



## GCG MEMORANDUM CIRCULAR NO. 2018 – 03

**SUBJECT : INTERIM RULES AND GUIDELINES FOR THE GRANT OF MID-YEAR BONUS, YEAR-END BONUS, AND CASH GIFT UNDER EXECUTIVE ORDER NO. 36, s. 2017 FOR FY 2018 AND YEARS THEREAFTER**

**DATE : 09 MAY 2018**

1. **LEGAL BASES.** – Executive Order (E.O.) No. 36, s. 2017<sup>1</sup> suspended the implementation of the Compensation and Position Classification System (CPCS) and the Index of Occupational Services (IOS) Framework for the GOCC Sector under E.O. No. 203, s. 2016,<sup>2</sup> pending the review of the same. Consequently, CPCS Implementing Circular No. 2016-01 (3<sup>rd</sup> Issue)<sup>3</sup> has also been suspended.

Section 2 of E.O. No. 36 provides that GOCCs that adopted the Modified Salary Schedule under E.O. No. 201, s. 2016,<sup>4</sup> shall be entitled to the allowances and benefits provided in Joint Resolution No. 4, s. 2009,<sup>5</sup> and E.O. No. 201, which includes the Mid-Year Bonus, Year-End Bonus, and Cash Gift (the Bonuses).

This Circular is being promulgated pursuant to Section 2 of E.O. No. 36, which directed the GCG to issue guidelines for the grant of the Bonuses.

2. **COVERAGE.** – This Circular shall apply to all Officers and Employees of GOCCs within the coverage of R.A. No. 10149.<sup>6</sup> Considering the suspension of E.O. No. 203, the grant of Mid-Year Bonus for GOCCs who opted to maintain their current compensation framework without an authorized<sup>7</sup> Mid-Year Bonus shall require a Presidential approval.

Further excluded from the coverage are those individuals hired by GOCCs without employer-employee relationships and/or those whose compensation is not sourced from Personal Services appropriations/budgets of their respective GOCCs, as follows:

<sup>1</sup> *Suspending the Compensation and Position Classification System under Executive Order No. 203 (s. 2016), providing for Interim Compensation Adjustments, and for other Purposes.*

<sup>2</sup> *Adopting a Compensation and Position Classification System (CPCS) and a General Index of Occupational Services (IOS) for the GOCC Sector Covered by Republic Act No. 10149 and for Other Purposes.*

<sup>3</sup> *Grant of Mid-Year Bonus and Year-End Bonus for FY 2017*

<sup>4</sup> *Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel.*

<sup>5</sup> *Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for other Purposes.*

<sup>6</sup> *GOCC Governance Act of 2011*

<sup>7</sup> The authority refers to an approval from the President of the Philippines.

- (a) Members of the Governing Board;
- (b) Consultants and experts hired to perform specific activities or services with expected outputs;
- (c) Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
- (d) Student laborers and apprentices; and
- (e) Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

**3. GRANT OF MID-YEAR BONUS. –**

- 3.1. The **Mid-Year Bonus**, which is equivalent to one (1) month basic pay as of May 15, shall be given to the qualified employee not earlier than May 15 of the current year.
- 3.2. It shall be granted to each employee who has rendered at least a total or an aggregate of four (4) months of service, whether continuous or intermittent, including leaves of absence with pay, from July 01 of the immediately preceding year and are still in the service as of May 15 of the current year.
- 3.3. The employee has obtained at least a satisfactory performance rating in the immediately preceding rating period, or the applicable performance appraisal period. If there is a need for a shorter period, it shall be at least ninety (90) calendar days or three (3) months, provided that the total or aggregate service under Item 3.2 hereof is complied with.
- 3.4. Those employees who have rendered a total or an aggregate of less than four (4) months of service from July 01 of the preceding year to May 15 of the current year, and those who are no longer in the service as of the latter date, shall **not** be entitled to the Mid-Year Bonus.
- 3.5. The Mid-Year Bonus of personnel hired on part-time service in one or more agencies shall be in direct proportion to the number of hours/days of part-time services rendered.
- 3.6. The Mid-Year Bonus of those on detail to another government agency shall be paid by the parent agency, while those on secondment shall be paid by the recipient agency.
- 3.7. The Mid-Year Bonus of personnel who transferred from one agency to another shall be granted by the new agency.
- 3.8. A compulsory retiree on service extension may be granted the Mid-Year Bonus, subject to the pertinent guidelines herein.

