present at the establishment whom she identified as employees of Badang's Salon, namely: Jeonies Mabuway (Jeonies), Maria Ana Jamandra (Maria), and Ronadel Ramos (Ronadel). Their names, as well as their accounts, were reflected in a field interview slip which Solis

prepared.[12]

On May 11, 2018, Solis served a Coverage Letter informing Gabrillo of the obligation to register the business with the SSS and to report the employees for compulsory coverage. Thereafter, on August 14, 2018, a Final Demand Letter was served reiterating the same obligation. The letters were received by Jeonies. Solis testified that despite these notices, Gabrillo failed to comply. Consequently, Solis caused the filing of a criminal complaint against Gabrillo for the alleged failure to register the business, report employees for coverage, deduct the employees' share of contributions from their salaries, and remit the corresponding SSS contributions.[13]

On cross-examination, Solis admitted that the individuals she identified as employees did not execute any written statements confirming their alleged employment relationship with the salon. She likewise acknowledged that she did not take photographs of the business establishment, the persons she interviewed, or any equipment found inside the premises, explaining that this was not part of the SSS inspection policy. She further testified that the person who received the demand letter merely claimed to be an employee during the interview she conducted. Solis claimed that when she served the demand letters, she neither saw nor attempted to locate Gabrillo at the establishment, nor did she verify the residential address indicated in the Mayor's Permit.[14]

On redirect examination, Solis testified that she visited the establishment on two occasions and observed that it appeared to be existing and operating. She further testified that although the business was registered with the Business Permit and Licensing Division (BPLD) only in April 2018, it had allegedly been operating since 2017 since Jeonies claimed to have been hired by Gabrillo then.[15]

On the other hand, Gabrillo's right to present evidence was deemed waived due to her failure to secure the services of counsel for several scheduled hearings despite repeated warnings.[16]

Ruling of the RTC

In a Decision dated July 5, 2022, the RTC found Gabrillo guilty beyond reasonable doubt of violating Section 28(e) of the SSS Law. The dispositive portion reads:

WHEREFORE, in view of the foregoing, judgment is hereby rendered finding accused Minda Durano Gabrillo GUILTY beyond reasonable doubt of the crime of violation of Section 28 (e) of Republic Act No. 8282. Accordingly, the accused is sentenced to suffer the penalty of imprisonment for the indeterminate period of six (6) years and one (1) day as minimum to seven (7) years as maximum and to pay a fine of Ten Thousand Pesos (P 10,000.00).

SO ORDERED.[17] (Emphasis in the original)

According to the RTC, the prosecution established Gabrillo's guilt considering that Gabrillo operated a sole proprietorship, doing business in the name and style of Badang's Salon, which was subject to compulsory coverage under the SSS Law for having registered as a business with the BPLD of San Pablo City.[18] In addition, Gabrillo failed to register her business with the SSS despite a final demand letter from Solis to do so within 10 days from notice.[19] Finally, Gabrillo employed three individuals, however, the SSS records show that they were not registered as employees of Badang's Salon.[20]

Ruling of the CA

On November 30, 2023, the CA upheld Gabrillo's conviction and affirmed the RTC's Decision in toto. The dispositive portion of the CA Decision reads:

WHEREFORE, the appeal is DENIED. Accordingly, the conviction of accused-appellant Minda Durano Gabrillo for the crime of violation of Section[s] 24[(A)], 9 and 10 of R.A. No. 1161, as amended by Section

28(e) of R.A. No. 8282, as pronounced in the Decision dated July 5, 2022 of the Regional Trial Court Branch 32 of San Pablo City, Laguna in Criminal Case No. 25819 SP (18), is hereby AFFIRMED in toto.

SO ORDERED.[21] (Emphasis in the original)

The CA noted that the evidence for the prosecution was comprised of several documents showing that Solis inspected Gabrillo's business, Badang's Salon. Solis found that Gabrillo already obtained a permit to operate her business and commenced such operation on April 4, 2018 and even hired employees.[22]

According to the CA, in light of Gabrillo's failure to present evidence in her defense, the testimony of the prosecution's lone witness, supported by documentary evidence, deserves to be accorded the presumption of regularity.[23]

Hence, this Petition.

