



Republic of the Philippines
SOCIAL SECURITY SYSTEM

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CIRCULAR NO. 2023-007

TO : ALL EMPLOYERS AND SSS MEMBERS

SUBJECT : POLICY GUIDELINES ON THE ACCEPTANCE OF CHECK AS PAYMENT FOR OBLIGATIONS IN FAVOR OF SSS

Notice is hereby given that, the provisions of the Policy Guidelines on the Acceptance of Check as Payment for Obligations in Favor of SSS, as approved by the Social Security Commission (SSC) Resolution No. 219-s.2023 dated 19 May 2023, shall take effect on 01 January 2024, to wit:

A. POLICY STATEMENT

Pursuant to, and consistent with, the declared policy under Section 2 in relation to Sections 4(a)(1) and 23 of Republic Act No. 11199 (Social Security Act of 2018), the SSS shall adopt the following policy guidelines to improve systems of collections governing the acceptance of check payment for all SSS transactions to ensure the System's financial soundness.

B. SCOPE

These Policy Guidelines shall cover all check payments in favor of SSS for the following obligations:

1. Contribution and/or penalty;
2. Short-term member loan amortization and/or interest/penalty;
3. Monthly rental/lease for SSS properties;
4. Amortization/s due for sold SSS properties;
5. Monthly amortization for housing loans;
6. Payment of delinquent employers under the approved installment payment, condonation and restructuring programs;
7. Amortization/repayment of business, social or institutional loans;
8. Interest/penalty on the above other obligations, SSS-related and miscellaneous payments; and
9. Other SSS-related and miscellaneous payments.

C. OBJECTIVE

These Policy Guidelines are promulgated to improve the existing policy on the acceptance of checks as payment for obligations in favor of SSS. The

implementation of these Policy Guidelines further aims to address the following issues due to dishonored checks:

1. unnecessary requests for cancellation of posted payments;
2. posted contributions/amortizations/rentals with no corresponding payments; and
3. additional costs to SSS such as litigation, administrative and operational costs.

D. DEFINITION OF TERMS

1. Check – A written, dated, and signed negotiable instrument that directs a bank to pay a specific sum of money to the bearer. The person or entity issuing the check is known as the payor–drawer, the person to whom the check is written is the payee–bearer and the bank on which the check is drawn is the drawee.
2. Corporate Check – A check drawn against a corporate’s checking account to pay its SSS obligation.
3. Personal Check – A check drawn against the checking account of an individual to settle his/her SSS obligation.
4. Manager’s or Cashier’s Check – A special type of check drawn by the bank’s manager or cashier, in the name of the bank, against the bank itself.
5. Post-dated Check (PDC) – A check written by the drawer with a date later than the actual date of execution.
6. Dishonored Check – A check returned due to insufficient funds, closed account, stop payment order, alteration, questionable or missing signature and other reasons which resulted to the check being returned unpaid by the bank upon presentment for payment.
7. “On-us” Check – A check presented for payment at the same financial institution that carries the account on which the check is written.
8. Short-Term Member Loans
 - 8.1 Salary Loan – A privilege loan granted by the SSS to eligible member-borrowers to meet their short-term credit needs.
 - 8.2 Calamity Loan Assistance Program (CLAP) – A short-term member loan program granted to eligible member-borrowers whose residence is in the areas affected and declared under state of calamity by the National Disaster Risk Reduction and Management Council (NDRRMC).

- 8.3 Educational Assistance Loan Program (EALP) – A short-term member loan program which aims to provide assistance to eligible SSS member-borrowers to defray expenses for its covered beneficiaries who will enroll for undergraduate and technical/vocational courses. It is funded by both the National Government and the SSS.
- 8.4 Other – Other short-term member loan programs such as the Emergency Loan Assistance Program (ELAP), Stock Investment Loan Program (SILP), Privatization Fund Loan Program (PFLP), and other loans granted by the SSS to meet the members' credit needs.
9. Housing Loan – A financial assistance granted to SSS member/borrower including, but not limited to, direct individual borrower, SSS employee housing borrower and other direct SSS member/employer borrower.
10. Business, Social and Institutional Loans.
- 10.1 Business Loan – A financial assistance granted to new or existing private industries and enterprises including registered Barangay Micro Business Enterprises engaged in business activities such as agri-business, manufacturing, commercial production, and other labor-intensive business.
- 10.2 Social Loan – A financial assistance extended to new or existing private medical and/or educational institutions.
- 10.3 Institutional Loan – A financial assistance extended to single proprietorships, partnerships, and corporations, including cooperatives.
11. SSS Properties
- 11.1 Investment Properties (IP) – Properties (land and/or buildings) held to earn rentals or for capital appreciation (or both) which, in the SSS books are categorized as IP Land and Building, IP Registered or IP Acquired Asset.
- 11.2 Non-Current Assets Held for Sale Acquired Asset (NCAHFS-AA) – Real estate properties (house and lot) that are foreclosed due to violation of real estate mortgage contract.
- 11.3 Non-Current Assets Held for Sale Acquired Asset Registered (NCAHFS-Registered) – Foreclosed properties whose certificates of sale have been annotated and the one (1) year redemption period has already lapsed.
- 11.4 Non-Current Assets Held for Sale – Real and Other Properties Acquired (NCAHFS-ROPA) by the SSS in settlement of loans and/or delinquent contributions through dation in payment (Dacion en Pago) or foreclosure and are intended for immediate disposal.

