



REPUBLIC OF THE PHILIPPINES

## Department of Budget and Management

Building I, General Solano Street, San Miguel, Manila



### BUDGET CIRCULAR

No. 2010-1

April 28, 2010

**TO :** Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including State Universities and Colleges (SUCs); Government-Owned or Controlled Corporations (GOCCs); Government Financial Institutions (GFIs); Local Government Units (LGUs); and All Others Concerned

**SUBJECT :** Rules and Regulations on the Grant of the Year-End Bonus and Cash Gift for FY 2010 and Years Thereafter

#### 1.0 Background

- 1.1 Republic Act (R.A.) No. 6686, as amended by R.A. No. 8441, authorizes the grant of annual Christmas Bonus and/or Cash Gift to national and local government personnel starting 1988.

In deference to the various faiths embraced by government personnel, the subsequent general provisions of the annual General Appropriations Acts referred to said benefits as the Year-End Bonus and Cash Gift.

- 1.2 Senate and House of Representatives Joint Resolution No. 4, approved on June 17, 2009, resolves as follows:

“To authorize the President of the Philippines to modify the existing Compensation and Position Classification System of civilian personnel and Base Pay Schedule of military and uniformed personnel and to initially implement the same effective July 1, 2009, and in the case of local government units (LGUs) to take effect January 1, 2010.”

- 1.3 Items (4)(f) and (4)(f)(iii) of said Joint Resolution provide as follows:

“(f) Standard Allowances and Benefits - These are allowances and benefits given to all employees across agencies at prescribed rates, guidelines, rules and regulations, which shall be limited to the following:

(iii) Year-End Bonus and Cash Gift - This is equivalent to one (1) month basic salary and Cash Gift provided under Republic Act No. 6686, as amended by Republic Act No. 8441. Henceforth, the year-end



bonus and other cash gifts shall be funded from the annual general appropriations."

- 1.4 Item (7)(c) of said Joint Resolution provides for the grant of Year-End Bonus and Cash Gift to *barangay* officials and personnel.

## **2.0 Purpose**

This Circular is issued to prescribe the rules and regulations on the grant of the Year-End Bonus and Cash Gift to government personnel for FY 2010 and years thereafter, pursuant to the afore-stated laws and Joint Resolution.

## **3.0 Coverage**

The following personnel are covered by this Circular:

- 3.1 Civilian government personnel occupying regular, contractual, or casual positions; appointive or elective; rendering services on full-time or part-time basis;
- 3.2 Military personnel of the Armed Forces of the Philippines, Department of National Defense; and uniformed personnel of the Philippine National Police, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard; and the National Mapping and Resource Information Authority; and
- 3.3 *Barangay* officials and employees.

## **4.0 Exclusions**

Those hired without employee-employer relationships and paid from non-Personal Services appropriations/budgets, as follows, are excluded from the coverage of this Circular:

- 4.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
- 4.2 Laborers hired through job contracts (*pakyaw*) and those paid on piecework bases;
- 4.3 Student laborers and apprentices; and
- 4.4 Individuals or groups of people whose services are engaged through job orders, contracts of services, or others similarly situated.

## **5.0 Definition of Terms**

- 5.1 For purposes of this Circular, the monthly basic pay shall refer to: the monthly salary for civilian personnel, including contractual personnel; the total daily wages for twenty-two (22) working days a month for casual



personnel (equal to the monthly salary of a regular personnel); and the monthly base pay for military or uniformed personnel.

- 5.2 The aggregate service required of government personnel for purposes of the grant of the Year-End Bonus and Cash Gift shall include all actual services rendered while occupying a regular, contractual, or casual position in the national and/or local government, including leaves of absence with pay.

## **6.0 Grant of Year-End Bonus (Based on Basic Pay) and Cash Gift**

- 6.1 The Year-End Bonus equivalent to one (1) month basic pay as of October 31 of the year and the Cash Gift at P5,000 shall be granted to each personnel who has rendered at least a total or an aggregate of four (4) months of service from January 1 to October 31 of the year, including leaves of absence with pay, and who is still in the service as of October 31 of the same year.
- 6.2 One half (1/2) of the Year-End Bonus and Cash Gift may be granted not earlier than May 1 of the year, based on the monthly basic pay as of April 30, provided that he/she has rendered at least a total or an aggregate of four (4) months of service, including leaves of absence with pay, from January 1 to April 30 of the same year, regardless of whether or not he/she would still be in the service as of October 31 of the same year.
- 6.3 The remaining half or balance of the full Year-End Bonus and Cash Gift (due to step increment/s, promotion, or salary adjustment, if any) or the full Year-End Bonus and Cash Gift (for personnel not granted one half thereof in May for lack of service requirement) shall be granted not earlier than November 15 of the year.
- 6.4 Personnel with a total or an aggregate of four (4) months of service, including leaves of absence with pay, and who retires or is separated without cause before October 31 of the year, shall be granted a proportionate share of the remaining half or balance of the Year-End Bonus and Cash Gift based on the following scheme, to be paid within the month of retirement/separation. The basic pay immediately prior to retirement/separation shall be the basis for the remaining half or balance of the Year-End Bonus.