The Present Petition

Gabrillo posits that her right to due process was violated when the RTC did not allow her to present her own evidence.[24] At any rate, it is Gabrillo's position that not all elements of a violation of Section 28(e) of the SSS Law were proven by the prosecution.[25]

The Court, in a Resolution[26] dated March 5, 2025, ordered: (1) the respondent People of the Philippines through the Office of the Solicitor General (OSG) to file a comment; and (2) Gabrillo to state the material dates surrounding her Petition and to confirm whether she is confined or out on bail.

The OSG filed a motion for extension to file a comment.[27] On the other hand, Gabrillo submitted her Compliance[28] dated May 19, 2025 stating the material dates and that on December 15, 2018, she was allowed provisional liberty after posting a bond.

In a Resolution[29] dated October 13, 2025, the Court: (1) noted Gabrillo's Compliance; (2) noted OSG's motion for extension without action; and (3) considered waived the filing of the OSG's comment.

Issue

Whether or not Gabrillo is guilty of violating Section 28(e), in relation to Sections 9, 10, and 24 (A) of the SSS Law for failing to register her business and employees under the SSS.

The Court's Ruling

The Court finds the Petition meritorious.

At the outset, it bears emphasizing that criminal conviction must rest on proof beyond reasonable doubt. Suspicion, however strong, cannot substitute for proof. Where the evidence admits of two reasonable interpretations—one consistent with guilt and the other with innocence—the scales must invariably tilt in favor of the accused.[30] The constitutional presumption of innocence endures until overcome by evidence that produces moral certainty in an unprejudiced mind.[31]

This standard does not demand absolute certainty, but it does require that the prosecution establish every element of the offense on the strength of its own evidence.[32] Failing this, the Court is bound to acquit not as an act of leniency, but in adherence to the Constitution.

In this case, the prosecution failed to discharge its burden. Its evidence falls short of establishing Gabrillo's guilt to the requisite standard of moral certainty. The CA thus erred in sustaining a conviction based on proof that is, at best, inconclusive and insufficient to overcome the presumption of innocence.

The foundations of law and fact supporting the charge.

Gabrillo was indicted on the basis of Section 28(e) in relation to Sections 9, 10, and 24 (A), of the SSS Law.[33] Section 28(e) is a sub-section under the general penal clause of the SSS Law which states that:

"SEC. 28. Penal Clause. — . . .

"(e) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations promulgated by the Commission, shall be punished by a fine of not less than Five thousand pesos (P5,000) nor more than Twenty thousand pesos (P20,000), or imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years or both, at the discretion of the court: Provided, That, where the violation consists in failure or refusal to register employees or himself, in case of the covered self-employed, or to deduct contributions from the employees' compensation and remit the same to the SSS, the penalty shall be a fine of not less than Five thousand pesos (P5,000) nor more than Twenty thousand pesos (P20,000) and imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years.["]

On the other hand, Sections 9 and 10 of the same law define and set the parameters for compulsory coverage as well as the effective date of coverage, viz.:

"SEC. 9. Coverage.—(a) Coverage in the SSS shall be compulsory upon all employees not over sixty (60) years of age and their employers: Provided, That in the case of domestic helpers, their monthly income shall not be less than One thousand pesos (P1,000.00) a month: Provided, further, That any benefit already earned by the employees under private benefit plans existing at the time of the approval of this Act shall not be discontinued, reduced or otherwise impaired: Provided, further, That private plans which are existing and in force at the time of compulsory coverage shall be integrated with the plan of the SSS in such a way where the employer's contribution to his private plan is more than that required of him in this Act, he shall pay to the SSS only the contribution required of him and he shall continue his contribution to such private plan less his contribution to the SSS so that the employer's total contribution to his benefit plan and to the SSS shall be the same as his contribution to his private benefit plan before the compulsory coverage: Provided, further, That any changes, adjustments, modifications, eliminations or improvements in the benefits to be available under the remaining private plan, which may be necessary to adopt by reason of the reduced contributions thereto as a result of the integration, shall be subject to agreements between the employers and employees concerned: Provided, further, That the private benefit plan which the employer shall continue for his employees shall remain under the employer's management and control unless there is an existing agreement to the contrary: Provided, finally, That nothing in this Act shall be construed as a limitation on the right of employers and employees to agree on and adopt benefits which are over and above those provided under this Act.

