



Republic of the Philippines
SOCIAL SECURITY SYSTEM

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CIRCULAR NO. 2021-015

TO : **ALL EMPLOYERS**

SUBJECT : **PANDEMIC RELIEF AND RESTRUCTURING PROGRAM 2 –
CONDONATION OF PENALTIES ON SOCIAL SECURITY (SS)
CONTRIBUTIONS**

Pursuant to Section 4(a)(8) of Republic Act No. 11199 (Social Security Act of 2018) granting the Social Security Commission (SSC) the authority to condone contribution penalties imposed upon delinquent employers and SSC Resolution No. 410-s.2021 dated 09 August 2021, providing for the Pandemic Relief and Restructuring Programs for the benefit of SSS members and employers affected by the COVID-19 pandemic, the SSC, under Resolution Nos. 524-s.2021 dated 13 October 2021 and 557-s.2021 dated 03 November 2021, hereby issues the following guidelines for its effective implementation.

Unless the context of a certain provision of this Circular clearly indicates otherwise, the term "Program" refers to the Condonation of Penalties on SS Contributions as provided herein.

SECTION 1. Coverage – All employers who are delinquent in the payment of SS contributions and/or penalties covering the applicable month of March 2020 and onwards.

SECTION 2. Application Period – Applications should be submitted to the SSS Branch Office (BO)/Large Accounts Department (LAD) having jurisdiction over its account within six (6) months from date of effectivity of this Circular.

SECTION 3. Who are Qualified under the Program – All employers who are delinquent in the payment of SS contributions and/or penalties whose financial positions demonstrate a clear inability to pay the assessed delinquency arising from economic crisis, serious business losses or financial reverses, or resulting from natural calamity, or man-made disaster without fault on the part of the employer. For purposes of determining existence of economic crisis, areas affected by natural calamity, or man-made disaster without fault on the part of employer, the SSS shall confirm the same from the National Economic Development Authority (NEDA), National Disaster Risk Reduction and Management Council (NDRRMC) and/or its local counterparts, or the concerned regulatory or investigating government agency, respectively.

SECTION 4. Penalties Covered Under the Program – This Circular shall apply only to penalties on delinquent SS contributions. Penalties on unpaid Employees' Compensation (EC) contributions shall not be condoned. However, payment of EC

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contribution and penalties is a condition precedent to the filing of the application under this Program.

SECTION 5. How to Avail – The Employer shall submit an Application Form (Annex A-1 to A-3) to the SSS BO/LAD having jurisdiction over its account. The Employer shall attach in the Application Form the proposed mode of payment in settling its delinquencies, the amount of which shall be determined by the responsible Account Officer of the BO/LAD who will provide the same to the employer prior to filing of the application. The allowed modes of payment are enumerated in Section 14 of this Circular.

SECTION 6. Definition of Terms – For the purpose of this Circular.

- (a) Economic crisis shall refer to a long-term economic state characterized by unemployment, low prices and low levels of trade and investment.
- (b) Man-made disaster shall refer to a disaster attributed in part or entirely to human intent, error, negligence, or involving a failure of a man-made system. This would include fire, explosions, wars, random shootings, purposeful poisoning and outbreak of diseases affecting their industry.
- (c) A natural calamity is any large-scale unpleasant event which is caused by natural forces beyond human control. This would include storms, flood, tsunamis, forest fires, volcanic eruption, landslide and earthquake.
- (d) Delinquent employer shall refer to those who failed to pay the SS contributions on or before the due date as prescribed by the SSC and the penalties accruing thereto from the date the contributions due until paid. This also includes employers who paid the contributions beyond the said due date but failed to pay the corresponding penalty.

SECTION 7. Documentary Requirements – The Employer shall submit the following to support its application. The complete list of documents to be submitted together with the application is in Annex B.

