



**A. Who May File**

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

- a. Unregistered    b. Did not deduct    c. Deducted MS but did not remit    d. Delinquent    e. With approved plan of payment

**B. How to File**

The applicant shall:

1. Secure and accomplish the Application for New Penalty Condonation Program on Mandatory Monthly Savings (MS) Remittances (HQP-PFF-397) from the Pag-IBIG Branch. The application form may be downloaded from the Pag-IBIG Fund website at [www.pagibigfund.gov.ph](http://www.pagibigfund.gov.ph).
2. Submit application and required supporting documents (*refer to Checklist of Requirements below*) to the Pag-IBIG Fund Branch.

**C. Period of Availment for Penalty Condonation**

1. Eligible employers may avail this program within the period specified on the applicable guidelines.
2. Only applications with complete documents shall be accepted and processed.

**D. Mechanics**

1. All penalties on MS of employers whose application for penalty condonation has been approved shall be condoned.
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.
3. Only applications with complete documents shall be accepted and processed.

**4. MS Arrearages**

**4.1 Prior to COVID-19 Pandemic**

- 4.1.1 Refers to period prior to March 17, 2020.
- 4.1.2 For employers who did not deduct MS from their employees, the employer shall pay the employer counterpart and the deprived dividends to the Fund.
- 4.1.3 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.
- 4.1.4 For employers with an ongoing plan of payment and/or who shall opt for a plan of payment, interest shall be collected.

**4.2 During COVID-19 Pandemic**

- 4.2.1 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.
- 4.2.2 MS arrearages shall be collected from employers who continued to be operational despite the COVID-19 pandemic.
  - 4.2.2.1 For employers who did not deduct MS from their employees, the employer shall pay the employer counterpart.
  - 4.2.2.2 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.
  - 4.2.2.3 For employers who are affected by the pandemic, deprived dividends and interest shall not be collected.

- 4.3 Upon lifting of 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.

**5. Payment of MS Arrearages**

- 5.1 For employers who opted for Full Payment, the following provisions shall be applied:
  - 5.1.1 Employers shall be required to pay all MS arrearages within thirty (30) days from approval of application for penalty condonation. Otherwise, the said approval shall be forfeited.
  - 5.1.2 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.
  - 5.1.3 The employer may settle his arrearages through any mode of payment acceptable to the Fund.
- 5.2 For employers who opted for Plan of Payment, the following provisions shall be applied:
  - 5.2.1 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.
  - 5.2.2 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.
  - 5.2.3 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.
  - 5.2.4 An interest of 6% per annum (0.5% per month) shall be collected from the employer under the following period:
    - 5.2.4.1 Prior to March 17, 2020.
    - 5.2.4.2 During COVID-19 pandemic, only for those employers who failed to prove that they were affected by the Pandemic.
    - 5.2.4.3 Upon lifting of State of Calamity due to COVID-19 as may be declared by the President of the Philippines, and onwards.
  - 5.2.5 Payments shall commence exactly one month from the date of approval of application for penalty condonation.
  - 5.2.6 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 employer's 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.

**CHECKLIST OF REQUIREMENTS**

<b>Basic Requirements</b>	<b>Additional Requirements</b>
<ol style="list-style-type: none"> <li>1. Application for the New Penalty Condonation Program on Mandatory Monthly Savings (MS) Remittances (HQP-PFF-397)</li> <li>2. Photocopy of at least one (1) valid ID with photo and signature of the employer or authorized representative.</li> <li>3. Membership Savings Remittance Form (MSRF, HQP-PFF-053) in softcopy</li> <li>4. DOLE Establishment Report Form (RKS Form 5 of 2020) or any of its equivalent (as applicable)</li> </ol>	<ol style="list-style-type: none"> <li>5. Proposed Plan of Payment if payment scheme is Plan of Payment with notarized Board Resolution/Secretary's Certificate</li> <li>6. If filing through an <i>Authorized Representative</i>, submit the following:                             <ol style="list-style-type: none"> <li>a) For Sole Proprietorships and Partnerships,                                     <ul style="list-style-type: none"> <li>- Special Power of Attorney (SPA)</li> </ul> </li> <li>b) For Corporations:                                     <ul style="list-style-type: none"> <li>- Notarized Board Resolution/Secretary's Certificate designating the representative to transact/negotiate with the Fund and to execute/sign documents submitted</li> </ul> </li> </ol> </li> </ol>