. . . .

"SEC. 9-A. Compulsory Coverage of the Self-employed.—Coverage in the SSS shall be compulsory upon such self-employed persons as may be determined by the Commission under such rules and regulations as it may prescribe, including but not limited to the following:

1. All self-employed professionals;
2. Partners and single proprietors of businesses;
3. Actors and actresses, directors, scriptwriters and news correspondents who do not fall within the definition of the term "employee" in Sec. 8 (d) of this Act;
4. Professional athletes, coaches, trainers and jockeys; and
5. Individual farmers and fishermen.

"Unless otherwise specified herein, all provisions of this Act applicable to covered employees shall also be applicable to the covered self-employed persons.

"SEC. 10. Effective Date of Coverage.—Compulsory coverage of the employer shall take effect on the first day of his operation and that of the employee on the day of his employment: Provided, That the compulsory coverage of the self-employed person shall take effect upon his registration with the SSS.["]

Finally, Section 24 mandates covered employers to report all the employees who are subject to compulsory coverage, thus:

"SEC. 24. Employment Records and Reports.—(a) Each employer shall immediately report to the SSS the names, ages, civil status, occupations, salaries and dependents of all his employees who are subject to compulsory coverage: Provided, That if an employee subject to compulsory coverage should die or become sick or disabled or reach the age of sixty (60) without the SSS having previously received any report or written communication about him from his employer, the said employer shall pay to the SSS damages equivalent to the benefits to which said employee member would have been entitled had his name been reported on time by the employer to the SSS, except that in case of pension benefits, the employer shall be liable to pay the SSS damages equivalent to the accumulated pension due as of the date of settlement of the claim or to the five (5) years' pension, whichever is higher, including dependents' pension: Provided, further, That if the contingency occurs within thirty (30) days from the date of employment, the employer shall be relieved of his liability for damages: Provided, further, That any person or entity engaging the services of an independent contractor shall be subsidiarily liable with such contractor for any civil liability incurred by the latter under this Act: Provided finally, That the same person or entity engaging the services of an independent contractor shall require such contractor to post a surety bond to guarantee the payment of the worker's benefits.["]

Based on the foregoing provisions, the RTC, as affirmed in toto by the CA, convicted Gabrillo for violating Section 28(e) of the SSS Law considering that:

- Gabrillo's business, Badang's Salon, is subject to compulsory coverage of the SSS under Section 9-A of the said law being a sole proprietorship and having earlier registered with the BPLD of the Local Government Unit of San Pablo City with Business Permit No. 9793 dated April 4, 2018;[34]
- Gabrillo failed to register her business with the SSS despite registration with the BPLD and despite two demand letters issued by Solis;[35] and
- Gabrillo employed three individuals, namely: (1) Jeonies – who was employed in September 2017; (2) Maria – who was employed on April 11, 2018; and (3) Ronadel – who was employed in February 2018. The employment records of Jeonies and Maria with the SSS shows that Gabrillo did not register them as employees of Badang's Salon. On the other hand, Ronadel was not an enrolled member of the SSS.[36]

The Court finds that the conclusions arrived at are not supported by evidence required to produce guilt beyond reasonable doubt.

The employer-employee relationship, which is the necessary predicate in determining compulsory coverage under the SSS Law, was not established by the prosecution.

At the outset, even before resolving whether Jeonies, Maria, and Ronadel fall within the scope of compulsory coverage under the SSS Law, it is imperative to first determine whether they are, in fact, employees of Gabrillo.

Notably, the existence of an employer-employee relationship cannot be established through a perfunctory interview or through a couple of visitations to an establishment. Such determination is not a mere factual

inference drawn from observation. Rather, it is a legal conclusion reached only after a showing of facts and applying established legal standards,[37] the consequences of which carry significant legal implications.

In this case, the existence of an employer-employee relationship constitutes the very foundation upon which the prosecution's case rests. Indeed, the duty to enroll the persons connected with one's business under the SSS does not arise without an employer-employee relationship. Thus, as the relationship is crucial in determining if the elements of the crime exist, it is the prosecution which has the burden of establishing its existence.[38]

The fact of such relationship may be established through competent documentary or testimonial evidence, including but not limited to employment contracts, company identification cards, job offers, payroll records, payslips, official correspondences with the employer, or the credible testimony of the individuals who claim to be employees.[39] These pieces of evidence, taken together, may sufficiently establish the fact of employment.

