



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
(National Headquarters Philippine Coast Guard)
139 25th Street, Port Area
1018 Manila

NHQ-PCG / CGFS

14 August 2023

**CIRCULAR
NUMBER 12-23**

AMENDED PCG AUTHORIZED PAYROLL DEDUCTIONS

I. REFERENCES:

- A. RA No 11465 or the General Appropriations Act (GAA) of 2020, Vol 1-B, Sec 47, *Items (a) to (f) General Provisions*, Authorized Deduction, p-594
- B. AGPCR2-SA1803, Circular Nr 218 dated March 1995, AFP Policy on Authorized Salary Deductions
- C. OTAG/AFPRD Circular Nr 04 dtd 06 March 2019, Authorized Payroll Deductions

II. SCOPE

This Circular covers the authorized deductions from pay and allowances of active PCG Uniformed and Non-Uniformed Personnel, pension of retirees, remittance to financial institutions stated in the General Appropriations Acts (GAA) and the creation, composition and functions of the Philippine Coast Guard Financial Institutions and Associations Accreditation Board (PCGFIAAB) to administer the accreditation/revocation of authorized payroll deductions of financial institutions and associations in the PCG.

III. PURPOSE

This Circular shall prescribe the guidelines and procedures for the authorized deductions from pay and allowances of the PCG Uniformed and Non-Uniformed Personnel, pension of PCG retirees and the creation of the PCG Financial Institutions and Associations Accreditation Board (PCG FIAAB) to evaluate requests for accreditation/revocation of accreditation of Financial Institutions and Associations as well as those allowed under the law.

IV. DEFINITION OF TERMS

A. **Advice to Debit Account (ADA)** – refers to an authorization appearing in the lower portion of the List of Due and Demandable Accounts Payable (LDDAP) which serves as an instruction to debit a specified amount payment of Financial Institutions and Associations (FIAs).

B. **Associations** – non-stock/non-profit organizations managed by military/civilian employees for the mutual benefit and welfare of its members, e.g. Mutual Benefits Associations, PMAAAI, PNCGEPAI, PCGMAS, etc.

C. **Authority to Deduct (ATD)** – written authority signed by PCG personnel/pensioner authorizing the PCG Finance Service to deduct from the monthly payroll the availed loan/dues/insurance premium, etc.

D. **Authorized Deductions** – as stated in the GAA, from salaries and other benefits accruing to any government employee, chargeable against the appropriations for Personal Service may be allowed for the payment of and individual employee's contributions of obligations due to the following, and in order of preference stated below:

- i. The Bureau of Internal Revenue (BIR), Philippine Health Insurance Corporation (PHIC), Government Service Insurance System (GSIS) and Home Development Mutual Fund (HDMF);
- ii. Contribution and/or payment to non-stock saving and loan associations and mutual benefit associations duly operating under **Section 7 of Republic Act No. 8367** that are accredited by the Coast Guard Finance Service (CGFS) purposely for the welfare and benefit of its members as mandated by law and other competent authority;
- iii. Associations or provident funds organized and managed by government employees for their benefit and welfare;
- iv. Government Financial Institutions (GFIs) authorized by law and accredited by appropriate government regulating bodies engage in lending;
- v. Licensed insurance or pre-need companies authorized by the PCG;
- vi. Thrift banks and rural banks accredited by the Bangko Sentral ng Pilipinas (BSP);
- vii. Settlement of government claims against PCG active Uniformed, Non-uniformed personnel and PCG retirees;
- viii. Disallowances from accounts, including B-4 accounts, and;

E. **B-4 Accounts** – depository account of the government for the payment of all unliquidated accountabilities by PCG personnel.

F. **Deduction Codes** – respective codes issued to accredited FIA's for remittance purposes.

G. **Effective and Interest Rate (EIR)** – interest rate on a loan offered by accredited FI's restated from the nominal interest rate as an interest rate with annual compound interest payable in arrears.

H. **Financial Institutions (FI's)** – entities created and authorized by the law to grant insurance and loan facilities as well as other services for the benefit of PCG personnel and pensioners, e.g. SLAI, Cooperative, Lending/Loaning Associations, Insurance providers, etc.

I. **List of Due and Demandable Accounts Payable – Advice to Debit Account (LDDAP-ADA)** – refers to an accountable form integrating the ADA with the LDDAP, which is a list reflecting the names of FIA's to be paid and the corresponding amounts of their unpaid claims, duly certified and approved by the Heads of the Accounting unit and Agency, or authorized officials.

J. **Memorandum of Agreement (MOA)** – legal document that binds the PCG and accredited FIAs on the terms stated therein.

K. **Payroll** – document stating the total amount of monthly salaries and wages/pension and authorized deductions of the PCG personnel and pensioners due for payment at a specific date.

L. **PCG Financial Institutions and Associations Accreditation Board (PCGFIAAB)** – governing body created to evaluate the request for accreditation/revocation of accreditation of Financial Institutions and Association's (FIA's) prior endorsement to Commandant, Philippine Coast Guard (CPCG).

