



Vice President and housing chief Noli de Castro celebrates with Senate President Juan Ponce Enrile after President Arroyo signed into law the Home Mutual Development Fund bill during a ceremony at the New Bilibid Prisons reservation in Muntinlupa City yesterday. Story on Page 9.

WILLY PEREZ

# GMA signs into law new Pag-IBIG Fund

By CHRISTINA MENDEZ and MARVIN SY

President Arroyo signed into law yesterday Republic Act 9679 strengthening the Home Development Mutual Fund or the Pag-IBIG Fund, making it more responsive to the housing needs of Filipinos, including overseas workers.

The signing coincided with the groundbreaking for a housing project for government employees in Muntinlupa City and came a week after Mrs. Arroyo signed RA 9653 or the Rent Control Act of 2009.

Senate Majority Leader Juan Miguel Zubiri, principal author of the law in the Senate, said RA 9679 "places Pag-IBIG Fund at par with the other government financial institutions" such as the Government Service Insurance System and the Social Security System "by granting it corporate income tax exemption, and exempting the Fund as well from other taxes, assessment, fees, charges or customs duties."

Zubiri, who attended the signing ceremony, said that with the enactment of the measure, some P2 billion in taxes that the Pag-IBIG Fund normally paid to government annually may now be reallocated for housing loans.

"That's almost five percent of the total housing loan allocations for end-users of Pag-IBIG for 2009," Zubiri said. Pag-IBIG Fund has allocated P43 billion this year for housing loan borrowers.

"This new law is also a recognition of the contribution of Pag-IBIG to the housing sector, which to date provides around P50 billion or 50 percent of the total funding needed for socialized and low-cost housing or about P100 billion a year," he said.

"The new Pag-IBIG Fund Law provides for an integrated nationwide mutual provident savings system primarily for shelter finance," Zubiri added.

Pag-IBIG housing benefits, under the new law, now cover on a voluntary basis "Filipinos employed by foreign-based employers; and spouses who devote full-time to managing the household and family affairs."

The new law retains the current contribution rate of two percent of employees' monthly compensation but sets the maximum monthly compensation to be used in computing employee and employer contributions at no more than P5,000.

A provision in the new law also provides members the option to withdraw his or her contributions after 15 years of continuous membership similar to the "optional retirement in the government service," provided that the member has no outstanding loans with the Fund.

The new measure also retains a provision allowing the Board of Trustees of Pag-IBIG to "invest not less than 70 percent of its investible funds to housing programs."

The Pag-IBIG Fund Law also includes provisions aimed at protecting employees from corrupt employers who habitually fail to remit employees' contributions as well as their own share in the Pag-IBIG contributions.

The law states that failure of the employers to remit the prescribed contributions will not stop employees from obtaining the necessary benefits due them. However, in cases where an employer refuses or neglects to pay the required contributions, the unpaid dues will be collected by the Pag-IBIG Fund in the same manner that taxes are collected under the National Internal Revenue Code.

The same section imposes a penalty of three percent per month of the amounts payable for employers who fail to remit the contributions.

The new law also exempts 4,000 Pag-IBIG employees nationwide from the Salary Standardization Law (SSL) and their compensation would be made at par with employees of other government financial institutions and government-owned and controlled corporations.