



Republic of the Philippines
Department of Education

18 JAN 2016

DepEd ORDER
No. **2**, s. 2016

**IMPLEMENTATION OF P 3,500.00 NET TAKE HOME PAY
FOR DEPED PERSONNEL**

To: Undersecretaries
Assistant Secretaries
Bureau and Service Directors
Regional Directors
Schools Division Superintendents
Public Elementary and Secondary Schools Heads
All Others Concerned

1. The Department of Education (DepEd) shall implement the Authorized Deductions provided in Section 52 of the General Provisions of the Republic Act (RA) No. 10717, General Appropriations Act (GAA) for Fiscal Year (FY) 2016, entitled *An Act Appropriating Funds for the Operation of the Government of the Republic of the Philippines from January One to December Thirty One, Two Thousand and Sixteen, and for Other Purposes*, which is quoted as follows:

Section 52. Authorized Deductions. *Deductions from salaries and other benefits accruing to any government employee, chargeable against the appropriations for Personnel Services, may be allowed for the payment of individual employee's contributions or obligations due the following, and in the order of preference stated below:*

- a. *The BIR, PHILHEALTH, GSIS and HDMF;*
- b. *Non-stock savings and loan associations, and mutual benefits associations duly operating under existing laws, which are managed by and/or for the benefit of government employees;*
- c. *Associations, cooperatives, or provident funds organized and managed by government employees for their benefit and welfare;*
- d. *GFIs authorized by law and accredited by appropriate government regulating bodies to engage in lending;*
- e. *Licensed insurance companies; and*
- f. *Thrift banks and rural banks accredited by the BSP.*

In no case shall the foregoing deductions reduce the employee's monthly net take home pay to an amount lower than Three Thousand Five Hundred Pesos (P 3,500.00).

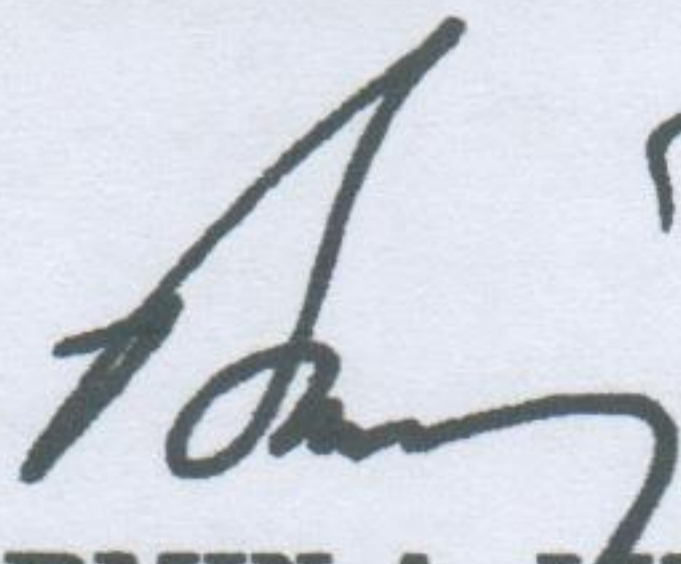
2. In accordance with the above provision, new deductions may not be allowed if these deductions would reduce the net take home pay of borrowing employees to an amount lower than Three Thousand Five Hundred Pesos (P 3,500.00) threshold.

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 P 3,500.00 threshold, since the previous threshold before the effectivity of 2016 GAA was only Three Thousand Pesos (P 3,000.00). It is further considered that discontinuing or reducing existing deductions would be very disruptive, as it would require significant changes in the payroll system, and it may lead to the exercise of discretion as to which deductions to retain or postpone. More importantly, it would have implications on contractual agreements between the borrowers and the 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 P 3,500.00 shall apply to new deductions only. Deductions for newly-granted loans would not be effected unless the P 3,500.00 threshold is satisfied. Moreover, queued deductions, that is 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 P 3,500.00 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 shall 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 schools division offices, as well as the fiscally autonomous secondary schools, are hereby instructed to strictly enforce this Order.

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


BR. ARMIN A. LUISTRO FSC
Secretary

Reference:

DepEd Order No.: 1, s. 2014

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

BENEFITS
CHANGE
EMPLOYEES
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SALARY