

**[ DBM-GSIS JOINT CIRCULAR NO. 99-3, April 30, 1999 ]**

**GUIDELINES IN THE PAYMENT OF THE GOVERNMENT  
STATUTORY EXPENDITURES ON PERSONAL SERVICES OF  
CONTRACTUAL EMPLOYEES**

*1.0 Coverage*

This Circular covers the following:

- 1.1 Contractual personnel who are herein referred to as those who are hired in accordance with a specific contract for a specific period and with a definite expected output and are employed to undertake a particular work or project, and whose hiring creates an employee-employer relationship between them and the hiring agency; and
- 1.2 Government statutory expenditures on Personal Services which are referred to as the government share of premiums for retirement and life insurance (RLIP), health insurance (Medicare), employees' compensation insurance (ECIP) and PAG-IBIG.

*2.0 Rationale*

This Circular is being issued pursuant to the provisions of the following issuances indicated hereunder:

- 2.1 Section 3 (Compulsory Membership) of RA 8291 (GSIS Act of 1997) provides that, "Membership in the GSIS shall be compulsory for all employees receiving compensation who have not reached the compulsory retirement age, irrespective of employment status, except members of the Armed Forces of the Philippines and the Philippine National Police, subject to the condition that they must settle first their financial obligation with the GSIS, and contractuels who have no employer and employee relationship with the agencies they serve." (Underscoring supplied).

Section 2.1.2 of the Implementing Rules and Regulations of RA 8291 further clarifies that contractuels and other employees with an employee relationship to an employer are included under the compulsory coverage of the new GSIS law.

- 2.2 Section 1 of RA 7792 (amendatory law of PD 1752 and EO 90 on the coverage of the Home Development Mutual Fund, otherwise known as PAG-IBIG Fund) provides that, "Coverage of the Fund shall be mandatory upon all employees covered by the Social Security System