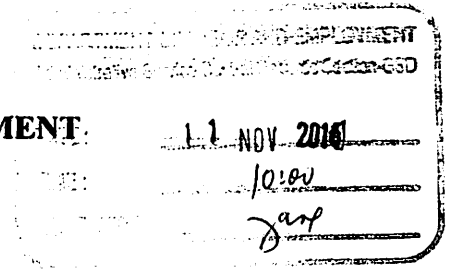


Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Intramuros, Manila



LABOR ADVISORY NO. 15
Series of 2014

Payment of Thirteenth Month Pay

Pursuant to the provisions of Presidential Decree No. 851 and its Implementing Rules and Regulations requiring employers in the private sector to pay their rank-and-file employees a 13th Month Pay on or before December 24 of every year, all covered employers are hereby reminded to comply with the following rules:

I. DEFINITION OF TERMS

1. "Thirteenth-month pay" shall mean one twelfth (1/12) of the basic salary of an employee within a calendar year.

2. "Basic salary" shall include all remunerations or earnings paid by an employer to an employee for services rendered but may not include cost-of-living allowances, profit-sharing payments, cash equivalent of unused vacation and sick leave credits, overtime pay, premium pay, night shift differential, holiday pay, and all allowances and monetary benefits which are not considered, or integrated as part of the regular or basic salary of the employee.

II. COVERAGE

Rank-and-file employees in the private sector shall be entitled to 13th month pay regardless of their position, designation, or employment status, and irrespective of the method by which their wages are paid, provided that they have worked for at least one month during the calendar year.

III. TIME OF PAYMENT

The 13th month pay shall be paid not later than December 24 of every year. An employer, however, may give to his or her employees one-half (1/2) of the 13th month pay before the opening of the regular school year and the remaining half on or before December 24 of every year.

IV. AMOUNT OF 13TH MONTH PAY

The minimum 13th month pay required by law shall not be less than one-twelfth (1/12) of the total basic salary earned by an employee within a calendar year.

V. FORMULA AND COMPUTATION OF 13TH MONTH PAY

$$\frac{\text{Total basic salary earned during the year}}{12 \text{ months}} = \text{proportionate } 13^{\text{th}} \text{ month pay}$$

Illustration: Using the basic wage in the National Capital Region at P451.00¹ per day and a six-day workweek or an equivalent Monthly Basic Salary of P11,763.58, to wit:

January	no absence	P11,763.58
February	no absence	P11,763.58
March	1 day leave w/pay	P11,763.58
April	no absence	P11,763.58
May	2 days leave w/pay	P11,763.58
June	2 days leave w/pay	P11,763.58
July	no absence	P11,763.58
August	2 days leave w/pay	P11,763.58
September	on maternity leave ²	no salary
October	on maternity leave	no salary
November	no absence	P11,763.58
December	5 days leave w/o pay	<u>P 9,508.58</u>
Total basic salary earned for the year		P115,380.80

$$\frac{P115,380.80}{12 \text{ months}} = P9,615.07 \text{ is the proportionate } 13^{\text{th}} \text{ month pay}$$

VI. REPORT OF COMPLIANCE

Every covered employer shall make a report of his compliance with the law to the nearest Regional Office not later than January 15 of each year. The report shall conform substantially with the following form:

¹ COLA of P15.00 under Wage Order No. NCR 18 is not included in the basic salary in computing 13th month pay

² The 2 months of maternity leave are not included in the computation of 13th month pay because the female employee has no earnings from the company for the period.

Report on Compliance with PD No. 851

1. Name of establishment
2. Address
3. Principal product or business
4. Total employment
5. Total number of workers benefitted
6. Amount granted per employee
7. Total amount of benefits granted
8. Name, position and telephone number of person giving Information

Be guided accordingly.

10 November 2014


ROSALINDA DIMAPILIS-BALDOZ
Secretary

Dept. of Labor & Employment
Office of the Secretary



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