

[REPUBLIC ACT No. 1161]

AN ACT TO CREATE A SOCIAL SECURITY SYSTEM
PROVIDING SICKNESS, UNEMPLOYMENT, RE-
TIREMENT, DISABILITY AND DEATH BENEFITS
FOR EMPLOYEES.

*Be it enacted by the Senate and House of Representatives
of the Philippines in Congress assembled:*

SECTION 1. *Short title.*—This Act shall be known as
“The Social Security Act of 1954.”

SEC. 2. *Declaration of policy.*—It is hereby declared to
be the policy of the Republic of the Philippines to develop,
establish gradually and perfect a social security system
which shall be suitable to the needs of the people through-
out the Philippines, and shall provide protection against
the hazards of unemployment, disability, sickness, old age
and death.

A. Administration

SEC. 3. *Social Security Commission.*—(a) To carry out
the purposes of this Act, a Social Security Commission is
hereby created to be composed of the Secretary of Labor,
the Secretary of Health, the Social Welfare Administrator,
the General Manager of the Government Service Insurance
System and three other members to be appointed by the
President of the Philippines with the consent of the Com-
mission on Appointments. The Chairman of the Commis-
sion shall be designated by the President of the Philippines.
The term of the appointive members shall be three years:
Provided, That the terms of the first three appointees
shall be one, two and three years, respectively. All
vacancies, except through expiration of the term, shall be
filled for the unexpired term only. Members of the Com-
mission who are public officers shall not receive any
additional compensation, but members who are private
citizens shall receive twenty pesos for each meeting
actually attended by them: *Provided*, That no compensa-
tion shall be paid for more than one meeting a week.

(b) The Commission shall have under its general
supervision an Administrator who shall serve as the chief
executive officer immediately responsible for carrying out
the program of the Social Security System hereby created
and the policies of the Commission. The Administrator
shall be a person who has had previous experience in
technical and administrative fields related to the purposes
of this Act. He shall be appointed by the President of
the Philippines with the consent of the Commission on
Appointments, and shall receive a salary to be fixed by
the Commission with the approval of the President, pay-
able from the funds of the System.

(c) The Commission, upon the recommendation of the
Administrator, shall appoint an actuary, medical director,
and such other personnel as may be deemed necessary,
shall fix their compensation, prescribe their duties and
establish such methods and procedures as may insure the
efficient, honest and economical administration of the pro-
visions and purposes of this Act.

SEC. 4. *Powers and duties of Commission.*—For the at-
tainment of its main objectives as set forth in section two
hereof, the Commission shall have the following powers
and duties:

- (a) To select one or more experimental areas wherein
any, some or all of the aspects of social security may be
initially tried, taking into account:
1. nature and number of establishments;
 2. type of industries;
 3. number of employees to be covered;
 4. amount and rate of return to investment; and
 5. such other factors as the Commission may find relev-
ant to the choice of the most suitable area for the
initiation of the System.

Should the Commission find it impracticable or unduly
discriminatory to apply the System to a particular area,
it may determine its application on the basis of the size
of establishments and the economic conditions of employers.

(b) To extend subsequently the experimentation to such
other areas and industry or industries as experience and
the conditions obtaining therein may warrant.

(c) To adopt, amend and rescind, subject to the approval of the President, such rules and regulations as may be necessary to carry out the provisions and purposes of this Act.

(d) To submit annually in January a public report to the President and to each House of the Congress of the Philippines covering its activities in the administration and enforcement of this Act during the preceding year and including information and recommendations on broad policies for the development and perfection of the System.

(e) To insure the making of the necessary actuarial studies and calculations concerning the financial stability of the System, and to make within the limitations herein provided, such readjustments of benefits, scope of protection, or the proportion of the fund allocated to the contingencies covered as may be necessary, taking into consideration such studies and calculations.

(f) To establish branches of the System whenever and wherever it may be expedient or necessary, and to inspect or cause to be inspected periodically such branches.

(g) To enter into agreements or contracts for such service and aid, as may be needed for the proper, efficient and stable administration of the System.

(h) To require reports, compilations and analysis of statistical and economic data and to make investigations as may be needed for the proper administration and development of the System.