A. CORPORATION, PARTNERSHIP, COOPERATIVE, JOINT VENTURE, ASSOCIATION AND OTHER INSTITUTIONS

- 1) Certified True Copies of the latest General Information Sheet (GIS) or Articles of Incorporation, Articles of Partnership, Articles of Cooperation, Joint Venture Agreement and other documents showing the responsible officers;
- 2) Audited Financial Statements for the last two (2) years stamped "received" by the Bureau of Internal Revenue (BIR); and
- 3) Duly notarized Secretary's Certificate stating that the Board of Directors/Trustees (for Corporation/Cooperative/Joint Venture), has authorized, through a Board Resolution, the name and position of the authorized person to sign and apply for the condonation program in behalf of the employer.

- 4) Duly notarized certification signed by the General/Managing Partner/s indicating the name/s of the partner/s who will sign and apply for the condonation program in behalf of the employer. The pro-forma certifications for this purpose are in Annexes C-1 and C-2.

In addition to the foregoing, in case of closure/termination/cessation of operation, any of its former director/trustee/partner/managing head shall sign the application and submit a duly notarized Undertaking to settle the principal amount of delinquency in his/her personal capacity and anyone of the following supporting documents. The pro-forma Undertaking for this purpose is in Annex C-3:

- a. Letter of Request for Retirement/Closure of Business
- b. Barangay Certificate of Closure from the Barangay where the business is located;
- c. Original Partnership Dissolution Agreement or Notice of Dissolution for Partnerships;
- d. BIR Form 1905 duly received by the BIR

B. SINGLE PROPRIETORSHIP AND HOUSEHOLD EMPLOYER

- 1) Income Tax Return (ITR) for the last two (2) years stamped received by the BIR or a duly notarized Certification on the source(s) of funds (Annex C-4) to maintain the household (for Household Employer with no ITR); and
- 2) Sworn Statement/Affidavit on the reason/s for the inability to pay the assessed delinquency/ies without fault on its part. The applicant will be assisted in the preparation of the Sworn Statement/Affidavit by the responsible Account Officer. The pro-forma Sworn Statement/Affidavit for this purpose is in Annex C-5.

All employers applying under this program shall, in addition to the above-stated requirements, submit the following:

- a. For installment payment proposals, official receipt of the down payment which is not less than 5% of the amount of the principal delinquency; and
- b. Official receipt of the full payment of the Employees Compensation (EC) contribution and penalty delinquency, if applicable.

All applications, including the proposed mode of payment, shall be processed by the concerned Accounts Management Section (AMS) of the BO or by the LAD having jurisdiction over the Employer.

SECTION 8. Employers with Pending Cases or Final Judgment – All pending cases involving collection of contributions and/or penalties incurred from applicable month of March 2020 and onwards may be withdrawn upon approval of the application under this Program by the SSC, without prejudice to its revival or refiling.

This Program shall not extend to employers with judgments that have acquired finality.

SECTION 9. Employers with Pending or Approved Proposals under the Installment Payment Scheme Program – All pending or approved Installment Payment Proposals shall only be deemed withdrawn or cancelled upon approval by the SSS of the application under this Program. Any existing approved installment plans shall remain in full force and effect until the approval by the SSS of said application.

Any outstanding balance under other approved installment payment schemes shall be considered as part of the total delinquency for the purpose of this Program, subject to re-computation.

SECTION 10. Employers with Pending Application Under the Program for Acceptance of Properties Offered Through *Dacion en Pago* – An Employer who applies under the condonation program shall be deemed to have withdrawn its pending application for *Dacion en Pago* upon approval of the application by the SSS. This pertains to *Dacion en Pago* proposals for payment of SS contributions only.

SECTION 11. Employers with Issued Warrants of Distrainment, Levy and/or Garnishment (WDLG) – An Employer subjected to WDLG processes and procedures for delinquencies incurred for applicable month of March 2020 and onwards may avail of the Program except where a WDLG has already been issued.

SECTION 12. Recommending and Approving Authorities – The President and CEO shall designate officials and create a Financial Evaluation Committee for this purpose, composed of two (2) working committees, that shall recommend, approve or deny applications under this Program depending on the total amount of delinquency.

SECTION 13. Financial Evaluation Criteria – The financial status of an employer-applicant for the condonation of penalties on SS Contributions shall be assessed using Current Ratio or Cash Flow from Operations or Return on Equity or Net Loss whichever gives favorable result to an employer-applicant.

