



Republic of the Philippines
Department of Education

JAN 25 2012

DepEd O R D E R
No. **8** , s. 2012

IMPLEMENTATION OF P5,000.00 NET TAKE HOME PAY FOR DEPED PERSONNEL

To: Undersecretaries
Assistant Secretaries
Bureau Directors
Directors of Services, Centers and Heads of Units
Regional Directors
Schools Division/City Superintendents
All Others Concerned

1. The Department of Education (DepEd) shall implement the Authorized Deductions provided in Section 37 of Republic Act No. 10155 or the General Appropriations Act (GAA) for Fiscal Year (FY) 2012, which reads as follows:

“Deductions from salaries, emoluments or other benefits accruing to any government employee chargeable against the appropriations for Personal Services may be allowed for the payment of individual employee’s contributions or obligations due the following:

- (a) The BIR, PHILHEALTH, GSIS AND HDMF;*
- (b) Mutual benefits associations, thrift banks and non-stock savings and loan associations duly operating under existing laws which are managed by and/or for the benefit of government employees;*
- (c) Associations/cooperatives/provident funds organized and managed by government employees for their benefit and welfare; and*
- (d) Duly licensed insurance companies accredited by national government agencies.*

PROVIDED, That such deductions shall not reduce the employee’s monthly net take home pay to an amount lower than Five Thousand Pesos (P5,000.00), after all authorized deductions: PROVIDED FURTHER, That in the event when total authorized deductions shall reduce net take home pay to less than Five Thousand Pesos (P5,000), authorized deductions under item (a) shall enjoy first preference, those under item (b) shall enjoy second preference, and so forth.”

2. In accordance with this provision, new deductions may not be allowed if these deductions would reduce the net take home pay of borrowing employees to an amount lower than Five Thousand Pesos (PhP5,000.00) threshold.

3. However, it is recognized that existing deductions before the issuance of this Order may have already reduced the net take home pay of borrowing employees below the Five Thousand Pesos (PhP5,000.00) threshold, since the previous threshold before the effectivity of the 2012 GAA was only Three Thousand Pesos (PhP3,000.00). It is further considered that discontinuing or reducing existing deductions would be very disruptive as it would require significant changes in the payroll system, may lead to the exercise of discretion as to which deductions to retain or postpone and, more importantly, would have implications on contractual agreements between borrowers and lenders, consistent with the constitutional guarantee that no law impairing the obligation of contracts shall be passed (*Article III, Section 10, 1987 Philippine Constitution*), and the possible imposition of penalties in case of violations thereof.

4. Therefore, the new threshold of Five Thousand Pesos (PhP5,000.00) would apply to new deductions only. That is, deductions for newly-granted loans would not be effected unless the Five Thousand Pesos (PhP5,000.00) threshold is satisfied. Moreover, queued deductions (i.e., amortizations for previously granted loans that have not been deducted yet from borrowing employee's salary) are considered new deductions for purposes of this Order. Thus, queued deductions may not be effected unless the Five Thousand Pesos (PhP5,000.00) threshold is observed. However, this notwithstanding the order of priority for previously queued deductions would remain. When the salary threshold allows, the loan amortization that is ahead of the queue would be the first to be deducted from the borrowing employee's salary.

5. The concerned personnel in the payroll and other involved units/offices in the central, regional and division offices as well as the fiscally autonomous secondary schools are hereby ordered to strictly enforce this Order.

6. Immediate dissemination of and strict compliance with this Order is directed.



BR. ARMIN A. LUISTRO FSC
Secretary

Reference:

N o n e

To be indicated in the Perpetual Index
under the following subjects:

EMPLOYEES
POLICY
SALARY