REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

March 21, 2007

REVENUE MEMORANDUM CIRCULAR NO. 28-2007

SUBJECT: Publishing the full text of Joint Memorandum Circular No. 2007-1 by the Secretary of Department of Budget and Management (DBM) and the President and General Manager of Government Service Insurance System (GSIS) dated January 2, 2007 entitled Guidelines on the Recomputation and Refund of the Benefits of Government Service Insurance System (GSIS) Retirees/Members Whose Retirement and Other Benefits Were Reduced by Reason of the Increase in the National Government's Share in Premium Contribution for the Period July 1997 to December 1998

TO : All Internal Revenue Officers, Employees and Others Concerned

---

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder is the full text of Joint Memorandum Circular No. 2007-1 by the Secretary of Department of Budget and Management (DBM) and the President and General Manager of Government Service Insurance System (GSIS) dated January 2, 2007:

"DEPARTMENT OF BUDGET AND MANAGEMENT
GOVERNMENT SERVICE INSURANCE SYSTEM

Joint Memorandum Circular No. 2007-1
January 2, 2007

TO : Heads of Departments, Bureaus, Offices, and Agencies of the National Government, including State Universities and Colleges, Finance Directors, Budget Officers, Heads of Accounting Units, and All Others Concerned

SUBJECT: Guidelines on the Recomputation and Refund of the Benefits of Government Service Insurance System (GSIS) Retirees/Members Whose Retirement and Other Benefits Were Reduced by Reason of the Increase in the National Government's Share in Premium Contribution for the Period July 1997 to December 1998

1.0 This Joint Memorandum Circular is being issued to prescribe the rules and regulations to govern the implementation of Republic Act (R.A.) No. 9358, or the Supplemental Appropriations for Fiscal Year 2006, specifically on the increase in the National Government share in premium contribution from 9.5% to 12% for the period July 1997 to December 1998.

1.1 Subparagraph I.2, Paragraph I, Section 1 of R.A. No. 9358 appropriates the sum of Three Billion Two Hundred Ninety Nine Million Seven Hundred Ninety One Thousand Pesos (P3,299,791,000.00) for the increase in the National Government share in premium rate of 2.5% or the difference between 9.5% to 12% from July 1997 to December 1998; and

1.2 Subparagraph 2, Paragraph C, Section 2 of R.A. No. 9358 states that the release of deficiencies in government counterpart contributions due the Government Service Insurance System (GSIS) representing deficiency from July 1997 to December 1998 shall, notwithstanding any provision of law to the contrary, be considered as payment of the principal and not on any interest due thereon: Provided, that GSIS undertakes to readjust the benefit of all retirees whose retirement and other benefits were reduced by reason of such deficiency in employer's counterpart contributions.

2.0 National Government personnel who were granted life and retirement benefits from August 2003 (when GSIS began deducting the increase in the employer's share including interest charged thereon from the members) to present shall be entitled to benefits corresponding to payment of the premium adjustment for the period July 1997 to December 1998.

3.0 All deductions made by the GSIS and thereafter applied as payment for this premium deficiency shall be refunded to the employees.

4.0 Any interest imposed by the GSIS resulting from the increase in government share in premium contribution for the period July 1997 to December 1998 shall be resolved by GSIS and the Department of Budget and Management (DBM) in separate discussions.

5.0 Specific responsibilities of DBM, GSIS, and concerned government entities/GSIS members are as follows:

5.1 DBM shall:

5.1.1 Release to GSIS the appropriated amount of P3,299,791,000.00 for the increase in the National Government share in premium rate of 2.5% or the difference between 9.5% to 12% for the period July 1997 to December 1998.

5.1.2 Post to the DBM website (www.dbm.gov.ph) said increase in the National Government share in premium contribution by paying agency/office per GSIS computation.

5.2 GSIS shall:

5.2.1 Post to the individual GSIS retirees' and members' account the payment corresponding to the increase in the National Government share in premium contribution from July 1997 to December 1998. Any interest being claimed thereon by the GSIS shall not be charged against the retiree/member but shall be subject to separate discussions by GSIS and DBM.

5.2.2 Generate and provide the agencies concerned the list of active and retired members that availed of the following benefits starting August 2003 to present:

5.2.2.1 Retirement benefits; and

5.2.2.2 Life insurance claims due to matured policy and salary/policy loans (only in cases where deductions in premium arrearages including interest were made by GSIS by reason of subject increase in employer's share in premium contribution).

5.2.3 Process the members' request within ten days after the receipt of the agencies' official endorsement.

5.2.4 Pay the following to GSIS members concerned:

5.2.4.1 Adjustment in the retirement benefits and basic monthly pension as a result of the payment of the said increase in the National Government share in premium contribution to retired GSIS members; and

5.2.4.2 Refund of the full amount deducted by GSIS from active members whose matured policies and salary/policy loans, if any, were reduced as a result of the increase in the National Government share in premium contribution including interest.

5.3 National Government Agencies shall:

5.3.1 Verify the accuracy of the GSIS computation posted on the DBM website as cited in Par. 5.1.2 against agency records relative to the increase in the National Government share in premium rate of 2.5% or the difference between 9.5% to 12% for the period July 1997 to December 1998.

5.3.2 Notify the members concerned who are included in the list specified under Par. 5.2.2.

5.3.3 Provide its current and former employees eligible for the claim with GSIS with copies of the Business Forms (BF), shown as **Annex A,** for their accomplishment.

5.3.4 Officially endorse and submit the properly accomplished BF to the GSIS office currently handling the claims transactions of its employees.

5.4 GSIS Members Concerned shall:

5.4.1 Properly accomplish and submit the GSIS BF to the responsible official of their respective agencies for subsequent official endorsement and submission to GSIS.

6.0 This Circular shall take effect immediately.

(SGD) **ROLANDO G. ANDAYA, JR.**
Secretary
Department of Budget and Management

(SGD) **WINSTON F. GARCIA**
President and General Manager
Government Service Insurance System"

All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

(Original Signed)
VIRGINIA L. TRINIDAD
Deputy Commissioner
Resource Management Group