- 11.5 Property, Plant and Equipment (PPE) – Properties that are used in operation, for SSS' branches/offices or for administration that are expected to be used for more than one period.

E. GUIDELINES

1. Regular and household employers shall remit both the employer's and employee's share in the contributions and short-term member loan amortizations, including interests and/or penalties, if any, in the form of cash, manager's/cashier's check, through SSS' and accredited Collecting Partners' tellering facility/over-the-counter, online payment channels, via debit/credit card or auto-debit arrangement or other facility/devices that the SSC may adopt in the future.
2. Self-employed (SE), voluntary member (VM) and non-working spouse (NWS) members shall pay for their contributions and short-term member loan amortizations, including interests and/or penalties in the same manner and any other manner as mentioned in Section E.1 of this Circular.
3. SSS Coverage and Collection Partners (partners for SS coverage of SE, VM, NWS and Overseas Filipino Workers [OFWs] under Cooperatives, Local Government Units, Professional Association and Informal Sector Groups) shall remit the contributions and short-term member loan amortizations, including interests and/or penalties, if any, through corporate check, regardless of the amount. They can also pay their SSS due in the same manner and any other manner as mentioned in Section E.1 of this Circular.
4. For lessee/tenant of leased/rented SSS property, buyers of sold real properties owned or acquired, and housing loan borrowers, settlement through personal or corporate check, regardless of the amount, shall be allowed. They can also settle in the same manner and any other manner as mentioned in Section E.1 of this Circular.
5. For those mentioned in item nos. 1 and 2, Section F of this Circular covered under an agreement, contract or approved installment payment, condonation and restructuring programs as well as approved leased/rented and sold SSS properties, and business, social or institutional loans with specific provision on "Dishonored Check Payment", PDCs for the payment of monthly amortizations, regardless of the amount, shall be allowed. They can also settle in the same manner and any other manner as mentioned in Section E.1 of this Circular.
6. For SSS members/borrowers or participating financial institutions (PFIs), payment for their business, social or institutional loan amortizations/partial or full settlement (inclusive of insurance) through personal or corporate PDCs, regardless of the amount, shall be allowed. They can also settle their SSS due in the same manner and any other manner as mentioned in Section E.1 of this Circular.

7. For other SSS-related and miscellaneous payments, personal or corporate checks, regardless of the amount, shall be allowed. They can also settle these payments in the same manner and any other manner as mentioned in Section E.1 of this Circular.
8. Accredited Collecting Banks shall accept "on-us" check only but may accept manager's/cashier's check issued by other banks at their discretion and risk. Should the checks be dishonored, the Accredited Collecting Banks are not allowed to deduct the amount of dishonored check/s from the remittance of collection to the SSS.
9. Accredited Collecting Remittance and Transfer Companies (Non-Banks) are not allowed to accept personal or corporate check payment.
10. The foregoing acceptable methods of settlement of obligations shall be without prejudice to the requirement for the issuance of PDCs pursuant to the existing SSS guidelines applicable to the above-mentioned transactions/obligations.

F. PROVISIONS ON DISHONORED CHECKS/PDCs, SETTLEMENT AND COLLECTION

1. Approved installment payment, condonation and restructuring programs

- a. Under the regular installment payment program for contribution

Any agreement on installment payment between the SSS and the employer shall include a proviso that in case of default in the payment due to dishonored checks involving the number of monthly installments as may be prescribed by the applicable SSC-approved installment payment program, and the employer fails to settle the same in cash or replace the dishonored PDC by a manager's/cashier's check, within the prescribed period under the applicable SSC-approved installment payment program, the agreement shall be terminated and the remaining outstanding obligation shall immediately become due and demandable.

- b. Under the condonation program for contribution

For the approved condonation program, the Notice of Approval (NOA) shall include a proviso that in case of failure to replace or settle the amount of the dishonored check/s involving the number of monthly installment/s and within the period prescribed under the applicable SSC-approved condonation program, the NOA shall be deemed cancelled and the total assessed contribution delinquency, including the two percent (2%) monthly penalty, shall be due and demandable.

- c. Under the condonation and/or restructuring programs for short-term member loans and housing loans delinquency.

The agreement/contract to be executed by and between the SSS and the borrower shall include a proviso that in case of default in the payment

due to dishonored checks involving the number of monthly installments as may be prescribed by the applicable SSC-approved condonation and/or restructuring programs, a written notice shall be sent to the borrower.

Failure to pay in full the amount of the dishonored check/s within the prescribed period under the applicable SSC-approved condonation and/or restructuring programs from the date of receipt of the written notice, all unpaid balances shall be deemed due and demandable, and SSS shall pursue the foreclosure of the mortgage in case of housing loans.

