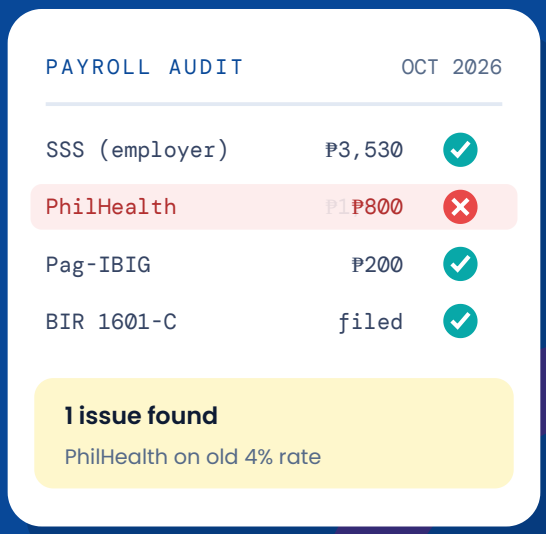
Remotify

2026 WHITEPAPER

Why Payroll Errors Happen with Other EORs and How to Audit Their Accuracy

Where Philippine payroll goes wrong, what it costs, and a step-by-step audit you can run on any Employer of Record.



UPDATED NOVEMBER 2026 · REMOTIFY.COM

ABOUT THIS WHITEPAPER

Outsourcing payroll doesn't outsource the risk

Many employers discover too late that their Employer of Record is making costly payroll errors. When salaries are late, contributions are miscalculated or filings are missed, employees lose trust and the penalties land on the business.

Who it's for

HR and finance leaders whose Philippine team is employed through an Employer of Record, or who are choosing one.

What it covers

The most common payroll errors, why they happen, what they cost, and how to audit your provider month by month.

How to use it

Use the Payroll Audit Checklist on page 14 every month, and the audit routine on page 15 to plan your year.

What's inside

- Why payroll accuracy matters in the Philippines
- The most common payroll errors
- Why these errors happen with some providers
- The real cost of payroll errors
- A 10-step audit of your provider's payroll
- A ready-to-use Payroll Audit Checklist
- How Remotify guarantees payroll accuracy
- Answers to common questions

INFORMATION CURRENT AS OF NOVEMBER 2026

Philippine rates and rules change, sometimes at short notice. This whitepaper is general information, not legal or tax advice. Check current requirements with the relevant agency or a qualified adviser before making employment decisions.

CONTENTS

Inside this whitepaper

01	Why payroll accuracy matters in the Philippines	p.05
02	The most common payroll errors EORs make	p.06
03	Why these errors happen with some EORs	p.09
04	The real cost of payroll errors	p.12
05	How to audit your EOR's payroll accuracy	p.13
05	Payroll Audit Checklist	p.14
06	How Remotify guarantees payroll accuracy	p.17
07	Takeaways	p.19
08	FAQs	p.20

PART ONE

Where payroll goes wrong

Why accuracy matters so much in the Philippines, the errors we see most, and the reasons behind them.

01 Why payroll accuracy matters in the Philippines

02 The most common payroll errors EORs make

03 Why these errors happen with some EORs

Why payroll accuracy matters in the Philippines

Every payslip carries the employee's livelihood and the employer's legal obligations. Payroll errors aren't just clerical: a short remittance or late filing creates arrears, penalties and claims that employees can see for themselves.

Employees check, and they notice

Filipino employees can see their posted contributions online, through **My.SSS**, the **PhilHealth Member Portal** and **Virtual Pag-IBIG**. Missing contributions can delay SSS loans and benefit claims. Under the Universal Health Care Act, employees stay covered by PhilHealth even if the employer fails to remit, but the employer must pay the arrears with interest and can be fined. A late 13th-month pay hits morale right before the holidays.

1

Compliance is non-negotiable

Every peso deducted or remitted must match SSS, PhilHealth, Pag-IBIG and BIR rules.

2

Employees track accuracy

Discrepancies on government portals quickly turn into questions and complaints.

