

Good News
Department of Labor and Employment
Bureau of Working Conditions
26 October 2021

DOLE issued 2021 Guidelines on the payment of 13th month pay



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Intramuros, Manila



LABOR ADVISORY NO. 18
Series of 2021

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GUIDELINES ON THE PAYMENT OF THIRTEENTH MONTH PAY

To advise the employers and employees on the proper computation of the 13th month pay, the Department of Labor and Employment issued the Labor Advisory No. 18, Series of 2021 (LA 18-21) or the Guidelines on the Payment of Thirteenth month pay.

Article 5 of the Labor Code of the Philippines, as renumbered, and Presidential Decree No. 851 provide that all rank-and-file employees in the private sector are entitled to receive a 13th month pay. However, as several businesses were forced to discontinue their operations due to the imposition of various quarantine restrictions, some employers who were severely hit by the impact of temporary closures were uncertain how they would give the said pay. LA 18-21 emphasized that the 13th month pay is computed by getting the sum of the total basic salary earned by an employee during the year and dividing it by 12 months. Basically, the minimum amount of the 13th month pay is just one-twelfth (1/12) of the total basic salary earned within the calendar year.

In this case, employers are reminded that deferment of the payment or request for exemption from payment of 13th month pay is not allowed.

Other provisions of the LA 18-21 require that the time of payment shall not be later than December 24, 2021 and the employers' compliance shall be reported online through the DOLE Establishment Report System not later than January 15 of the following year.

The minimum amount of the 13th month pay shall be given without prejudice to existing company practice or policy, employment contract, or collective bargaining agreement (CBA).

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