- d. Under the condonation and/or restructuring programs for business, social or institutional loans

The agreement/contract to be executed by and between the SSS and the borrower/PFI shall include a proviso that in case of default in the payment due to dishonored checks involving the number of monthly installments as may be prescribed by the applicable SSC-approved condonation and/or restructuring programs, a written notice shall be sent to the borrower/PFI.

Failure to pay in full the amount of the dishonored check/s within the prescribed period under the applicable SSC-approved condonation and/or restructuring programs from the date of receipt of the written notice, all unpaid balances shall be deemed due and demandable.

- 2. Approved leased/rented and sold SSS properties, and business, social or institutional loans.

- a. Monthly lease/rental for leased/rented SSS properties.

The agreement/lease contract shall include a proviso that:

- a.1 Investment Properties

- a.1.1 In case the check issued by the lessee for the payment of monthly lease/rent or other charges was dishonored, the lessee shall be required to settle the amount, including a penalty equivalent to 2% per month of the rental due/other charges from the first day of the applicable month until fully paid, within five (5) days from receipt of the written notice of dishonored check and demand to replace the check with cash or manager's/cashier's check, otherwise, the lessee is considered in default and SSS shall exercise rights/remedies prescribed in the policy guidelines and other applicable laws, rules, and issuances.

- a.1.2 Should the lessee fail to pay its outstanding obligations despite receipt of the Collection Letter/Notice of Dishonor, and/or is deemed in default pursuant to the

agreement/contract, the SSS may immediately undertake any or all of the following, as may be applicable:

- i. Cancel the contract of lease;
- ii. Cut-off utilities;
- iii. Take possession of and padlock the leased premises; and/or
- iv. Take appropriate legal action against the lessee.

a.2 NCAHFS-AA, NCAHFS-Registered, NCAHFS-ROPA and PPE

In case of default in the payment due to dishonored checks involving the number of monthly lease/rent as may be prescribed by the applicable SSC-approved lease/rent agreement/contract, and the buyer/lessee/borrower fails to settle the same in cash or replace the dishonored PDC by a manager's/cashier's check, within the prescribed period under the applicable SSC-approved agreement/contract of lease/rent, the agreement/contract shall be terminated and the remaining outstanding obligation shall immediately become due and demandable.

The SSS may immediately undertake any or all the legal measures/remedies mentioned in item no. 2.a.1.2, Section F of this Circular, as may be applicable.

b. Amortizations for sold SSS properties, and business, social or institutional loans.

b.1 SSS properties

A proviso in the Deed of Conditional Sale (DCS) that in the event the account becomes delinquent due to dishonored checks involving the number of monthly installments as may be prescribed by the applicable SSC-approved contract of sale for SSS properties, the sale may be cancelled with forfeiture of the amount already paid, subject to the applicable provisions of Republic Act No. 6552 or the Realty Installment Buyer Protection Act, popularly known as the Maceda Law.

b.2 Business, social or institutional loans

The agreement/contract shall include a proviso that in case of default in the payment due to dishonored checks involving the number of monthly installments as may be prescribed by the applicable SSC-approved installment payment program, and the borrower/PFI fails to settle the same in cash or replace the dishonored PDC by a manager's/cashier's check, within the prescribed period under the applicable SSC-approved

business/social/institutional loan program, the agreement/contract shall be terminated and the remaining outstanding obligation shall immediately become due and demandable.

3. Dishonored check shall be settled in cash by paying directly at SSS Main Office's, any SSS Branches' Telling Section, accredited Collecting Partners, or be replaced by issuing a manager's or cashier's check, or other mode of payment that is acceptable to SSS, e.g., cash, online payment facility, debit/credit card or auto-debit arrangement, within the given period as mentioned in the provisions of these Policy Guidelines from receipt of the Notice of Dishonor.

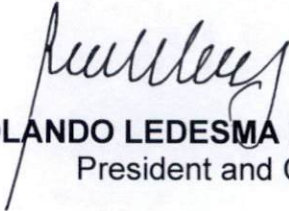
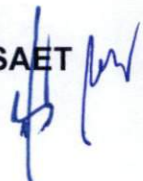
However, for partner government entities, they may still settle the dishonored check through issuance of another corporate check.

4. Re-depositing of dishonored personal or corporate check shall not be allowed except for checks issued by partner government entities.
5. The foregoing notwithstanding, the Payor-Drawer of a check which was dishonored upon presentment for payment by the depository bank may, in appropriate cases, be held administratively, civilly and/or criminally liable thereon.

G. EFFECTIVITY

These Policy Guidelines shall take effect on 01 January 2024, provided that these were circularized through publication in newspaper of general circulation and filed at the Office of the National Administrative Register of the University of the Philippines Law Center.

For strict compliance.


ROLANDO LEDESMA MACASAET
President and CEO 

29 SEP 2023

Date

(Policy – Contributions Collection/Loans Repayment/Others)
Prepared by: Treasury Division