(a) For Current Ratio criteria, any of the following ratios will qualify the employer-applicant to the Program:

a.1 Current Ratio for Y2020 is less than one ($\text{Current Ratio} < 1$); or

a.2 Average Current Ratio for the last two (2) years (Y2019 and Y2020) is less than one ($\text{Average Current Ratio} < 1$).

(b) For Cash Flow from Operations criteria, the Employer-applicant is qualified if its Net Cash Flow from Operating Activities is negative or not more than 10% as a percentage of Total Revenue.

(c) Return on Equity (ROE) criteria. ROE is calculated by dividing net income by shareholders' equity. A negative ROE in the most recent Financial Statements should qualify employer-applicant in the program.

- (d) Net Loss criteria. Employer-applicant is also qualified in the Program if net loss or negative net profit appears on the bottom line of the company's Income Statement.

The details of the Financial Evaluation Criteria in in Annex D.

SECTION 14. Modes of Payment in Settling Delinquencies – An employer may settle the total assessed contribution delinquency through any of the following modes:

- (a) Payment in **FULL** of the total assessed contribution delinquency through any SSS Branch/Office or authorized collection agent (e.g., accredited banks, payment centers/partners) of the SSS, within **fifteen (15) calendar days** from receipt of the Notice of Approval by the SSS; or
- (b) An approved installment proposal to settle the total assessed contribution delinquency by the SSS shall earn an interest of six (6) percent per annum. The employer shall be required to pay a down payment of not less than five percent (5%) of the amount of principal delinquency upon submission of the application and the balance of the delinquency to be settled for a maximum period of twenty-four (24) months. The balance of principal delinquency shall be payable in accordance with the Schedule of Monthly Installment Payments, as follows:

Total Amount of Delinquency	Maximum Number of Monthly Installments
Up to ₱1,000,000	Four (4) months
Over ₱1,000,000 to ₱2,000,000	Eight (8) months
Over ₱2,000,000 to ₱5,000,000	Twelve (12) months
Over ₱5,000,000 to ₱10,000,000	Sixteen (16) months
Over ₱10,000,000 to ₱20,000,000	Twenty (20) months
Over ₱20,000,000	Twenty-four (24) months

SECTION 15. Cancellation – The Notice of Approval issued by the SSS shall be deemed cancelled under any of the following circumstances:

- (a) Failure to pay in full within fifteen (15) calendar days from receipt of the Notice of Approval by the SSS;
- (b) Any default in the payment under the approved installment proposal within the period provided therein; or
- (c) Failure to pay the current contributions from the month of filing of the application until the approval by the SSS, and for the entire duration of the approved installment proposal, if applicable.

SECTION 16. Effects of Cancellation of the Notice of Approval – The cancellation of the Notice of Approval shall render the total assessed contribution delinquency, including the two percent (2%) monthly penalty, due and demandable and the SSS may proceed to collect the delinquency by:

- (a) issuing a warrant under the WDLG Program of the SSS, if applicable;
- (b) filing the necessary civil/criminal action against the responsible officers of the Employer pursuant to Section 22 (a) in relation to Section 28 (e) and (f) of the Social Security Act of 2018;
- (c) if the criminal case had been withdrawn, to refile the case or any other relief/s and remedy/ies available to the SSS;
- (d) if provisionally dismissed, to revive the case before the proper courts or any other relief/s and remedy/ies available to the SSS; and
- (e) if with conviction/judgment/final judgment, any relief/s and remedy/ies available to the SSS.

The Employer shall be allowed to avail of the condonation of penalties under this Program **once**. Any succeeding proposal to settle its delinquency shall be limited to the existing Installment Payment Program and/or payment by way of *Dacion en Pago*.

SECTION 17. Appeals – Within thirty (30) calendar days from receipt of the Notice of Denial from the SSS of its application for condonation under this Program, an employer may file a Petition before the SSC in accordance with its rules and procedures.