3

Errors escalate fast

A late remittance can lead to penalties, inspections or employee disputes.

ILLUSTRATIVE EXAMPLE

A provider still applying PhilHealth's old **4%** rate (instead of 5%) to a ₱40,000 salary under-remits **₱400 per employee per month**.

Shortfall per employee / month	₱400
25 employees × 12 months	× 300
Arrears after a year	**₱120,000**

Plus interest compounded monthly, before employee complaints.

02 COMMON ERRORS

The most common payroll errors EORs make

Philippine payroll moves. Contribution rates and ceilings change, wage orders change minimum pay, and BIR limits on tax-free benefits rose in 2026. A provider that isn't locally focused falls behind fast.

01

Incorrect statutory calculations

Out-of-date tables: not applying the ₱35,000 SSS ceiling, leaving out the ₱10/₱30 Employees' Compensation, calculating PhilHealth on more than basic salary, or using the old Pag-IBIG cap. The result is under- or over-deductions and incomplete benefit records.

02

Missed government deadlines

SSS: last day of the following month. **Pag-IBIG:** staggered by the first letter of the employer's name, from the 10th to the end of the following month. **BIR 1601-C:** 10th of the following month (eFPS filers 11th–15th). Late payments trigger penalties and employee complaints.

03

Paying in the wrong currency

Wages must be paid in legal tender, which in practice means pesos (Labor Code Art. 102). You can budget and be invoiced in USD, but employees must be paid in pesos.

More errors to watch for

04 Improper tax withholding

Misapplying the graduated tax table, or the 2026 limits on tax-free benefits. Under-withholding creates deficiency assessments; over-withholding frustrates employees.

05 Failing to accrue 13th-month pay

It's due by 24 December. Providers that don't accrue it monthly scramble at year-end, with wrong amounts or late payment, leading to complaints, compliance orders and back payment.

06 Payroll data privacy lapses

Payroll holds salaries, bank accounts and government IDs. The Data Privacy Act requires safeguards and breach reporting to the NPC within 72 hours. Fines can reach ₱5 million.

ALSO CHECK

- Overtime, holiday and night-differential premiums (common on US-hours teams)
- New regional minimum wages (Metro Manila: ₱755 a day since 26 September 2026)
- The maternity leave salary differential
- Final pay within 30 days, and Form 2316 to employees by 31 January

What each error costs

Payroll error	Impact on employees	Impact on employers
Wrong statutory calculations	Incomplete benefit records	Arrears plus penalties
Missed deadlines	Delayed SSS loans and claims	SSS 2% a month; Pag-IBIG ~0.1% a day; PhilHealth interest ≥3% a month
USD instead of PHP	Pay that doesn't match records	Labor Code compliance risk
Wrong tax withholding	Over- or under-taxed	25% surcharge + 12% interest; disputes
13th-month errors	Holiday-season disputes	Back payment, compliance orders
Data privacy lapses	Distrust, identity risk	Fines up to ₱5 million

How Remotify handles this differently

Every Remotify payroll run goes through a **dual-check compliance system**: one system validates statutory rates and ceilings against the latest government updates, and a compliance officer manually verifies the output before remittances are filed.



Proof of remittance

Official receipts from SSS, PhilHealth and Pag-IBIG.



BIR acknowledgments

Filing acknowledgments attached to monthly reports.



Synced payslips

Payslips that match contribution deductions.

Why these errors happen with some EORs

Errors don't happen because Philippine payroll is impossible. They happen because of gaps in how some providers operate. Check for these in any provider.

01 No local expertise

One-size-fits-all processes miss Philippine specifics, from new ceilings to holiday pay rules.

02 Manual or outdated processes

Spreadsheets and disconnected systems turn one wrong formula into dozens of wrong payslips.

03 Overstretched account managers

Too many clients per person means payroll goes out on time, but not always right.

04 No proof of remittance

Invoices and payslips arrive, but no evidence that the money reached the agencies.

05 Speed over accuracy

Fast onboarding is valuable, but only if registrations and payroll set-up are verified first.

