

Pag-IBIG Fund
Corporate Headquarters
Petron MegaPlaza Bldg.,
358 Sen. Gil Puyat Avenue,
Makati City

Circular No. 454

TO: ALL CONCERNED

SUBJECT: GUIDELINES ON THE NEW PENALTY CONDONATION PROGRAM ON MANDATORY MONTHLY SAVINGS (MS) REMITTANCES

Pursuant to the approval of the Pag-IBIG Fund Board of Trustees on its 2021-09 meeting held last 7 October 2021, the **Guidelines on the New Penalty Condonation Program on Mandatory Monthly Savings (MS) Remittances** is hereby issued:

1. OBJECTIVES

The program aims for the following:

- 1.1. To provide employers with a more attractive penalty condonation program;
- 1.2. To assist employers who did not deduct and those who deducted MS from their employees but failed to remit the same to the Fund to settle their MS arrearages;
- 1.3. To aid employers to settle their MS arrearages with the Fund as a result of the ill effects of the pandemic; and
- 1.4. To support the efforts of the National Government to help employers normalize their operations.

2. COVERAGE

The New Penalty Condonation Program covers private and government employers namely:

- 2.1. All employers, including delinquent employers with pending legal cases which will be settled by a Compromise Agreement;
- 2.2. Employers who are in good standing but discovered to have gap/s in MS remittances from the report generated by the newly launched Collection Management System (CMS), and
- 2.3. Unregistered employers.

3. ELIGIBILITY

The New Penalty Condonation Program is open to all private and government employers, which may include any of the following:

- 3.1. Unregistered;

- 3.2. Did not deduct;
- 3.3. Deducted MS but did not remit;
- 3.4. Delinquent; or
- 3.5. With approved plan of payment.

4. PENALTY CONDONATION

- 4.1. All penalties on MS of employers whose application for penalty condonation has been approved shall be condoned.
- 4.2. All penalties of employers in good standing but found to have gaps, as generated by the report in the newly launched CMS, shall be condoned.
- 4.3. Approval of applications for penalty condonation shall be based on approved Signing Authorities per Office Order No. 2018-017.
- 4.4. Penalty condonation program under this Guidelines shall continue to be implemented until it is expressly repealed or terminated.
- 4.5. Only applications with complete documents shall be accepted and processed.

5. MS ARREARAGES

5.1. Prior to COVID-19 Pandemic

- 5.1.1. Refers to period prior to March 17, 2020.
- 5.1.2. For employers who did not deduct MS from their employees, the employer shall pay the employer counterpart and the deprived dividends to the Fund.
- 5.1.3. For employers who deducted MS from their employees but did not remit the same to the Fund, the employer shall pay the employee share, the employer counterpart and the deprived dividends.
- 5.1.4. For employers with an ongoing plan of payment and/or who shall opt for a plan of payment, interest shall be collected.

5.2. During COVID-19 Pandemic

- 5.2.1. Refers to the period from the proclamation of the Enhanced Community Quarantine (ECQ) on March 17, 2020 until the State of Calamity due to COVID-19 is lifted by the President of the Philippines.
- 5.2.2. MS arrearages shall be collected from employers who continued to be operational despite the COVID-19 pandemic:
 - 5.2.2.1. For employers who did not deduct MS from their employees, the employer shall pay the employer counterpart.

5.2.2.2. For employers who deducted MS from their employees but did not remit the same to the Fund, the employer shall pay the employees' share, and the employer counterpart.

5.2.3. For employers who are affected by the pandemic, deprived dividends and interest shall not be collected from employers.

5.3. Upon lifting of the State of Calamity due to COVID-19 as may be declared by the President of the Philippines.

Deprived dividends and interest, if applicable, shall be collected from the employers.

6. PAYMENT OF MS ARREARAGES

6.1. For employers who opted for Full Payment, the following provisions shall be applied:

6.1.1. Employers shall be required to pay all MS arrearages within thirty (30) days from approval of application for penalty condonation. Otherwise, said approval shall be forfeited.

6.1.2. An employer who signified intent to pay in full but later on opted for a plan of payment must submit his plan of payment not later than the 25th day from the date of approval of application for penalty condonation. Failure to do so renders the approval automatically revoked and ineffective.

6.1.3. The employer may settle his arrearages through any mode of payment acceptable to the Fund.

6.2. For employers who opted for Plan of Payment, the following provisions shall be applied:

6.2.1. If full remittance cannot be made, an employer may submit a plan of payment upon application for penalty condonation. Said plan of payment shall be subject to the Fund's approval in accordance with the approved level of authorities.

6.2.2. Eligible employers with an approved plan of payment shall be granted full condonation of penalties. However, the condonation shall be automatically revoked, and the penalties shall be re-imposed by the employer's failure to comply with said plan of payment.

6.2.3. The period of settlement shall not exceed twenty-four (24) months. However, employers may request for longer settlement period, subject to Management Committee's approval.

6.2.4. An interest of 6% per annum (0.5% per month) shall be collected from the employer under the following periods :

6.2.4.1. Prior to March 17, 2020 as referred to in 5.1.1.

6.2.4.2. During COVID-19 Pandemic as referred to in 5.2.1, only for those employers who failed to prove that they were affected by the Pandemic

6.2.4.3. Upon lifting of State of Calamity due to COVID-19 as may be declared by the President of the Philippines, and onwards

6.2.5. Payments shall commence exactly one month from the date of approval of application for penalty condonation.

6.2.6. Appropriate civil and/or criminal actions shall be filed against the delinquent employers who violate their approved plan of payment. In addition, should the employers fail to collect and/or remit the employee and employers contributions due to the current period, the same shall be charged a penalty of 1/10 of 1% of the amount due per day of delay.

7. 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 resolved shall be escalated to the next higher approving authority.

8. REPEALING CLAUSE

HDMF Circular No. 339 and all Guidelines related to Penalty Condonation Programs, other memoranda, rules, regulations, and other issuances contrary to or inconsistent with the provision of this Guidelines are hereby repealed, amended or modified accordingly.

9. EFFECTIVITY AND IMPLEMENTATION

This Guidelines take effect immediately.



Digitally signed by
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Chief Executive Officer