(i) To acquire property, real or personal, which may be necessary or expedient for the attainment of the purposes of this Act.

(j) To sue and be sued in court.

(k) To perform such other acts as it may deem appropriate for the proper enforcement of this Act.

SEC. 5. (a) *Settlement of claims.*—The filing, determination and settlement of claims shall be governed by the rules and regulations promulgated by the Commission. If the money is payable to the estate of a deceased person, the System shall pay the same to such person or persons as it may ascertain to be lawfully entitled thereto.

(b) *Appeal to courts.*—Any decision of the Commission, in the absence of an appeal therefrom as herein provided, shall become final fifteen days after the date of notification, and judicial review thereof shall be permitted only after any party claiming to be aggrieved thereby has exhausted his remedies before the Commission. The Commission shall be deemed to be a party to any judicial action involving any such decision, and may be represented by an attorney employed by the Commission, or when requested by the Commission, by the Solicitor General or any fiscal.

(c) *Court review.*—The decision of the Commission upon any disputed matter may be reviewed both upon the law and the facts by the Court of Appeals. For the purpose of such review the procedure concerning appeals from the Court of First Instance shall be followed as far as practicable and consistent with the purposes of this Act. Appeal from a decision of the Commission must be taken within fifteen days from notification of such decision. If the decision of the Commission involves only questions of law, the same shall be reviewed by the Supreme Court. No appeal bond shall be required. The case shall be heard in a summary manner, and shall take precedence over all cases, except that in the Supreme Court, criminal cases wherein life imprisonment or death has been imposed by the trial court shall take precedence. No appeal shall act as a *supersedeas* or a stay of the order of the Commission, unless the Commission itself, or the Court of Appeals, or the Supreme Court, shall so order.

SEC. 6. *Auditor and Counsel.*—(a) The Auditor General and the Secretary of Justice shall be the *ex officio* Auditor and the Counsel, respectively, of the System.

(b) The Auditor General or his representative shall check and audit all the accounts, funds and properties of the System in the same manner and as frequently as the accounts, funds and properties of the government are checked and audited under existing laws; and they shall have as far as practicable, the same powers and duties as they have with respect to the checking and auditing of public accounts, funds and properties in general. The

Secretary of Justice or his representative shall act as legal adviser and counsel of the Commission.

SEC. 7. *Oaths, witnesses, and production of records.*—When authorized by the Commission, an official or employee thereof shall have the power to administer oath and affirmation, take depositions, certify to official acts, and issue *subpœna* and *subpœna duces tecum* to compel the attendance of witnesses and the production of books, papers, correspondence, and other records deemed necessary as evidence in connection with any question arising under this Act. Any case of contumacy shall be dealt with in accordance with the provisions of section five hundred eighty of the Administrative Code.

B. Definitions

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

(a) *System.*—The Social Security System created by this Act.

(b) *Commission.*—The Social Security Commission as herein created.

(c) *Employer.*—Any person, natural or juridical, domestic or foreign, who carries on in the Philippines any trade, business, industry, undertaking, or activity of any kind and uses the services of another person who is under his orders as regards the employment, except the Government and any of its political subdivisions, branches or instrumentalities, including corporations owned or controlled by the Government.

(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.

(e) *Dependent.*—Any unmarried legitimate or legitimated child of the covered employee who is under eighteen years of age, and any such child over eighteen years of age, and the legitimate spouse and parents of said employee who are unable to work and who are wholly dependent upon regular support from him.

(f) *Compensation.*—All remuneration for employment, including the cash value of any remuneration paid in any medium other than cash, except (1) that part of the remuneration in excess of five hundred pesos received during the month, (2) bonuses, allowances, or overtime pay given in addition to the regular or base pay, and (3) dismissal and all other payments which the employer may make though not legally required to do so.

(g) *Daily rate of compensation.*—The total regular compensation for the customary number of hours worked each day, or the total regular monthly compensation divided by the number of working days in a month.

(h) *Monthly.*—The period from one end of the last payroll period of the preceding month to the end of the last payroll period of the current month if compensation is on hourly, daily or weekly basis; if on any other basis, "monthly" shall mean a period of one month.