06 No entity of their own

Employing through a local partner's entity adds a middleman between you and the legal employer, and reduces visibility.

THE COMMON THREAD

Most of these gaps stay invisible until employees try to use their benefits or an agency sends a notice. That's why auditing your provider matters, even when everything looks fine.

When no one checks the remittances

ILLUSTRATIVE EXAMPLE

20 employees on **₱30,000 a month**. Payslips show SSS deductions, but the provider doesn't remit SSS for **six months**, then settles it all at once.

SSS per employee (15% + ₱30 EC)	₱4,530
Monthly total for 20 employees	₱90,600
Six months of arrears	₱543,600
Penalties at 2% a month	≈ ₱38,052
Total to settle	**≈ ₱581,652**

Before employee claims, management time or attrition.

How Remotify closes these gaps

Gap	What Remotify does
Local expertise	Compliance specialists track and apply every statutory update
Manual processes	Integrated systems instead of spreadsheets
Account focus	Dedicated account managers with manageable workloads
Transparency	Remittance receipts, filing confirmations and reports every cycle
Speed vs accuracy	Fast onboarding, never at the expense of compliance checks
Entity	Employment under Remotify's own Philippine entity

PART TWO

Cost and control

What payroll errors really cost, and a practical way to audit any Employer of Record, every month.

04 The real cost of payroll errors

05 How to audit your EOR's payroll accuracy

The real cost of payroll errors

Payroll mistakes are treated as violations of labour, tax and data privacy rules, and the consequences compound quickly.

1. Penalties and back payments

Agency	If you're late or short
SSS	**2% a month** on unpaid contributions, until paid
PhilHealth	Arrears plus interest of **at least 3% a month, compounded**, and possible fines. Employees remain covered.
Pag-IBIG	Penalty of about **0.1% a day** of delay; liability for lost dividends on deducted but unremitted contributions
BIR	**25% surcharge plus 12% annual interest** on late withholding tax, plus compromise penalties

WORKED EXAMPLE: SSS

20 employees on ₱30,000. Each month's SSS is ₱4,530 per employee (₱3,030 employer incl. EC, ₱1,500 employee), or **₱90,600** for the team.

Penalty: one month paid 6 months late	₱10,872
Arrears: six months unpaid	₱543,600
Penalties on those six months ≈	**₱38,052**

2–4. Beyond the penalties

Operational disruption

SSS: loans and benefit claims can be delayed. **Pag-IBIG:** housing and calamity loan applications can be held up. **PhilHealth:** coverage continues, but records need correcting.

Reputation and retention

Payroll accuracy is a trust marker. One missed 13th-month payment or unposted contribution spreads quickly through a team, and replacing people costs more than getting it right.

Legal exposure

DOLE inspections for underpayment or late wages; employee claims for unpaid benefits, which can generally reach back three years; BIR deficiency assessments.

How Remotify mitigates these costs

On-time calendar

Every deadline mapped and double-tracked.

Transparent reporting

Remittance receipts and BIR eFPS acknowledgments.

Dual-check validation

Systems cross-checked by compliance officers.

Employee assurance

Accurate contributions on government accounts.

05 AUDIT

How to audit your EOR's payroll accuracy

Auditing isn't micromanaging. It's how you avoid penalties, protect employees and keep trust. Here's a 10-step framework you can run on any provider.