**4. GRANT OF YEAR-END BONUS AND CASH GIFT. –**

- 4.1. The **Year- End Bonus**, which is equivalent to one (1) month basic pay as of October 31, and **Cash Gift** of ₱5,000 shall be given to the qualified

employee not earlier than November 15 of the current year, subject to the following conditions:

- 4.1.1. It shall be granted to each employee who has rendered at least a total or an aggregate of four (4) months of service, whether continuous or intermittent, including leaves of absence with pay, from January 01 to October 31 of the current year.
- 4.1.2. The GOCC personnel remains to be in government service as of October 31 of the same year.
- 4.2. Those employees who have rendered at least a total or an aggregate of four (4) months of service from January 01 of the current year but who have retired or separated from government service before October 31 of the same year shall be granted within the month of retirement or separation, a pro-rated share of the: (a) Year-End Bonus based on the monthly basic pay immediately preceding the date of retirement or separation; and (b) Cash Gift of ₱5,000, as follows:

<b>Length of Service</b>	<b>Percentage of the Year-End Bonus</b>
At least 4 months but less than 5 months	50%
At least 5 months but less than 6 months	60%
At least 6 months but less than 7 months	70%
At least 7 months but less than 8 months	80%
At least 8 months but less than 9 months	90%
At least 9 months but less than 10 months	95%

- 4.3. Those who have rendered a total or an aggregate of less than four (4) months of service from January 1 to October 31 of the current year and are still in government service as of October 31 of the same year, shall be entitled solely to a pro-rated Cash Gift pursuant to Section 2 of R.A. No. 8441, as follows:

<b>Length of Service</b>	<b>Percentage of P5,000</b>	<b>Corresponding Amount</b>
At least 3 months but less than 4 months	40%	₱ 2,000
At least 2 months but less than 3 months	30%	1,500
At least 1 month but less than 2 months	20%	1,000
Less than one month	10%	500

- 4.4. The Year-End Bonus and Cash Gift of personnel hired on part-time service in one or more agencies shall be in direct proportion to the number of hours/days of part-time services rendered.
- 4.5. The Year-End Bonus and Cash Gift of personnel on detail with another government agency shall be paid by the parent agency, while those on secondment shall be paid by the recipient agency.

- 4.6. The Year-End Bonus and Cash Gift of personnel who transferred from one agency to another shall be granted by the new agency.
- 4.7. A compulsory retiree on service extension may be granted the Year-End Bonus subject to the pertinent guidelines herein.
5. **FOR GOCCs WITH PENDING AUTHORIZATION TO ADOPT E.O. No. 36.** – For GOCCs without approved applications to adopt the Modified Salary Structure under E.O. No. 36, the one (1) month authorized basic pay shall be based on their compensation framework as of time of payout. *Provided however*, that qualified employees shall be entitled to the difference, if any, of the Mid-Year and Year-End Bonuses, once the application to adopt the Modified Salary Structure under E.O. No. 36 has been approved by the GCG.
6. **PERSONNEL CHARGED WITH ADMINISTRATIVE AND/OR CRIMINAL CASES.** –
- 6.1. Employees formally charged with administrative and/or criminal cases which are still pending resolution, shall be entitled to the Bonuses until found guilty by final and executory judgment, provided that:
- 6.1.1. Those employees found guilty shall not be entitled to the Bonuses in the year the decision became final and executory. The personnel shall refund the Bonuses received for that year.
- 6.1.2. If the penalty meted out is only a reprimand, the employee concerned shall be entitled to the Bonuses.
7. **FUNDING SOURCES.** – The funding for the payment of the Bonuses shall be charged by GOCCs to their respective approved corporate operating budgets (COBs). However, it shall be prohibited to source the payment of the said bonuses from the following:
- (a) Loans;
- (b) Subsidy from the National Government for the GOCC's operations, except for subsidy income or subsidy given by Department of Budget and Management *precisely for the payment of the Mid-Year and Year-End Bonuses*; and
- (c) Sale of the GOCC's asset(s) for the sole purpose of paying the bonuses and is otherwise not in the ordinary course of business.
8. **RESPONSIBILITY OF THE GOCCs.** – The GOCCs, acting through their Governing Boards, shall be responsible for the proper implementation of this Circular. The responsible officer shall be held liable for any payment not in accordance with the provisions of this Circular, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.
9. **REPEALING CLAUSE.** – All other GCG orders, circulars, issuances, and decisions, Board resolutions, or parts of the foregoing, which are inconsistent with this Memorandum Circular are hereby repealed or modified accordingly.

10. **EFFECTIVITY CLAUSE.** – This Circular shall take effect immediately upon its publication in the Commission’s website *www.gcg.gov.ph*.

**SAMUEL G. DAGPIN, JR.**

*Chairman*



**MICHAEL P. CLORIBEL**  
*Commissioner*



**MARITES C. DORAL**  
*Commissioner*