Conversely, where the prosecution fails to present competent evidence demonstrating that the individuals concerned were employees of the accused, the foundational element necessary to sustain criminal liability under the SSS Law necessarily collapses. In such circumstance, no criminal responsibility can attach for the alleged failure to register or report employees for compulsory coverage.

In this case, the prosecution's documentary evidence consisted only of: (1) the complaint-affidavit of Solis; (2) a certification and letter of introduction under Coverage Monitoring and Assistance Visitation; (3) a certification from the BPLD of San Pablo City; (4) a demand letter from the SSS addressed to Gabrillo; (5) the Field Interview Slip; and (6) SSS employment records for Jeonies and Maria.[40]

The prosecution presented no evidence to establish the employment status of, or indeed any employment relationship between, Gabrillo and Jeonies, Maria, or Ronadel. Solis merely concluded that the three individuals she observed at Badang's Salon were employees of Gabrillo after two brief visits and an interview. She did not secure written statements, request any employment documentation, or attempt to interview Gabrillo herself. In effect, the prosecution asks the Court to accept Solis' testimony, her complaint-affidavit, and her field interview slip as sufficient proof of an employer-employee relationship. Such a standard is plainly inadequate, particularly when the fundamental right to liberty is at stake.

To underscore this principle, it bears noting that even in labor cases where the standard of proof is comparatively lower—which requires only substantial evidence—an individual claiming monetary or other benefits as an employee must first establish the existence of an employer-employee relationship. This was elaborated by the Court in *Degamo v. My Citihomes*[41] (*Degamo*), thus:

Settled is the rule that allegations in the complaint must be duly proven by competent evidence and the burden of proof is on the party making the allegation. Before a case for money claim filed against an alleged employer can prosper, an employer-employee relationship must first be established. Thus, in filing a complaint before the Labor Arbiter for non-payment of commission fees, based on the premise that she was an employee of Citihomes, it is incumbent upon petitioner to prove the employer-employee relationship by substantial evidence for the burden of proof rests upon the party who asserts the affirmative of an issue. Petitioner claims to be an employee of Citihomes; hence, it is her duty to proffer evidence to prove the existence of employer-employee relationship.

However, other than petitioner's allegation that the four elements of employer-employee relationship are present in the case, she did not submit any relevant proof that Citihomes engaged her services as a sales agent, paid her salary, and had the power to dismiss her services. Notably, the only evidence which petitioner adduced pertained to her alleged unpaid commission fees. Petitioner even made allegations which are inconsistent with the four-fold test of employment. She stated that Ms. Abapo was the one who engaged her services and that she tendered her resignation letter to Ms. Abapo. The circumstances support the allegation of

Citihomes that Ms. Abapo, as an independent contractor, actually selected, gathered, and controlled her own pool of sales agents like petitioner.[42] (Emphasis supplied, citation omitted)

As seen in *Degamo*, a labor case concerning the non-payment of commission fees, the Court emphasized that mere allegation of an employer-employee relationship, coupled with proof of non-payment of commission fees, fails to meet the quantum of evidence required.[43] If this standard is strictly required in labor cases, which involve a lower threshold of proof, it follows that it must be applied with even greater rigor in criminal cases, where the prosecution is obliged to establish guilt beyond reasonable doubt.

The prosecution in the present case, however, seeks to circumvent this requirement by merely assuming the existence of the employer-employee relationship, despite the absence of credible evidence. It is insufficient for the prosecution to infer that such a relationship exists in order to frame Gabrillo's alleged failure to register the individuals with the SSS as a criminal act. Criminal liability, or any legal conclusion that a court arrives at, cannot rest on assumption or conjecture; it must be affirmatively proven on the strength of evidence.

Therefore, in view of the prosecution's failure to present competent evidence establishing the existence of an employer-employee relationship, the Court cannot conclude that Jeonies, Maria, and Ronadel were employees of Gabrillo. It necessarily follows that absent proof of this fundamental element; it cannot be said that Gabrillo violated the SSS Law's requirement to register employees who fall under compulsory coverage. Consequently, the prosecution's case must fail.

That is not all.