(i) *Premium.*—The contributions paid to the System by the employee and by his employer for him.

(j) *Employment.*—Any service performed by an employee for his employer, except—

- (1) Agricultural labor;
- (2) Domestic service in a private home;
- (3) Employment purely casual and not for the purposes of occupation or business of the employer;
- (4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one years in the employ of his parents;
- (5) Service performed on or in connection with an alien vessel by an employee if he is employed when such vessel is outside the Philippines;
- (6) Service performed in the employ of the Philippine Government or an instrumentality or agency thereof;
- (7) Service performed in the employ of a community chest, fund, foundation or corporation, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no

- part of the net earnings of which inures to the benefit of any private shareholder or individual;
- (8) Service performed in the employ of a school, college or university if such service is performed by a student who is enrolled and is regularly attending classes therein;
 - (9) Service performed in the employ of a foreign government or international organization, or their wholly-owned instrumentality;
 - (10) Service performed as a student nurse in the employ of a hospital or nurses' training school, and service performed as an intern in the employ of a hospital by an individual who holds the degree of Doctor of Medicine; and
 - (11) Such other services performed by temporary 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.

C. Scope of the System

SEC. 9. (a) *Compulsory coverage*.—Upon determination by the Commission pursuant to paragraphs (a) and (b) of section four hereof, coverage in the System shall be compulsory upon all employees between the ages of eighteen and sixty years, inclusive, if they have been for at least six months in the service of an employer who is a member of the System: *Provided*, That the Commission may not compel any employer to become a member of the System unless he shall have been in operation for at least three years and has, at the time of admission, two hundred employees: *Provided, further*, That any employer otherwise qualified to be a member may be exempted by the Commission from the provisions of this Act (a) if said employer can satisfactorily show that he did not make any profit in any one year for the last three consecutive years, or (b) if he is maintaining for his employees an equivalent plan to which the employee's compulsory contributions are not higher, and the employer's contribution

not lower, than those required in this Act: *Provided, further*, That any such employer, with the consent of the majority of his employees participating in the plan, may liquidate such plan and become a member of the System: *Provided, finally*, That any amount accruing to an employee as a result of such liquidation shall not be paid to him but shall be remitted to the System to be credited to his account therein.

An employer exempt from the provisions of this Act for the reason that he has an equivalent plan shall, nevertheless, be a member of the System with respect to all his other employees who are not included in such plan, or who may refuse to join or continue under said plan.

(b) *Voluntary coverage*.—Under such rules and regulations as the Commission may prescribe, any employer not required to be a member of the System may become a member thereof and have his employees come under the provisions of this Act if the majority of his employees do not object; and any individual in the employ of the Government, or of any of its political subdivisions, branches, or instrumentalities, including corporations owned or controlled by the Government, as well as any individual employed by a private entity not subject to compulsory membership under this Act may join the System by paying twice the employee's contribution prescribed in section nineteen. Any other individual may likewise join the System, subject to such rules and regulations as may be prescribed by the Commission.

SEC. 10. *Effective date of coverage*.—(a) Compulsory coverage of any employee shall take effect on the first day of the calendar month following the month when his employer qualified as a member of the System, provided said employee has rendered at least six months' service.

(b) Voluntary coverage shall take effect on the first day of the calendar month following the month when his voluntary membership in the System was approved.

SEC. 11. *Effect of separation from employment*.—When an employee under compulsory coverage is separated from employment, his employer's contribution on his account

shall cease at the end of the month of separation, but said employee may continue his membership in the System and receive the benefits of this Act, in accordance with such rules and regulations as may be promulgated by the Commission.