1. **Cross-check payslips against 2026 tables.** SSS: 15% of the MSC (₱5,000–₱35,000) plus EC. PhilHealth: 5% of basic salary (₱10,000–₱100,000). Pag-IBIG: 2% on up to ₱10,000. Check employees above each ceiling, and look for inconsistencies across staff.
2. **Request proof of remittance every month.** SSS: the e-CL with PRN (generated in My.SSS) and payment confirmation. PhilHealth: the EPRS remittance report and payment receipt. Pag-IBIG: the remittance report and payment confirmation.
3. **Confirm BIR filings and payments.** Monthly 1601-C filing *and* payment confirmation. Annually: 1604-C with alphalist by 31 January; Form 2316 to employees by 31 January and to the BIR by 28 February.
4. **Check 13th-month accruals.** Is it accrued monthly? Can the provider show an accrual schedule per employee? Is it paid by 24 December?
5. **Verify payroll currency.** Employees must be paid in pesos (Labor Code Art. 102).
6. **Review data privacy protocols.** A named Data Protection Officer, breach-reporting procedures (72 hours to the NPC) and encrypted, access-controlled payroll data.
7. **Reconcile the money.** Your invoice, the payroll register and the remittances should tie out every month.
8. **Spot-check employee records.** With their consent, ask a few employees to confirm their posted SSS, PhilHealth and Pag-IBIG contributions online.
9. **Test a sample payslip.** Recompute overtime, holiday pay and night differential, and check pay against the latest regional minimum wage.
10. **Ask about the entity.** Does the provider employ through its own registered Philippine entity, or a partner's?

FOUND AN ERROR?

Get it corrected in the next payroll, ask for proof of the corrected remittance and any penalty payment, tell affected employees, and agree in writing who bears the penalties.

05 TOOLKIT

Payroll Audit Checklist

Run this every month. Anything you can't tick is a question for your provider.

Calculations

- [ ] SSS matches 2026 MSC table, incl. EC
- [ ] PhilHealth is 5% of basic salary, within the floor and ceiling
- [ ] Pag-IBIG capped at ₱200 each
- [ ] Withholding tax matches the 2026 table
- [ ] Overtime, holiday and night premiums correct
- [ ] Pay at or above the regional minimum wage

Remittances & filings

- [ ] SSS PRN payment confirmation received
- [ ] PhilHealth EPRS report and receipt received
- [ ] Pag-IBIG remittance confirmation received
- [ ] BIR 1601-C filed *and* paid
- [ ] Invoice, payroll register and remittances reconcile

Pay & benefits

- [ ] Paid twice a month, in pesos, on time
- [ ] 13th-month accrued monthly
- [ ] Leave and maternity differential handled
- [ ] Final pay within 30 days for leavers

Provider

- [ ] Employs through its own PH entity
- [ ] Named Data Protection Officer
- [ ] Employees' posted contributions spot-checked
- [ ] Errors corrected with proof

05 AUDIT ROUTINE

Your audit routine for the year

Small, regular checks catch errors before they become violations.

EVERY MONTH

Monthly audit

- Remittance proofs for all three funds
- 1601-C filing and payment
- Sample payslips recomputed
- Invoice reconciliation

WHEN RULES CHANGE

Change audit

- New contribution circulars
- New regional wage orders
- New BIR limits
- First payroll after each change

DEC - FEB

Year-end audit

- 13th-month paid by 24 Dec
- Accruals reconciled
- 1604-C by 31 Jan
- 2316s: employees 31 Jan, BIR 28 Feb

Questions for your quarterly review with your provider

- [ ] Were any remittances late or corrected this quarter? Show me the proof.
- [ ] Which rate, ceiling or wage changes did you apply, and from which payroll?
- [ ] Have any employees raised contribution or tax questions?
- [ ] Is the 13th-month accrual on track for each employee?
- [ ] Who reviews each payroll run before it's released?
- [ ] Any data privacy incidents or access changes?

PART THREE

Accuracy, by design

How Remotify approaches payroll, the key takeaways, and answers to the questions employers ask most.

06 How Remotify guarantees payroll accuracy

07 Takeaways

08 FAQs

How Remotify guarantees payroll accuracy

With some providers, employers discover payroll errors after the fact. Remotify builds accuracy into the process, so errors are caught before payslips go out, not after employees complain.

100%

payroll accuracy and timeliness

Three pillars

Compliance systems that adapt, **full transparency** for employers, and **discipline in deadlines**, delivered by a local team through Remotify's own Philippine entity.