Even assuming *arguendo* that an employer-employee relationship exists, precision in classifying the nature of such relationship remains of utmost importance. Section 8(j) of the SSS Law not only defines "employment" but also enumerates specific types of services that are excluded from compulsory coverage, as follows:

"SEC. 8. Terms Defined.—For the purposes of this Act, the following terms shall, unless the context indicates otherwise, have the following meanings:

....

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

....

"(j) Employment—Any service performed by an employee for his employer, except—"(1) Employment purely casual and not for the purpose of occupation or business of the employer;

....

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

This underscores an important legal qualification: not every employer-employee relationship is subject to registration with the SSS, as not every worker falls under compulsory coverage. The implications are twofold. First, the prosecution must establish the existence of an employer-employee relationship. Second, the prosecution bears the burden of identifying the precise type of employment for which the individual was engaged. Only upon satisfying these layers can the prosecution demonstrate that an employee, who should have been compulsorily

covered, was not registered under the SSS, thereby giving rise to the employer's criminal liability.

Consequently, the Court cannot engage in speculation as to whether Jeonies, Maria, and Ronadel were, in fact, employees of Gabrillo, or the exact nature of their purported employment. Thus, the prosecution's evidence leaves the Court to conjecture as to both the existence and classification of such relationship.

The prosecution failed to establish that the business was a going concern.

The prosecution also failed to prove a fundamental prerequisite for imposing criminal liability under the SSS Law: that Badang's Salon was an existing and operating business at the time of the alleged violations.

It is undisputed that a business owner is required by law to register his or her enterprise with the SSS. Section 10 of the SSS Law provides that the effective date of compulsory coverage begins on the first day of operations of the business and on the day of employment for the employee:

"SEC. 10. Effective Date of Coverage.—Compulsory coverage of the employer shall take effect on the first day of his operation and that of the employee on the day of his employment: Provided, That the compulsory coverage of the self-employed person shall take effect upon his registration with the SSS.["]

In claiming that Gabrillo violated Sections 9, 10 and 24 (A) of the SSS Law, the RTC relied solely on Solis' finding that Badang's Salon was registered with the BPLD of San Pablo City on April 4, 2018, as evidenced by Business Permit No. 9793. Notably, it was only on May 11, 2018—a month later—that Solis personally served a coverage letter to inform Gabrillo of her alleged obligation to register with the SSS and report her employees.[44]

Jurisprudence recognizes that the mere registration of a business or the acquisition of permits from government agencies does not automatically establish that the enterprise is already operating as a going concern. As explained in *DPWH v. City Advertising Ventures Corp.*,[45] the acquisition of business permits and registrations are only requirements necessary to make a business a going concern, implying that these registrations, by themselves, do not establish actual operations.

In this case, during her two visits to Badang's Salon, Solis admitted that she never encountered Gabrillo on the premises and that the demand letters were served only to Jeonies, who claimed to be an employee.[46] She did not take photographs of the business façade or the interior, nor did she document the presence of customers, ongoing transactions, or the type of services being performed.[47] On redirect examination, she merely asserted, without corroboration, that "[t]he business is existing and in operation." [48] Both the RTC and the CA failed to consider whether any evidence existed of actual business activity or the type of work being performed by Jeonies, Maria, or Ronadel.

The existence of a going concern is a critical element in determining the reckoning point for compulsory coverage under the SSS Law. Here, the prosecution failed to establish when, or even whether, Badang's Salon was actually operational. Its reliance on SSS policy that does not require documentation of business operations, coupled with the absence of corroborative evidence, works to its detriment. The lone business permit issued barely a month prior to Solis's visit does not suffice to prove actual operations. As a result, the Court is left without a factual basis to determine when compulsory coverage, if any, attached. This evidentiary gap, compounded by the failure to establish an employer-employee relationship, creates a substantial void that cannot be bridged by speculation.

With the foregoing, the standard of proof beyond reasonable doubt was clearly not met by the prosecution. On these premises, the inevitable and inescapable result is to acquit Gabrillo.

The guidelines and elements in prosecuting the failure to register the employer's business and employees under the SSS.