D. Benefits

SEC. 12. *Retirement benefits.*—(a) Upon retirement, an employee shall be entitled to a life annuity payable monthly as long as he lives but in no case for less than two years. The amount of his monthly annuity shall be whatever eighty *per centum* of the premiums credited to his account with three *per centum per annum* interest, compounded monthly, shall purchase at his retirement, according to the mortality table and rate of interest adopted by the Commission: *Provided*, That the percentage of the premiums with interest to the credit of an employee which may be applied to the purchase of retirement benefits may be changed by the Commission in accordance with such rules as it may adopt, but in no case shall such percentage be less than seventy per cent nor more than ninety per cent of the premiums with interest to the credit of the employee: *Provided, further*, That if the employee has paid his contributions for at least ten years and has rendered to an employer at least three years of continuous service immediately prior to his retirement, the minimum amount of the monthly annuity shall be twenty-five pesos: *Provided, further*, That if the premiums set aside for the purchase of the annuity be not sufficient to satisfy the said minimum amount, one-half of the deficit shall be borne and paid to the System by his last employer in accordance with such rules to cover the other half, the employee's monthly contribution provided in section nineteen hereof shall be continued and regulations as the Commission may prescribe, and and deducted from his annuity as long as necessary, but in no case for a period exceeding ten years.

(b) During the reemployment of a retired employee his annuity shall be suspended and he shall be subject again to the provisions of section nineteen hereof, and his employer to section twenty.

(c) On reaching the age of sixty years and after having rendered at least five years of service in an employment, a covered employee shall have the option to retire under this Act.

SEC. 13. *Death and disability benefits.*—(a) Upon the covered employee's death or total and permanent disability under such conditions as the Commission may define, before becoming eligible for retirement and if either such death or disability is not compensable under the Workmen's Compensation Act, he or, in case of his death, his beneficiaries as recorded by his employer shall be entitled to the following benefit: If the employee dies or becomes disabled and he has paid less than thirteen monthly contributions as provided in section nineteen hereof, his accumulated premiums only shall be paid; or if he has paid from thirteen to twenty-four, or from twenty-five to thirty-six, or from thirty-seven to forty-eight, or more than forty-eight monthly contributions, the benefit shall be, respectively, equivalent to thirty *per centum*, fifty *per centum*, seventy-five *per centum*, and one hundred *per centum* of the average monthly compensation he has received during the year multiplied by twelve: *Provided*, That in all cases he must have paid the contribution for the calendar month immediately preceding the month during which he died or became disabled: *Provided, further*, That he or his beneficiaries shall be given a grace period of one month within which to pay such contribution: *Provided, finally*, That if his death or disability is compensable under the Workmen's Compensation Act and the amount payable thereunder is less than what would have been payable to him or his beneficiaries under this section, the difference between the two amounts shall be paid by the System.

(b) If the disability is partial but permanent, the amount or benefit shall be such percentage of the benefit described in the preceding paragraph as the Commission may determine, with due regard to the degree of disability.

SEC. 14. *Sickness benefit.*—(a) Under such rules and conditions as the Commission may prescribe, any covered employee under this Act who, after one year at least from the date of his coverage, on account of sickness or bodily

injury is confined in a hospital, or elsewhere with the Commission's approval, shall, for each day of such confinement, be paid by his employer, or by the System if such person is a voluntary member, an allowance equivalent to twenty *per centum* of his daily rate of compensation, plus five *per centum* thereof for every dependent if he has any, but in no case shall the total amount of such daily allowance exceed six pesos, or sixty *per centum* of his daily rate of compensation, whichever is the smaller amount, nor paid for a period longer than ninety days in one calendar year: *Provided*, That he has paid the required premiums for at least six months immediately prior to his confinement: *Provided, further*, That the payment of such allowance shall begin only after the first seven days of confinement, except when such confinement is due to injury or to any acute disease; but in no case shall such payment begin before all leaves of absence with pay, if any, to the credit of the employee shall have been exhausted: *Provided, further*, That any contribution which may become due and payable by the covered employee to the System during his sickness shall be deducted in installments from such allowances, issuing to him the corresponding official receipt upon complete payment of such contribution: *Provided, finally*, That the total amount of the daily allowances paid to the covered employee under this section shall be deducted from the death or disability benefit provided in section thirteen if he dies or becomes totally or permanently disabled within five years from the date on which the last of such allowances became due and payable.

(b) Seventy *per centum* of the daily benefits paid by an employer as provided in the preceding paragraph shall be reimbursed by the System to said employer upon receipt of satisfactory proof of such payment and of the legality thereof.