SECTION 18. Repealing/Separability Clause – All other Circulars, Office Orders, and other related issuances or parts thereof which are inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

SECTION 19. Effectivity – This Circular shall take effect immediately after its complete publication in a newspaper of general circulation and the submission of the required copies to the Office of the National Administrative Register (ONAR).


AURORA C. IGNACIO
President and CEO



15 NOV 2021

Date

ATTACHMENTS: Annex A-1 – Application for Condonation of Penalties on Delinquent SS Contributions for Regular Employers
 Annex A-2 – Application for Condonation of Penalties on Delinquent SS Contributions for Household Employers
 Annex A-3 – Application for Condonation of Penalties on Delinquent SS Contributions for Partnership Employers Only



- Annex B – Documentary Requirements
- Annex C-1 – Certification for Full Payment of Total Delinquency
- Annex C-2 – Certification for Installment Payment of Total Delinquency
- Annex C-3 – Undertaking
- Annex C-4 – Certification (Sources of Funds to Maintain the Household – For HR Employer)
- Annex C-5 – Affidavit - Inability to Pay the Assessed Delinquencies on Social Security Contributions
- Annex D – Financial Evaluation Criteria

(Policy – Contributions Collection)

**APPLICATION FOR CONDONATION OF PENALTIES ON DELINQUENT
SS CONTRIBUTIONS**

(Under Republic Act No. 11199 or the Social Security Act of 2018)
(For Regular Employers)

(Date)

TO THE SOCIAL SECURITY COMMISSION:

Pursuant to Republic Act No. 11199, the "Social Security Act of 2018," and its implementing rules and regulations, I/We _____ proprietor (position) of _____, with Employer ID No. _____ and principal place of business at _____, hereby apply for condonation of penalties on all unremitted/under remitted or delinquent contributions in the amount of _____ **(IN WORDS)**
₱ _____.

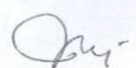
To show proof of my/our business's inability to pay all unremitted/under remitted or delinquent contributions for the period from _____ to _____, I/We undertake to submit my/our business's last three (3) years Audited Financial Statements to show that the company has experienced financial difficulties in meeting our financial obligations with the SSS.

Should my/our application be approved, I/We will settle the delinquency in "**FULL PAYMENT**" or submit an "**INSTALLMENT PROPOSAL**" within fifteen (15) calendar days from receipt of the Notice of Approval.

I/We understand that failure on my/our part to disclose or remit any or all of the delinquency within the prescribed/approved installment scheme, the approval of my/our application shall be deemed automatically withdrawn and the penalties approved to be condoned under this application shall be reimposed and become due and demandable together with any assessed delinquency.

Signature over printed name
(Official Designation of Signatory)

Note: You may add additional lines for more than one (1) signatories



**APPLICATION FOR CONDONATION OF PENALTIES ON DELINQUENT
SS CONTRIBUTIONS**

(Under Republic Act No. 11199 or the Social Security Act of 2018)
(For Household Employers)

(Date)

TO THE SOCIAL SECURITY COMMISSION:

Pursuant to Republic Act No. 11199, the "Social Security Act of 2018," and its implementing rules and regulations, I/We _____, household employer, with Household (HR) ID No. _____ and residential address at _____, hereby apply for condonation of penalties on all unremitted/under remitted or delinquent contributions in the amount of _____ (IN WORDS)

P _____.

To show proof of household's inability to pay all unremitted/under remitted or delinquent contributions for the period from _____ to _____, I/We undertake to submit proof attached to this application form to show that my/our household has experienced financial difficulties in meeting our financial obligations with the SSS.

Should my/our application be approved, I/We will settle the delinquency in "**FULL PAYMENT**" or submit an "**INSTALLMENT PROPOSAL**" within fifteen (15) calendar days from receipt of the Notice of Approval.

I/We understand that failure on my/our part to disclose or remit any or all of the delinquency within the prescribed/approved installment scheme, the approval of my application shall be deemed automatically withdrawn and the penalties approved to be condoned under this application shall be reimposed and become due and demandable together with any assessed delinquency.