Preliminarily, it should be emphasized that in the present case, the SSS first served upon Gabrillo a Final Demand Letter requiring compliance with the statutory obligation to register as employer, as well as her employees under the SSS before the institution of the criminal complaint.[49] The Court now clarifies that the service of a prior demand to comply with the registration requirement is a necessary prerequisite before a criminal action may be instituted for violation of Section 28(e) of the SSS Law.

Section 28(e) penalizes the failure or refusal of an employer to comply with the registration obligations imposed under the law. This is also the same term used in the superseding law, Republic Act No. 11199, or the Social Security Act of 2018.[50] On this note, the term "refusal" carries a legal meaning that necessarily implies the existence of a prior demand to comply. As defined in Black's Law Dictionary, refusal is "[t]he denial or rejection of something offered or demanded." [51] It is also defined as the "the declination of a request or demand, or the omission to comply with some requirement of law, as the result of a positive intention to disobey." [52] Thus:

The act of one who has, by law, a right and power of having or doing something of advantage, and declines it[.] Also, the declination of a request or demand, or the omission to comply with some requirement of law, as the result of a positive intention to disobey. In the latter sense, the word is often coupled with "neglect," as, if a party shall "neglect or refuse" to pay a tax. [F]ile an official bond, obey an order of court, etc. But "neglect" signifies a mere omission of a duty, which may happen through inattention, dilatoriness, mistake, or inability to perform, while "refusal" implies the positive denial of an application or command, or at least a mental determination not to comply. See *Thompson v. Tinkcom*, 15 Minn. 299 (Gil. 220); *People v. Perkins*, 85 Cal. 500, 26 Pac. 245; *Kimball v. Rowland*, 6 Gray (Mass.) 225; *Davis v. Lumpkin*, 106 Ga. 582, 32 S. E. 626; *Burns v. Fox*, 113 Ind. 205, 14 N. E. 541; *Cape Elizabeth v. Boyd*, 86 Me. 317, 29 Atl. 1062; *Taylor v. Mason*, 9 Wheat. 344, 6 L. Ed. 101.[53] (Emphasis supplied)

Plainly, one cannot be said to have refused an obligation that has not first been demanded. This interpretation is consistent with the fundamental principle that penal statutes must be strictly construed against the State and liberally in favor of the accused.[54]

Moreover, requiring proof of a prior demand accords with the regulatory character of the SSS Law. While the statute provides penal sanctions for non-compliance, its primary objective is to secure coverage and ensure the protection of employees under the SSS[55] rather than to punish employers without first affording them an opportunity to rectify their omission.

Accordingly, for purposes of criminal prosecution under Section 28(e) of the SSS Law, the prosecution must establish that the employer was first served with a Coverage Letter with Demand requiring compliance with the obligation to register the employer and its employees with the SSS. Only upon the employer's failure or refusal to comply with such demand may criminal liability attach.

In this regard, considering that the SSS Law is silent as to when such refusal ripens into criminal liability, the Coverage Letter with Demand must specify a reasonable period within which to comply. Criminal liability shall attach only if the employer fails or refuses to comply within the period stated in the demand, reckoned from receipt thereof.

This notice requirement, however, does not alter the statutory reckoning point for compulsory coverage under the SSS Law. Coverage continues to commence from the first day of the employer's business operations and from the date of hiring of the employee.[56] The requirement of prior demand pertains solely to the imposition of criminal

liability for non-registration.

This requirement ensures fidelity both to the protective purpose of the SSS Law and to the constitutional safeguards that protect individuals from unwarranted criminal prosecution.

Therefore, for clarity, the Court deems it necessary to outline the elements needed to be proven for a violation of Section 28(e), in relation to Sections 9, 10, and 24 (A), of the SSS Law, for failure to register as the employer and his or her employees under the SSS. Thus:

(1)

That there exists an employer-employee relationship;

(2)

That the employer and employee fall under the compulsory coverage of the SSS, including when such coverage commenced; and

(3)

That the employer refused to register within the reasonable period provided in the demand issued by the SSS or its representative.

The Court expounds.

First, the prosecution must establish the existence of an employer-employee relationship between the accused and the purported employees. In determining the presence of such relationship, the prosecution and courts may be guided by the well-settled four-fold test, namely: (1) the selection and engagement of the employee; (2) the payment of wages; (3) the power of dismissal; and (4) the power of control over the employee's conduct, the last being the most determinative element.[57] The four-fold test, however, serves merely as an analytical guide and need not be proven with the same rigidity required in labor proceedings. What is essential is that the prosecution establishes, through competent documentary or testimonial evidence and to the standard of proof beyond reasonable doubt, that the individuals concerned were indeed employees of the accused.

