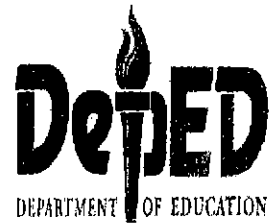




REPUBLIKA NG PILIPINAS
REPUBLIC OF THE PHILIPPINES
KAGAWARAN NG EDUKASYON
DEPARTMENT OF EDUCATION
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DepED MEMORANDUM
No. 274 , s. 2004

JUN 25 2004

**DISSEMINATION OF DBM CIRCULAR LETTER NO. 2004-10
(Unpaid Social Insurance Premiums to the GSIS)**

To: Undersecretaries
Assistant Secretaries
Bureau Directors
Directors of Services/Centers and Heads of Units
Regional Directors
Schools Division/City Superintendents
All Others Concerned

1. For the information and guidance of all concerned, enclosed is a copy of Circular Letter No. 2004-10 dated June 8, 2004 from the Department of Budget and Management (DBM) entitled "**Unpaid Social Insurance Premiums to the GSIS**", which is self-explanatory.
2. Immediate dissemination of this Memorandum is desired.

EDILBERTO C. DE JESUS
Secretary

Encl.:
As stated

Reference:
None

Allotment: 1—(D.O. 50-97)

To be indicated in the Perpetual Index
under the following subjects:

LEGISLATIONS
EMPLOYEES
OFFICIALS

Madel:c:dissemination of DBM Circular No. 2004-10
2-18-04



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management
Malacañang, Manila

CIRCULAR LETTER

NO. 2004 - 10
June 8, 2004

FOR : All Heads of Departments/Agencies/State Universities and Colleges, Other Offices of the National Government/Local Government Units and All Others Concerned

SUBJECT : Unpaid Social Insurance Premiums to the GSIS

1.0 Purpose:

This circular is issued to clarify persistent issues regarding the following:

- 1.1 Social insurance premiums payable to GSIS covering 1997 and prior years; and,
- 1.2 Deficiency in premium payments for the period July, 1997 to December, 1998 due to increase in rates, i.e., from 9.5 % to 12 % pursuant to the new GSIS Act, RA No. 8291.

2.0 On item 1.1

Prior to 1997, the DBM was responsible in remitting to GSIS the employers' share in the social insurance premiums of National Government Agencies (NGAs). Likewise, DBM deducted from the Internal Revenue Allotment (IRA) of Local Government Units (LGUs) the unremitted employers' share in the insurance premiums of LGU employees. Effective CY 1997, however, DBM releases to agencies the amount needed to cover the employers' share in the social insurance premiums of government employees. Hence, it is now the responsibility of agencies to remit the employers' share in the social insurance premiums of government employees to the GSIS.

Relative to the premiums payable to GSIS covering 1997 and prior years, a Memorandum of Agreement was entered into by and among DBM, GSIS and the Bureau of Treasury specifying the mode to be adopted to settle the same. Based on reconciliations made, the unremitted premiums payable by DBM to GSIS amount to P6,464,146,431.63 broken down as follows:

NGAs	
Life and Retirement	P 2,699,483,567.00
Employees Compensation & Insurance Premium	248,963,384.00
LGUs	3,515,699,480.63

Total	P 6,464,146,431.63
	=====

3.0 **On item 1.2**

3.1 There had been a deficiency in premium payments for the period July, 1997 to December, 1998 due to increase in premium rates from 9.5 % to 12 % pursuant to the new GSIS Act, RA No. 8291. The said increase in premium rates was not provided in the annual budgets of the National Government in 1997 and 1998, mainly because the effectivity of the premium rate increase took effect mid-1997 at the time when the 1997 budget was being executed and the 1998 budget was already submitted by the Executive to Congress.

3.2 A circular letter has been issued (Circular Letter No. 2004-5 dated March 5, 2004) where all agencies are enjoined to confirm the amount reflected by the GSIS as the actual deficiency in premium payments resulting from the premium rate increase covering the period 1997-1998.

3.3 After determining the total requirement involved to cover such deficiency, the needed amount will be submitted to Congress for possible legislation of the appropriate budget cover.

4.0 To date, DBM and GSIS have agreed to a scheme to settle the aforementioned valid government obligations, subject to reconciliation of any discrepancy that may arise out of the confirmation from agencies per CL 2004-5.

5.0 Non-payment of the above unremitted premiums shall not, however, be used by GSIS as basis to withhold the grant of loans to GSIS qualified members nor should it affect retirement claims payable by GSIS.



EMILIA T. BONCODIN
Secretary