SEC. 15. *Unemployment benefit.*—(a) Subject to the rules and regulations of the System, any employee covered under this Act who, after one year at least from the date of his coverage, becomes unemployed for any reason

other than his misconduct, voluntary resignation without sufficient cause attributable to his employer, or an act of God, shall be entitled, for each day except holiday, to an allowance equivalent to twenty *per centum* of his daily rate of compensation, plus five *per centum* thereof for every dependent if he has any, but in no case shall the total amount of such daily allowance exceed six pesos, or fifty *per centum* of his daily rate of compensation, whichever is the smaller amount, nor be paid for a period longer than ninety days in one calendar year: *Provided*, That the covered employee has worked for his employer and paid the required premiums during the preceding year for at least twenty-six weeks, of which four weeks must immediately precede his unemployment: *Provided, further*, That the payment of said allowances shall begin only after the first three weeks of unemployment, which period the Commission, however, may reduce to two weeks if the covered employee has dependents; but in no case shall such payment begin before all leaves of absence with pay, if any, to the credit of the employee shall have been exhausted: *Provided, further*, That payment of such allowances shall be suspended if his continued unemployment is due to his failure, without good cause, to apply for available suitable work, or to avail himself of a reasonable opportunity for suitable work, or to accept suitable work when offered to him: *Provided, further*, That the total amount of the daily allowances paid to the covered employee under this section shall be deducted from the death or disability benefit provided in section thirteen if he dies or becomes totally and permanently disabled within five years from the date on which the last of such allowances becomes due and payable: *Provided, finally*, That no benefit shall be paid unless the unemployed claimant has registered at a public employment office or other approved agency and, upon investigation, the System is satisfied that he has complied with such rules and conditions as the Commission may have prescribed.

(b) As used in this Act, "suitable work" means work in the usual employment of the covered employee, or other

employment for which he is reasonably fitted: *Provided*, That no work shall be deemed suitable if—

- (1) The position offered is vacant due directly to a strike, lockout, or other labor dispute; or
- (2) The wages, hours, or other conditions of the work are substantially less favorable to the covered employee than those prevailing for similar work in the locality; or
- (3) As a condition of the employment, the covered employee is required to join a company union, or to resign from, or refrain from joining, any *bona fide* labor organization.

SEC. 16. *Non-transferability of benefit*.—Benefits under this Act are not transferable, and no power of attorney or other document executed by those entitled thereto in favor of any agent, attorney, or any other individual for the collection thereof in their behalf shall be recognized except when they are physically and legally unable to collect personally such benefits.

SEC. 17. *Exemption from tax, legal process and lien*.—All papers or documents which may be required in connection with the operation or execution of this Act, all the contributions collected and payments of benefits made thereunder, and all accruals thereto shall be exempt from any tax, assessment, fee or charge, and such payments shall not be liable to attachment, garnishment, levy, or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the covered employee to the System.

SEC. 18. *Fee of agents, attorneys, etc.*—No agent, attorney or other person in charge of the preparation, filing or pursuing any claim for benefit under this Act shall demand or charge for his services any fee in excess of five *per centum* of the amount of such benefit, which fee shall not be payable before the actual payment of the benefit, and any stipulation to the contrary shall be null and void. The retention or deduction of any amount from any benefit granted under this Act for the payment of

fees for such services is prohibited. Violations of any provision of this section shall be punished by a fine of not less than five hundred pesos nor more than five thousand pesos, or imprisonment for not less than six months nor more than one year, or both, at the discretion of the court.

E. Sources of Funds—Employment Records and Reports

SEC. 19. *Employee's contribution*.—Beginning as of the last day of the calendar month immediately preceding the month when an employee's compulsory coverage takes effect and every month thereafter during his employment, there shall be deducted and withheld from the monthly compensation of such covered employee a contribution equal to three *per centum* of his monthly compensation.

SEC. 20. *Employer's contribution*.—Beginning as of the last day of the month immediately preceding the month when an employee's compulsory coverage takes effect and every month thereafter during his employment, his employer shall pay, with respect to such covered employee in his employ, a monthly contribution equal to three *per centum* of the monthly compensation of said covered employee. Notwithstanding any contract to the contrary, an employer shall not deduct, directly or indirectly, from the compensation of his employees covered by the System or otherwise recover from them the employer's contributions with respect to such employees.