Corollarily, the prosecution must likewise demonstrate that the classification of employment does not fall within those excluded from compulsory coverage under Section 8(j) of the SSS Law. Only upon establishing both the existence of the employment relationship and that the type of employment is not excluded from compulsory coverage can the prosecution proceed to establish the existence of the obligation to register the employer and employees under the SSS.

Second, the statutory requirements for compulsory coverage under Section 9 of the SSS Law should be satisfied, including the point in time when the employer and the employees became subject to SSS coverage under the law. This necessarily requires proof of the circumstances that trigger such coverage, such as the commencement of business operations and the date when the employee was hired.[58]

Third, the prosecution must establish the fact of non-registration with the SSS despite the existence of a legal obligation to do so. To this end, it must be shown through competent evidence that: (1) the SSS, or its representative, served upon the employer a Coverage Letter with Demand requiring the registration of the employer and/or the employees under the SSS within a specified period; and (2) the employer, despite receipt of such demand, failed or refused to comply within the period provided.

The demand must afford the employer a specific and reasonable period within which to comply, reckoned from receipt of the notice. In determining the reasonableness of such period, due regard may be given to the

surrounding circumstances of the employer or the business concerned, consistent with the expertise of the SSS in the enforcement of the law.

Only upon the establishment of all these elements through proof beyond reasonable doubt may criminal liability attach. The failure to prove any one of these essential elements necessarily results in the failure of the prosecution's case, for criminal conviction must always rest upon proof of every fact necessary to constitute the offense charged.

A final note.

The Court recognizes the laudable policy underlying the SSS Law—to establish a sound and viable social security system that promotes social justice and protects workers against contingencies resulting in loss of income or financial hardship.[59] This policy reflects the State's enduring commitment to the welfare and security of labor, a principle firmly embedded in the Constitution's social justice framework.

Yet as compelling as these objectives may be, they cannot be pursued at the expense of the fundamental rights enshrined in the Constitution. The promotion of social justice does not sanction the erosion of constitutional protections, particularly where an individual's liberty is at stake. Criminal liability must rest on nothing less than proof beyond reasonable doubt; it cannot arise from conjecture, speculation, or unsupported assertions.[60]

In criminal prosecutions, the burden imposed upon the State is exacting. The prosecution must establish every element of the offense charged—not as a mere procedural requirement, but as the very safeguard of the constitutional presumption of innocence.[61] Where the evidence falls short of this standard, the courts are bound not by sympathy or policy considerations, but by the rule of law.

Thus, while the Court fully supports the objectives of strengthening the social security system and ensuring faithful compliance with the obligations imposed by law, it cannot permit the deprivation of liberty to rest upon half-baked and unsupported allegations of statutory violation. The protection of workers is indeed a paramount concern of the State, but it cannot be secured by disregarding the equally fundamental rights of those accused of wrongdoing.

In sum, the Court's stance is clear. The noble aspirations of the SSS Law must be upheld—but always within the immutable bounds of the Constitution. Where the prosecution fails to discharge its burden, acquittal is not a matter of discretion but of duty.[62] For in a system governed by the rule of law, the pursuit of social justice cannot be achieved by compromising the very constitutional guarantees that protect the liberty of every individual.

ACCORDINGLY, the Petition for Review on Certiorari is GRANTED. The Decision dated November 30, 2023 and the Resolution dated July 3, 2024 of the Court of Appeals in CA-G.R. CR No. 47400 are REVERSED and SET ASIDE. Petitioner Minda Durano Gabrillo, is ACQUITTED of violation of Section 28(e) in relation to Sections 9, 10, and 24 (A) of Republic Act No. 1161, as amended by Republic Act No. 8282 for failure of the prosecution to prove her guilt beyond reasonable doubt. Any amount paid by way of a cash bond is ordered RETURNED.

Let copies of this Decision be served on the Social Security Commission and Social Security System for appropriate action.

Let entry of judgment be issued immediately.

SO ORDERED.

Inting, Gaerlan, and Dimaampao, JJ., concur.

