

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )




Senate  
Office of the Secretary

SENATE

'19 AUG -6 P 6 :05

S. No. 874

RECEIVED BY: 

Introduced by **SENATOR LEILA M. DE LIMA**

**AN ACT**  
**PROVIDING FOR A MINIMUM MONTHLY NET TAKE-HOME PAY FOR**  
**ALL GOVERNMENT EMPLOYEES AFTER AUTHORIZED DEDUCTIONS**

**EXPLANATORY NOTE**

As the public service sector plays an important role in promoting the common good for society, the welfare and a decent standard of living of state employees is of crucial interest for the government in the effective delivery of public services and its mandate.

Article 25 (1) of the Universal Declaration of Human Rights (UDHR) states that “everyone has the right to a standard of living adequate for the health and well-being of himself and his family”.

With the rising cost of living expenses, government employees struggle to manage their resources to make ends meet. Public sector employees, who enjoy the privilege of having security of tenure, attract loan agents who entice the employees to borrow at almost predatory rates. As a result, the employees end up losing almost all of their receivable salaries to payment deductions. This cycle is then perpetuated as the employees are forced to borrow more to support their daily needs.

In response to this, the Department of Education (DepEd) issued Department Order No. 14, series of 2019, setting a minimum take home pay of teachers at ₱5,000 and limiting payment deductions to their salaries<sup>1</sup>.

<sup>1</sup> Hernando-Malipot, M (2 July 2019) *DepEd order to keep teachers' take home pay at P5,000; loan payment deductions to be limited*. Retrieved from: <https://news.mb.com.ph/2019/07/02/deped-order-to-keep-teachers-take-home-pay-at-p5000-loan-payment-deductions-to-be-limited/>

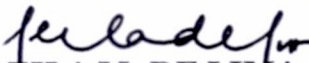
It is imperative for the government to stop this unfortunate cycle in order to ensure that public sector employees maintain a decent standard of living, as well as minimize the temptation of corruption.

With this bill, a proposed minimum monthly take-home pay of at least 40 percent of the employees' monthly salary is guaranteed, after authorized deductions, to meet the acceptable minimum subsistence income<sup>2</sup> of our government workers which they may use and spend for their basic needs. This also lowers their risks to be seriously indebted and resort to further loans or unacceptable practices that may pose a threat to their productivity and the agencies they serve.

Establishing a minimum monthly take-home pay mechanism coupled with basic finance management training to our government employees will go a long way towards having a better and more dignified corps of public servants.

A version of this bill was previously filed by Sen. Paolo Benigno "Bam" A. Aquino, IV during the 17<sup>th</sup> Congress.

Approval of this bill is earnestly sought.

  
LEILA M. DE LIMA

---

<sup>2</sup> Cruz, E. (2 November 2011) What to do when take-home pay is below 40%. Retrieved from: <https://business.inquirer.net/27987/what-to-do-when-take-home-pay-is-below-40>



SENATE

'19 AUG -6 P 6 :05

S. No. 874

RECEIVED BY: \_\_\_\_\_

Introduced by **SENATOR LEILA M. DE LIMA**

**AN ACT**

**PROVIDING FOR A MINIMUM MONTHLY NET TAKE-HOME PAY FOR ALL GOVERNMENT EMPLOYEES AFTER AUTHORIZED DEDUCTIONS**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1 Section 1. *Short Title.* – This Act shall be known as the “Minimum Take Home  
2 Pay Act”.

3 Sec. 2. *Definition of Terms.* – The following terms are hereby defined, as  
4 follows:

- 5 a) *Take-Home Pay* - refers to the net income of government employees  
6 after all authorized deductions are removed from the basic salary; and  
7 b) *Authorized Deductions* - refer to deductions from salaries, emoluments  
8 or other benefits accruing to any government employee that may be  
9 allowed for the payment of an employee's contributions or obligations,  
10 consistent with existing laws, circulars, and other government issuances.

11 Sec. 3. *Minimum Take Home Pay.* – The minimum monthly take-home pay of  
12 all government employees occupying permanent positions, after all authorized  
13 deductions, shall at all times be at least forty percent (40%) of their basic monthly  
14 salary.



1           Sec. 4. *Authorized Deductions.* – In the event that total authorized deductions  
2 shall reduce the government employee’s mandatory minimum monthly take-home  
3 pay, authorized deductions for the following shall be prioritized in this order:

- 4           a) The Bureau of Internal Revenue, Government Service Insurance System,  
5           Home Development Mutual Fund and the Philippine Health Insurance  
6           Corporation;
- 7           b) Mutual benefits associations, thrift banks and non-stock savings and  
8           loan associations duly operating under existing laws which are managed  
9           by, and for the benefit of government employees;
- 10          c) Associations or cooperatives organized and managed by government  
11          employees for their benefit and welfare;
- 12          d) Duly licensed insurance companies accredited by national government  
13          agencies; and
- 14          e) Other authorized deductions as may be authorized by law.

15           Any deficiency in loan payments of government employees as a result of the  
16 mandatory minimum take-home pay shall be addressed through direct payment  
17 arrangements between the employee and the lending institutions.

18           Sec. 5. *Training of Public Sector Employees on Financial Management* –  
19 Government offices shall provide, through their human resources unit, basic training  
20 on personal finance management for all their employees.

21           Sec. 6. *Implementing Rules and Regulations.* – The Secretary of Budget and  
22 Management, in consultation with the Civil Service Commission, shall, within thirty  
23 (30) days from the effectivity of this Act, issue the necessary rules and regulations for  
24 the implementation of this Act.

25           Sec. 7. *Separability Cause.* – If any provision of this Act is declared  
26 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall  
27 continue to be in full force and effect.

28           Sec. 10. *Repealing Clause.* – All laws, decrees, executive orders, rules and  
29 regulations and other issuances or parts thereof inconsistent with the provisions of  
30 this Act are hereby repealed, amended or modified accordingly.

1           Sec. 11. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its  
2 publication in the *Official Gazette* or in two (2) newspapers of general circulation in  
3 the Philippines.

Approved,