Signature over printed name
(Household Employer)

Note: You may add additional lines for more than one (1) signatories

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**"APPLICATION FOR CONDONATION OF PENALTIES ON DELINQUENT
SS CONTRIBUTIONS
(Under Republic Act No. 11199 or the Social Security Act of 2018)
(For Partnership Employers Only)"**

(Date)

TO THE SOCIAL SECURITY COMMISSION:

Pursuant to Republic Act No. 11199, the "Social Security Act of 2018," and its implementing rules and regulations, I/We _____, General Partners of _____, with Employer ID No. _____ and principal place of business at _____, hereby apply for condonation of penalties on all unremitted/under remitted or delinquent contributions in the amount of _____ **(IN WORDS)**

₱ _____.

To show proof of my/our business's inability to pay all unremitted/under-remitted or delinquent contributions for the period from _____ to _____, I/We undertake to submit my business's last three (3) years Audited Financial Statements to show that the company has experienced financial difficulties in meeting our financial obligations with the SSS.

Should my/our application be approved, I/We shall settle the total assessed contribution delinquency in "FULL PAYMENT" or through an approved "INSTALLMENT PROPOSAL", within fifteen (15) calendar days from receipt of the Notice of Approval and shall earn a six (6%) percent interest per annum.

I/We understand that failure on my/our part to disclose or remit any or all of the delinquency within the prescribed/approved installment scheme, the approval of my application shall be deemed automatically withdrawn and the penalties approved to be condoned under this application shall be reimposed and become due and demandable together with any assessed delinquency.

Signature over printed name

(Signatory)

Note: You may add additional lines for more than one (1) signatories

Signature

Initials

DOCUMENTARY REQUIREMENTS TO BE SUBMITTED BY APPLICANTS

I. BASIC DOCUMENTS

- 1) Duly accomplished Application Form
- 2) Affidavit attesting to the fact that the business operation was affected by economic downturns in the concerned industry, sector, or local business activities.
- 3) Certification from the Local Government Units and concerned government agencies that the business or household was affected by natural calamities or man-made disasters.

II. FOR REGULAR EMPLOYERS

Corporations, Partnerships, Cooperatives, One Person Corporation (OPC) and Joint Ventures (JV)

A. Business Registration Documents:

1. Articles of Incorporation, Partnership, Cooperatives, OPC and Joint Venture Agreement for JV - Certified Photocopies
2. General Information Sheet (GIS) - Certified Photocopies
3. Duly notarized Secretary's Certificate stating that the Board of Directors/Trustees (for Corporation/Cooperative/Joint Venture), has authorized, through a Board Resolution, any Officer of the Employer to avail of the Program.
4. Secretary's Certificate authorizing the President or Secretary or Treasurer to sign on behalf of the company, for Corporations
5. Duly notarized certification signed by the General/Managing Partner/s (for Partnership) stating that the Partnership is availing of the Program.
6. In case of closure/termination/cessation of operation, any of its former director/trustee/partner/managing head shall sign the application with proof/s thereof.
 - 6.1. A duly notarized Undertaking to settle the principal amount of delinquency in his/her personal capacity, and;
 - 6.2. Any of the following:
 - a. Letter of Request for Retirement with attached approved application for Business Retirement by the BPLO
 - b. Closure of Business
 - c. Barangay Certificate of Closure from the Barangay where the business is located; -Original Partnership Dissolution Agreement
 - d. Notice of Dissolution for Partnerships
 - e. BIR Form 1905 duly received by the BIR

B. Financial Information Documents:

1. Audited Financial Statements for the last two (2) years stamped "received" by the Bureau of Internal Revenue (BIR)
 - a. Income Statement (Statement of Operations)
 - b. Statement of Changes in Equity

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"Annex B (continued)"

- c. Balance Sheet (Statement of Financial Conditions)
 - d. Statement of Cash Flows
 - e. Auditors Notes to Financial Statements
2. For payment via installment, validated Contribution Payment Return Form (CPRF) representing the 5% down payment of the total delinquency

III. FOR SINGLE PROPRIETORSHIP AND HOUSEHOLD EMPLOYERS

- 1. Income Tax Return (ITR) for the last two (2) years stamped received by the BIR, or
- 2. A duly notarized Certification on the source(s) of funds to maintain the household (for Household Employer with no ITR); and
- 3. Sworn Statement/Affidavit on the reason/s for the inability to pay the assessed delinquency/ies without fault on its part.