SEC. 21. *Collection and payment of contributions*.—(a) The contributions imposed in the preceding sections shall be collected and remitted to the System at the end of each calendar month under such rules and regulations as the System may prescribe. Every employer required to deduct and to remit such contributions shall be liable for their payment, and if any contribution is not paid to the System within thirty days from its due date or the date prescribed for its remittance, he shall pay besides the contribution a penalty thereon of three *per centum* per month from the date the contribution falls due until paid. If deemed expedient and advisable by the Commission, the collection and remittance of contributions

shall be made quarterly or semi-annually in advance, the contributions payable by the employees to be advanced by their respective employers: *Provided*, That upon separation of an employee, any premium so paid in advance but not due shall be credited or refunded to his employer.

(b) The contributions payable under this Act in cases where an employer refuses or neglects to pay the same shall be collected by the System in the same manner as taxes are made collectible under the National Internal Revenue Code, as amended. Failure or refusal of the employer to pay or remit the contributions herein prescribed shall not prejudice the right of the covered employee to the benefits of the coverage.

(c) Should any person, natural or juridical, default in any payment of contributions, the Commission may also collect the same in either of the following ways:

- (1) By an action in court, which shall hear and dispose of the case in preference to any other civil action, or
- (2) By issuing a warrant to the Sheriff of any province or city commanding him to levy upon and sell any real and personal property of the debtor. The Sheriff's sale by virtue of said warrant shall be governed by the same procedure prescribed for executions against property upon judgments by a court of record.

SEC. 22. *Method of collection and payment.*—The Commission is hereby empowered to prescribe such rules, regulations, and conditions as may be necessary or helpful in securing a complete and proper collection and payment of contributions and proper identification of the employer and the employee. Payment may be made in cash, checks, stamps, coupons, tickets, or other reasonable devices that the Commission may adopt.

SEC. 23. *Employment records and reports.*—(a) Each employer shall report immediately to the System the names, ages, civil status, occupations, salaries and dependents of all his employees, who are in his employ and who are or may

later be subject to compulsory coverage: *Provided*, That if an employee subject to compulsory coverage should die or become sick, unemployed or disabled without the System having previously received a report about him from his employer, the said employer shall pay to the employee or his legal heirs damages equivalent to the benefits to which said employee would have been entitled had his name been reported on time by the employer to the System.

(b) Every employer shall keep true and accurate work records for such periods and containing such information as the Commission may prescribe. Such records shall be open to inspection and copy thereof shall be furnished to the Commission or its authorized representatives quarterly or as often as the Commission may require. The System may also require each employer to submit, with respect to the persons in his employ, reports needed for the effective administration of this Act.

F. Funds of the System

SEC. 24. *Deposit and disbursement.*—All moneys paid to or collected by the system under this Act, and all accruals thereto shall be deposited, administered and disbursed in the same manner and under the same conditions and requirements as provided by law for other public special funds: *Provided*, That of the total yearly collection of such moneys and their accruals, not more than twelve *per centum* during the first two years of operation of the System nor more than ten *per centum* during any year thereafter shall be disbursed for the payment of salaries and wages and purchase of office equipment and materials.

SEC. 25. *Investment of funds—Reserve fund.*—Twenty *per centum* of such portions of the funds or moneys of the System as are not needed to meet the current obligations thereof and the expenses incidental to the carrying out of this Act, shall be reserved annually, shall be allowed to accumulate and shall be credited to a fund to be known as the "Reserve Fund" to meet and cover contingent and extraordinary disbursements for death and disability

claims under this Act, and the remaining eighty *per centum* shall be invested by the Commission in any or all of the following ways only:

(a) In interest-bearing bonds or securities of the Government of the Philippines, or bonds or securities for the payment of the interest and principal to which the faith and credit of the Republic of the Philippines is pledged.

(b) In interest-bearing deposits in any domestic bank doing business in the Philippines having an unimpaired paid-up capital and surplus equivalent to one million five hundred thousand pesos or over: *Provided*, That said bank shall first have been designated as a depository for this purpose by the President, upon recommendation of the Secretary of Finance.