Singh,[*] J., on official business.

[*] On official business.

[1] Rollo, pp. 20-44, excluding Annexes.

[2] Id. at 49-57. Penned by Associate Justice Mary Charlene V. Hernandez-Azura and concurred in by Associate Justices Ruben Reynaldo G. Roxas and Florencio M. Mamauag, Jr.

[3] Id. at 60-61.

[4] Special Twelfth Division and Former Special Twelfth Division, respectively.

[5] Rollo, pp. 80-91. Penned by Presiding Judge Ronaldo G. Tugonon.

[6] An Act to Create A Social Security System Providing Sickness, Unemployment, Retirement, Disability And Death Benefits For Employees, approved on June 18, 1954.

[7] An Act Further Strengthening the Social Security System Thereby Amending for this Purpose Republic Act No. 1161, As Amended, Otherwise Known as the Social Security Law, approved on May 1, 1997.

[8] Rollo, pp. 80-81, RTC Decision, citing Information.

[9] Id. at 49-50, CA Decision.

[10] Id. at 50.

[11] Id.

[12] Id.

[13] Id.

[14] Id.

[15] Id. at 50-51.

[16] Id. at 51.

[17] Id. at 91, RTC Decision.

[18] Id. at 90.

[19] Id.

[20] Id. at 90-91.

[21] Id. at 56, CA Decision.

[22] Id.

[23] Id.

[24] Id. at 28-29, Petition.

- [25] Id. at 29.
- [26] Id. at 92-93.
- [27] Id. at 94-96, excluding Annexes.
- [28] Id. at 100-108, excluding Annexes.
- [29] Id. at 113-116.
- [30] *People v. Salidaga*, 542 Phil. 295, 308 (2007) [Per J. Chico-Nazario, Third Division].
- [31] *Macayan, Jr. v. People*, 756 Phil. 202, 214 (2015) [Per J. Leonen, Second Division].
- [32] *People v. Rodriguez*, 818 Phil. 625, 634 (2017) [Per J. Martinez, Third Division].
- [33] Rollo, p. 80, RTC Decision.
- [34] Id. at 90.
- [35] Id.
- [36] Id. at 90-91.
- [37] *Associated Watchmen and Security Union v. United States Lines*, 101 Phil. 896, 900 (1957) [Per J. Labrador, En Banc].
- [38] *People of the Philippines v. Reales*, 950 Phil. 100, 111 (2024) [Per J. Dimaampao, Third Division].
- [39] *Bulanon v. Mendco Development Corporation/Pinnacle Casting*, 941 Phil. 628, 636 (2023) [Per J. Hernando, First Division].
- [40] Rollo, pp. 85-86, RTC Decision.
- [41] 910 Phil. 770 (2021) [Per J. Inting, Second Division].
- [42] Id. at 777-778.
- [43] Id. at 777.
- [44] Rollo, p. 82, RTC Decision.
- [45] 799 Phil. 47, 66-67 (2016) [Per J. Leonen, Second Division].
- [46] Rollo, pp. 83-84, RTC Decision.
- [47] Id. at 84.
- [48] Id. (Citation omitted)
- [49] Id. at 82-83.
- [50] Republic Act No. 11199 (2019), sec. 28(e).
- [51] BRYAN A. GARNER, *BLACK'S LAW DICTIONARY* 1474, 1534 (11th ed., 2019).
- [52] The Law Dictionary, available at https://thelawdictionary.org/refusal/#google_vignette (last accessed on May 22, 2026)
- [53] Id.

[54] *People v. Valdez*, 774 Phil. 723, 747 (2015) [Per J. Peralta, En Banc].

[55] Republic Act No. 8282 (1997), sec. 2.

[56] *Id.* at sec. 10.

[57] *Atienza v. Saluta*, 853 Phil. 661, 677 (2019) [Per J. Reyes, Jr., Second Division].

[58] See Republic Act No. 8282 (1997), sec. 10.

[59] *Id.* at sec. 2.

[60] *Tijam v. People of the Philippines*, 943 Phil. 678 (2023) [Per J. Gaerlan, Third Division].

[61] *People of the Philippines v. Castillo*, 920 Phil. 996, 1019 (2022) [Per J. Gaerlan, First Division].

[62] See CONST, art. III, sec. 14(2).

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