Qm

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C E R T I F I C A T I O N
(For Full Payment of Total Delinquency)

I/We _____, Partners of a (general/limited/professional partnership) **(NAME OF EMPLOYER)**, with Employer ID No. **(XX-XXXXXXXX-X)** and principal place of business at _____, hereby certifies that the Partnership is availing of the condonation program under Circular No. _____, for the penalties on all unremitted/under remitted or delinquent contributions in the amount of **(IN WORDS)** P_____, covering the period _____ to _____.

In availing this Program, attached are the Audited Financial Statements of the Partnership for the last three (3) years as proof that the Partnership has suffered financial difficulties in meeting its financial obligations with the Social Security System (SSS).

The Partnership shall be paying the total assessed delinquency in **"FULL PAYMENT"** within the prescribed period of fifteen (15) calendar days upon receipt of the approval of the application for condonation of penalties on delinquent SS contributions.

This is to further certify, that failure on my/our part to disclose or remit any or all of the delinquency within the prescribed period, the approval of my application shall be deemed automatically withdrawn and the penalties approved to be condoned under our application shall be reimposed and become due and demandable together with any assessed delinquency.

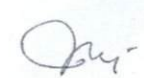
This CERTIFICATION was executed on this _____ day of _____, 2021, at _____, Philippines.

(NAME OF SIGNATORY/IES)

Signature over printed name

(Signatory)

Note: You may add additional lines for more than one (1) signatories


/s/

C E R T I F I C A T I O N
(For Installment Payment of Total Delinquency)

I/We _____, Partners of a (general/limited/professional partnership) **(NAME OF EMPLOYER)**, with Employer ID No. **(XX-XXXXXXXX-X)** and principal place of business at _____, hereby certifies that the Partnership is availing of the condonation program under Circular No. _____, for the penalties on all unremitted/under remitted or delinquent contributions in the amount of **(IN WORDS)** P _____, covering the period _____ to _____.

In availing this Program, attached are the Audited Financial Statements of the Partnership for the last three (3) years as proof that the Partnership has suffered financial difficulties in meeting its financial obligations with the Social Security System (SSS).

The Partnership shall be paying the total assessed delinquency in **"INSTALLMENT PAYMENT"**, for **(no. of months)** from **(date of first payment)** to **(date of last payment)** which shall earn a six (6%) percent per annum interest rate. The corresponding Post Dated Checks (PDC's) shall be submitted by the Partnership to SSS within the prescribed period of fifteen (15) calendar days upon receipt of the approval of the application for condonation of penalties on delinquent SS contributions.

This is to further certify, that failure on my/our part to disclose or remit any or all of the delinquency within the prescribed period, the approval of my application shall be deemed automatically withdrawn and the penalties approved to be condoned under our application shall be reimposed and become due and demandable together with any assessed delinquency.

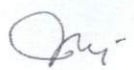
This CERTIFICATION was executed on this _____ day of _____, 2021, at _____, Philippines.

(NAME OF SIGNATORY/IES)

Signature over printed name

(Signatory)

Note: You may add additional lines for more than one (1) signatories





UNDERTAKING

KNOW ALL MEN BY THESE PRESENTS:

I, _____, in my official capacity as _____ and as the duly authorized signatory of the application for condonation of (name of employer) _____ with Employer ID No. _____ whose principal office address is located at _____, for and in consideration of our application for condonation of penalties on SS contributions for the total delinquency in the amount of _____ (Php _____) covering the period from (mm/yyyy) to (mm/yyyy), do hereby agree and undertake:

- a) To pay, upon submission of the application and all its documentary requirements, at least five (5%) percent of the total delinquency as down payment if payment is through Installment Proposal and to pay the remaining amount of delinquency in full payment, within five (5) calendar days upon receipt of the Notice of Approval.
- b) To issue, within five (5) calendar days from receipt of the Notice of Approval, all the post-dated checks (PDC's) corresponding to the total amount of delinquency if payment is through Installment Proposal to the months covered by the installment.
- c) To replace or cancel the postdated checks prior to due dates in case of change in our authorized signatory or closure of bank account, subject to the recommendation and approval of the officials who recommended and approved the installment proposal.
- d) To remit current contributions and salary/calamity loan amortizations every month as they fall due.
- e) To pay the total obligations which shall become due and demandable in the event of default in the payment of and/or non-payment of at least two (2) monthly installments and/or non-payment of current contribution/salary/calamity loan amortizations and/or non-compliance with any of the terms and conditions of the installment proposal.
- f) To bind myself to the Social Security System in my personal capacity to fulfill the obligation of the company.

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"Annex C-3 continued"

Nothing in this Undertaking shall be construed as a waiver of the right of the SSS to prosecute in a criminal proceeding or take other appropriate court action against any and all of the responsible officers of our firm for violation of the SS Law.

DONE AT Quezon City, Philippines on (mm/dd/yyyy).

Printed Name and Signature

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

BEFORE ME, a Notary Public for and in the City of _____, on the date and place appearing above, personally appeared _____ with Community Tax Certificate No. _____ issued at _____ on _____ 2021, known to me and to me known to be the same person who executed the above instrument and he/she acknowledged that the same is his/her free and voluntary act and deed.

WITNESS MY HAND AND NOTARIAL SEAL on the date and at the place first herein above written.

NOTARY PUBLIC

[Handwritten Signature]
[Initials]

C E R T I F I C A T I O N

(Sources of Funds to Maintain the Household – For HR Employer)

In connection with my application for condonation of penalties on delinquent SS contribution, I hereby certify that our sources of funds to maintain the household are as follows:

- ☐ Monthly salary from employment in _____ (name of employer)
- ☐ Monthly pension from SSS/GSIS
- ☐ Monthly financial aid from children
- ☐ Income from a small business (e.g. sari-sari store)
- ☐ Others (Please specify)

I attest to the fact that what I have stated are true and correct.

(PRINTED NAME OF SIGNATORY)
(name of household employer)

Handwritten signature
12/1

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) SS

**AFFIDAVIT - INABILITY TO PAY THE ASSESSED DELINQUENCIES ON
SOCIAL SECURITY CONTRIBUTIONS**

I, _____, of legal age, single/married, Filipino,
with office/residence and postal address at _____, in
accordance with law, do hereby depose and say – THAT:

1. I am the Single Proprietor/Owner/Household Employer duly registered with the Social Security System (SSS), with SS ID Number _____, with date of coverage in (mm/yyyy), and business/residence address at _____.
2. On (mm/dd/yyyy), I received an assessment from the SSS for the delinquencies incurred by my business/household in the amount of (P_____), for the period from (mm/yyyy) to (mm/yyyy). The delinquencies represents the total amount of contributions plus penalties.
3. I am aware of my obligations as an Employer with the SSS on the timely remittance of contributions on behalf of my employee/s.
4. I was unable to pay/settle my obligations with the SSS because of the financial difficulties that my business/household has experienced during the past years because of (state the reason/s of the financial difficulty) which is beyond my control.
5. I am executing this affidavit in order to attest the truth of the above-mentioned facts for all legal intents and purposes it may serve.

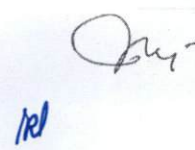
AFFIANT FURTHER SAYETH NAUGHT.

Affiant

SUBSCRIBED AND SWORN to before me this ____ day of ____ in the Quezon City, affiant having exhibited to me his/her _____ ID bearing No. _____ issued by the _____ and valid until _____.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____;



**CONDONATION OF PENALTIES ON SS CONTRIBUTIONS PROGRAM
FINANCIAL EVALUATION CRITERIA**

A. FOR REGULAR EMPLOYERS

The financial status of an employer-applicant for the condonation of penalties on SS Contributions shall be assessed using Current Ratio, Cash Flow from Operations, Return on Equity or Net Loss.