(c) In loans or advances to the National Government for the construction of permanent toll bridges in accordance with the conditions prescribed by the law in such cases.

SEC. 26. *Records and reports.*—The Administrator shall keep and cause to be kept records of operations, of the funds of the System and of disbursements thereof, and all accounts of payments made out of said funds. During the month of January of each year, the Administrator shall prepare for submission to the President and to the Congress of the Philippines a report of operations of the System during the preceding year including statistical data on the number of persons covered and benefited, their occupations and employment status, the duration and amount of benefits paid, the finances of the System at the close of the said year, and recommendations. He shall also cause to be published in two newspapers of general circulation in the Philippines a synopsis of the annual report, showing in particular the status of the finances of the System and the benefits administered.

G. Miscellaneous Provisions

SEC. 27. *Penal clause.*—(a) Whoever, for the purpose of causing any payment to be made under this Act, or under an agreement thereunder, where none is authorized to be paid, shall make or cause to be made any false state-

ment or representation as to any wages paid or received, or whoever makes or causes to be made any false statement, of a material fact in any claim for any benefit payable under this Act, or whoever makes or causes to be made any false statement, representation, affidavit, or document in connection with such claim, shall be fined not less than five hundred pesos nor more than five thousand pesos, or imprisoned for not less than six months nor more than one year, or both, at the discretion of the court.

(b) Whoever shall obtain or receive any money or check under this Act or an agreement thereunder, without being entitled thereto, with intent to defraud the System, shall be fined not less than five hundred pesos nor more than five thousand pesos, or imprisoned for not less than six months nor more than one year, or both, at the discretion of the court.

(c) Whoever buys, sells, offers for sale, uses, transfers, takes or gives in exchange, or pledges or gives in pledge, except as authorized in this Act or in regulations made pursuant thereto, any stamp, coupon, ticket, book or other device, prescribed pursuant to section twenty-two hereof by the Commission for the collection or payment of contributions required herein, shall be fined not less than five hundred pesos nor more than five thousand pesos, or imprisoned for not less than six months nor more than one year, or both, at the discretion of the court.

(d) Whoever, with intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book or other device prescribed by the Commission for the collection or payment of any contribution required herein, or uses, sells, lends, or has in his possession any such altered, forged, or counterfeited materials, or makes, uses, sells, or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device, shall be fined not less than one thousand pesos nor more than ten thousand pesos, or imprisoned for not less than one year nor more than five years, or both, at the discretion of the court.

(e) Whoever fails or refuses to comply with the provisions of sections nineteen, twenty, twenty-one and twenty-three of this Act, or with the rules and regulations promulgated by the System, or whoever fails or refuses to pay any of the contributions provided in this Act or to furnish any report or to permit the inspection thereof, shall be punished by a fine of not less than five hundred pesos nor more than five thousand pesos, or imprisonment for not less than six months nor more than one year, or both, at the discretion of the court.

(f) If the act or omission penalized by this Act be committed by an association, partnership, corporation or any other institution, its managing head, directors or partners shall be liable to the penalties provided in this Act for the offense.

SEC. 28. *Government aid.*—The establishment of this Social Security System shall not disqualify the covered employees and employers from receiving such government assistance, financial or otherwise, as may be provided.

SEC. 29. *Separability clause.*—In the event any provision of this Act or the application of such provision to any person or circumstance is declared invalid, the remainder of the Act or the application of said provision to other persons or circumstances shall not be affected by such declaration.

SEC. 30. *Saving clause.*—The Congress hereby reserves the right to amend, alter, or repeal any provision of this Act, and no person shall be or shall be deemed to be vested with any property or other right by virtue of the enactment or operation of this Act.

SEC. 31. *Appropriation.*—Out of any funds in the National Treasury not otherwise appropriated, the sum of two hundred thousand pesos, or so much thereof as may be necessary, is authorized to be appropriated for the initial operation expenses of the System.

SEC. 32. *Effectivity.*—This Act shall take effect upon its approval.

Approved, June 18, 1954.