1. Compliance systems that adapt

- Rates and ceilings updated with every new SSS, PhilHealth and Pag-IBIG circular
- Automated calculations cross-checked by Philippine compliance officers
- Errors caught before payslips are generated

2. Full transparency

- Official remittance receipts and BIR eFPS acknowledgments every cycle
- Audit-ready records at any time
- Deductions reflected on employees' government accounts

3. Discipline in deadlines

- A compliance calendar for every monthly and year-end deadline
- 13th-month pay by 24 December
- Submissions double-verified before due dates

So, what's the outcome with Remotify?

Accuracy by design

Engineered into the process, not left to chance.

Audit-ready records

Documentation for every payroll cycle.

Employee trust

People know their benefits and entitlements are protected.

EMPLOYER OF RECORD PRICING

US$99 /employee /month

+ 18% of gross monthly salary, capped at US$399

Employee salaries and statutory employer costs are separate. Private health insurance (HMO) is included in the standard EOR service at no additional cost.

Budget with confidence

You get a clear breakdown of employment costs and management fees as you build and grow your Philippine team.

Need more?

For talent sourcing, equipment, training or specialised services, our team can prepare a tailored proposal.

READY WHEN YOU ARE

Worried about your current provider's payroll?

Talk to an HR expert about your setup and what a move would involve. We'll walk you through the costs for your roles. There's no obligation.

Book a call → | **Employee cost calculator** | www.remotify.com

Takeaways

Philippine payroll is unforgiving of mistakes. A missed contribution, a late filing or an outdated table can snowball into penalties, disputes and reputational damage.

01

Outsourcing isn't verification

Your provider runs payroll; you still need evidence it's right.

02

Ask for proof every month

Remittance confirmations and BIR filings, not just payslips.

03

Audit when rules change

New circulars and wage orders are where errors start.

04

Check what employees see

Posted contributions on government portals are the real test.

05

Fix errors with proof

Corrections should come with remittance evidence and an agreement on penalties.

06

Choose accuracy by design

Remotify is built to guarantee accuracy from day one, with official documentation every cycle.

08 FAQS

Frequently asked questions

Can payroll errors really affect employee benefits immediately?

Yes. Missing or wrong SSS and Pag-IBIG contributions can delay loans and benefit claims, and employees often spot gaps online. PhilHealth coverage continues, but the employer must pay arrears with interest.

What are the most common penalties for payroll errors?

SSS: 2% a month on unpaid contributions. Pag-IBIG: about 0.1% a day. PhilHealth: interest of at least 3% a month, compounded, plus possible fines. BIR: 25% surcharge plus 12% annual interest on late withholding tax.

How can I confirm my EOR is really remitting contributions?

Ask every month for the SSS e-CL with PRN and payment confirmation, the PhilHealth EPRS report and receipt, the Pag-IBIG remittance confirmation, and BIR 1601-C filing and payment confirmations. Each year, ask for the 1604-C and confirmation that 2316s were issued.

Can an EOR pay salaries in USD instead of PHP?

No. Wages must be paid in legal tender, which in practice means pesos (Labor Code Art. 102). You can be invoiced in USD; your team is paid in pesos.

08 FAQS

More questions

What's the biggest payroll risk foreign employers underestimate?

13th-month pay. It must be paid by 24 December each year. Late or wrong payment leads to back payment, compliance orders and real dissatisfaction during the holidays.

How often should I audit my EOR's payroll?

Monthly (payslips, contributions and remittance proofs), after any rate or wage-order change, and at year-end (13th-month pay and annual BIR filings).

What should I do if I find an error?

Have it corrected in the next payroll, get proof of the corrected remittance and penalty payment, tell affected employees, and agree in writing who bears the penalties.

How does Remotify ensure accuracy where other EORs fail?

Remotify applies statutory updates as they're issued, double-checks every payroll run with local compliance officers, and provides proof of remittances and filings every cycle, so you get audit-ready documentation and employees see accurate contributions on their government accounts.

This whitepaper is for general information only and is not legal, tax or financial advice. Philippine employment, tax and social security requirements change often. Information is current as of November 2026. Illustrative examples are calculated, not real cases. Remotify pricing and service details are as published by Remotify and may change.

Remotify

Build your remote team with Remotify.

www.remotify.com

Book a Call