Passing in one of four (4) financial metrics shall qualify employer-applicant in the Program.

1. Current Ratio

The current ratio is one of the primary liquidity ratios used for evaluating a company's financial soundness. It evaluates a company's capability of handling all its short-term debt obligations, by measuring the adequacy of the company's current resources to cover all of its debt obligations for the next 12 months. A higher current ratio indicates that the company has more liquidity. Generally, a current ratio of 2 or higher is considered healthy. **A ratio of less than 1 is a definite sign of financial distress. The applicant-employer will have difficulty in handling its financial obligations in the short term.**

The Business and Development Loans Department (BDLD), use the Current Ratio to assess the overall financial health of company-borrowers.

Formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

(It simply divides current assets by current liabilities.)

Criteria, any of the two (2):

- a) **Current Ratio for Y2020 is less than one, Current Ratio < 1; or**
- b) **Average Current Ratio for the last two (2) years (Y2019 and Y2020) is less than one, Ave. Current Ratio < 1.**

Current Assets

Current assets represent all the assets of a company that are expected to be conveniently sold, consumed, used, or exhausted through standard business operations within one year. Current assets can be used to fund day-to-day business operations and to pay for the ongoing operating expenses.

List of the most common current assets that are found on the **balance sheet**:

- a) Cash
- b) Cash equivalents
- c) Accounts receivable
- d) Stock inventory
- e) Marketable securities
- f) Pre-paid liabilities
- g) Trade and other receivables
- h) Advances to subsidiaries
- i) Prepayments and other current assets

Current Liabilities

Current liabilities are a company's short-term financial obligations that are due within one year or within a normal operating cycle.

List of the most common current liabilities that are found on the **balance sheet**:

- a) Accounts payable
- b) Short-term debt such as bank loans or commercial paper issued to fund operations
- c) Dividends payable
- d) Notes payable—the principal portion of outstanding debt
- e) Current maturities of long-term debt
- f) Interest payable on outstanding debts, including long-term obligations
- g) Income taxes owed within the next year
- h) Notes payables
- i) Trade and other payables due to related parties
- j) Lease liabilities (current portion) - the amount of the principal and interest (if any) repayable in the next twelve months.
- k) Long-term debt (current portion) - the amount of unpaid principal from long-term debt that has accrued in a company's normal operating cycle (typically less than 12 months). It is considered a current liability because it must be paid within that period.

How to compute for Current Ratio:

- a) Get the total of all current assets in the Balance Sheet.
- b) Get the total of all current liabilities in the Balance Sheet.
- c) Compute for the Current Ratio by dividing total current assets by total current liabilities.

2. Cash Flow from Operations

The cash flow statement includes all cash inflows a company receives from its ongoing operations and external investment sources, as well as all cash outflows that pay for business activities and investments during a given quarter. The **Cash Flow from Operations** reports the amount of cash from the income statement that was originally reported on an accrual basis. A few of the items included in this section are:

- Accounts receivables
- Accounts payables
- Income taxes payable.

Employer-applicant is qualified if its Net Cash Flow from Operating Activities is negative or not more than 10% as a percentage of Total Revenue.

3. Return on Equity (ROE)

ROE is considered a gauge of a corporation's profitability and how efficient it is in generating profits. ROE is a measure of financial performance calculated by dividing net income by shareholders' equity.

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Average Shareholders' Equity}}$$

A negative ROE in the most recent Financial Statements should qualify employer-applicant in the program.

4. Net Loss

A **Net Loss** occurs when overall expenses exceed total income or revenue generated by a business, project, transaction, or investment. A company would report a *net loss* in the Income Statement as a negative net profit. Net loss or net profit appears on the bottom line of the company's **Income Statement**.

Net loss or net profit is calculated using the following formula:

$$\text{Net Loss (or Net Profit)} = \text{Revenues} - \text{Expenses}$$

B. FOR HOUSEHOLD EMPLOYERS

A Household employer shall submit Income Tax Return (ITR) for the last three (3) years or affidavit of declaration that his/her cash, cash equivalents, and bank deposit/s (if any) are less than 50% of the amount of his/her total delinquency.

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