Month of Retirement/Separation from the Service	Percentage of Remaining Half or Balance of the Year-End Bonus and Cash Gift
May	15%
June	30%
July	45%
August	60%
September	75%
October	90%



- 6.5 Personnel who rendered a total or an aggregate of less than four (4) months of service as of October 31 of the year shall be entitled solely to Cash Gift, pro-rated as follows, pursuant to Section 2 of R.A. No. 8441:

Length of Service	Percentage of P5,000	Corresponding Amount
3 months but less than 4 months	40%	P2,000
2 months but less than 3 months	30%	1,500
1 month but less than 2 months	20%	1,000
Less than 1 month	10%	500

- 6.6 The Year-End Bonus and Cash Gift for personnel hired on part-time service in one or more agencies shall be in direct proportion to the number of hours of part-time service rendered within the year, but not to exceed the total one (1) month basic pay and P5,000, respectively.
- 6.7 Personnel who rendered intermittent service and was not granted the first half of the Year-End Bonus and Cash Gift in May of the year, but such intermittent service sums up to at least four (4) months of service, shall be granted the following Year-End Bonus and Cash Gift:
- 6.7.1 Full Year-End Bonus and Cash Gift not earlier than November 15 of the year, if he/she is in the service as of October 31; or
- 6.7.2 One half of the Year-End Bonus and Cash Gift, plus the pro-rated half or balance of the Year-End Bonus and Cash Gift under item 6.4 of this Circular, based on the aggregate of the intermittent services rendered, if he/she retires or is separated without cause before October 31 of the year.
- 6.8 The Year-End Bonus and Cash Gift of personnel on detail with another government agency shall be granted by the mother agency.
- 6.9 The Year-End Bonus and Cash Gift of personnel who transferred from one agency to another shall be granted by the new agency. If he/she was granted one-half of the Year-End Bonus and Cash Gift in the former agency in May, only the remaining balance thereof shall be granted by the new agency.
- 6.10 A compulsory retiree, whose services have been extended, may be granted Year-End Bonus and Cash Gift subject to the pertinent provisions of this Circular.
- 6.11 Personnel Charged with Administrative and/or Criminal Cases
- 6.11.1 Personnel formally charged administrative and/or criminal cases which are still pending for resolution, shall be entitled to Year-End Bonus and Cash Gift until found guilty and meted penalty, subject to item 6.11.2 hereof.



6.11.2 Personnel found guilty and meted penalty shall not be entitled to Year-End Bonus and Cash Gift in the year the decision was handed down. He/She shall refund any Year-End Bonus and Cash Gift received for that year.

6.11.3 If the penalty meted out is only a reprimand, such penalty shall not disqualify the personnel concerned to receive the Year-End Bonus and Cash Gift.

## **7.0 Grant of Year-End Bonus and Cash Gift to *Barangay* Personnel**

7.1 As determined by the *sanggunian*, an elective or appointive *barangay* official or employee who has rendered at least a total or an aggregate of four (4) months of service from January 1 to October 31 of the year and who is still in the service as of October 31, may be entitled to Year-End Bonus equivalent to one (1) month Honorarium as of October 31 of the year and Cash Gift at P5,000.

7.2 The grant of: one half (1/2) of the Year-End Bonus and Cash Gift not earlier than May 1 of the year; the remaining half or balance of the full Year-End Bonus and Cash Gift (due to Honoraria adjustments, if any) or the full Year-End Bonus and Cash Gift (for those not granted one half thereof in May for lack of service requirement), not earlier than November 15 of the year; the proportionate share of the remaining balance of the Year-End Bonus and Cash Gift due to separation without cause before October 31 of the year; and the pro-rated Cash Gift for an employee who has rendered less than four (4) months of service as of October 31 of the year, shall be governed by the pertinent provisions under item 6.0 of this Circular.

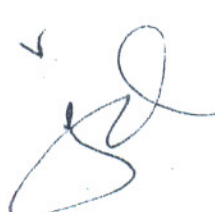
7.3 A salaried *barangay* employee may be granted Year-End Bonus and Cash Gift subject to the pertinent provisions of item 6.0 of this Circular.

## **8.0 Fund Sources**

8.1 For national government agencies (NGAs) including SUCs, the Year-End Bonus and Cash Gift for personnel occupying regular positions shall be charged against agency appropriations for the purpose in the annual General Appropriations Act. Any deficiency shall be charged against agency savings. The Year-End Bonus and Cash Gift for casual and contractual personnel shall be charged against agency lump sum appropriation.

8.2 For GOCCs and GFIs, said benefits shall be charged against their respective corporate funds.

8.3 For LGUs, said benefits shall be charged against their respective local government funds.



## **9.0 Personal Services Limitation**

- 9.1 The grant of the Year-End Bonus and Cash Gift to LGU personnel shall be subject to the Personal Services limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of R.A. No. 7160.
- 9.2 Enforcement of said Personal Services limitation shall be waived insofar as the minimum Year-End Bonus of P1,000 for the *Punong Barangay* and P600 each for the other mandatory *barangay* officials, and their Cash Gifts are concerned.

## **10.0 Responsibility of Agency Heads**

Agency Heads shall be held responsible for the proper implementation of the provisions of this Circular. They shall be held liable for any grant of the Year-End Bonus and Cash Gift which are not in accordance with the provisions of this Circular without prejudice, however, to the refund of any undue payments by the personnel concerned.

## **11.0 Saving Clause**

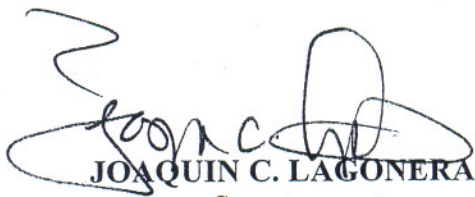
Cases not covered by the provisions of this Circular shall be referred to the Department of Budget and Management for resolution.

## **12.0 Repealing Clause**

Budget Circular Nos. 2005-6 and 2008-4, and Local Budget Circular Nos. 76 and 76-A are repealed.

## **13.0 Effectivity**

This Circular shall take effect in FY 2010.

  
**JOAQUIN C. LAGONERA**  
Secretary 