M. **Personnel Services** – appropriations for the payment of salaries and wages and other personnel benefits authorized by law.

N. **Schedule of Deductions** – indicates the particular type of deduction made including the information on period covered, rank of the individual, and amount deducted from the payroll.

V. POLICY

A. The provisions of the GAA on the authorized deductions shall be the basis of payroll deduction to active PCG personnel, non-uniformed personnel, and PCG retirees.

B. The CG Finance Service shall provide appropriate deduction code to concerned FIAs upon approval of their accreditation/MOA by the Commandant, PCG.

C. Authorized payroll deduction shall be covered by ATD duly signed by the PCG personnel and PCG retirees.

D. Accreditation/MOA FIAs shall be effective for a period of three (3) years, renewable thereafter upon mutual agreement of both parties. Non-renewal of the MOA shall mean non-acceptance of new billing. All existing deductions shall be continued until maturity.

E. The annual EIR must not be unconscionable or contrary to the law. In the absence of a stipulation in the loan contract/agreement, said interest should not exceed 12% annually for FIAs.

F. The net take home pay of PCG Uniformed and Non-Uniformed personnel shall not be less than the amount indicated in the General Provisions of the current GAA under "Authorized Deductions".

G. Authorized deductions shall be limited in accordance with to those enumerated in the General Appropriation Act as approved by the DBM and those in accordance with existing laws enumerated in No IV (d) of this Circular.

H. The PCGFIAAB is the governing body authorized to evaluate and recommend approval of requests for accreditation/revocation of accreditation and payroll deductions of FIA's to CPCG.

I. The Board shall approve/disapprove recommendation for accreditation/revocation of accreditation/MOA of FIA's through resolution subject for approval of the CPCG.

J. Any report against accredited FIA's shall be forwarded to the Board thru Secretariat for investigation prior to recommendation to CPCG.

VI. PROCEDURES

A. Schedule of Deductions

- i. A Schedule of all authorized payroll deductions shall serve as supporting document for remittance voucher thru LDDAP-ADA and shall indicate the particular type of deduction made, period covered, rank of the individual, and amount deducted from the payroll;
- ii. The total amount of deductions appearing on the payroll should be similar as indicated on the schedule of deductions;
- iii. The schedule for each type of deduction shall be prepared alphabetically regardless of rank/position and shall be classified into three (3) groups: PCG Uniformed personnel, Non-uniformed and PCG retirees;
- iv. The schedule of deduction shall be prepared in four (4) copies for submission and filing of the Commission on Audit (COA), CG Accounting Service Office, CG Finance, and FIAs; and
- v. The schedule of deductions shall be submitted to the remitting officer on or before the 10th day of the same month to initiate the process.

B. Remittances

- i. Remittances of all authorized payroll deduction shall be made thru LDDAP-ADA/checks issued by the CG Finance Service;
- ii. The remitting Officer shall be responsible for the preparation of remittance voucher based on the schedule of deductions received for issuance of LDDAP-ADA and remittances to FIAs; and
- iii. All remittances shall be made within the month under normal circumstances and shall be properly acknowledged by FIAs through official receipts within five (5) working days.

C. Transfer of Personnel

- i. If the active PCG personnel is transferred from one unit to another, it is the responsibility of the losing unit and carrying unit to inform the CG Finance Service of the said changes in assignment.
- ii. The CGFS, through their Finance Service Units (FSU) shall regularly collect and submit the duly certified roster of troops by their respective Administrative Officers, indicating the status (duty, schooling, reassignment, retired, deceased, separated, transferred, etc.) of civilian and TAS personnel of units. Likewise, FSU's shall strictly observe the compliance of the reporting system of units under their area of responsibility (AOR) with regard to the "gains and "losses" or changes in personnel profile that affect the CPMU Payroll Database.
- iii. CG Finance Service shall issue policy and procedure on the receipt and release of pay slips to units. In addition, units shall regularly submit the updated and validated roster of troops.

D. Renewal of Deductions

In case of renewal of deduction, the concerned FIAs shall submit to CG Finance Service the necessary adjustments of their billing document.

E. Settlement of Obligations

If obligations have been fully paid prior to maturity, the individual concerned shall submit the letter request, certificate of full payment issued by the concerned FIA and official receipt to CG Finance Service to terminate the deduction. Until then, deductions shall be made continuously as indicated in the FIA's billing.

F. Records

- i. The remitting Officer shall keep records of all deductions and remittances and other necessary documents to ensure that all authorized payroll deductions are properly posted; and
- ii. The Certification of Remittance made for individuals concerned shall be issued by the remitting Officer upon written request.

G. Accreditation of FIAs;

1. New Applicants

(a) FIAs shall submit letter of request to the Secretariat, PCGFIAAB, together with the following documentary requirements for accreditation:

- i. Articles for Incorporation and By-laws;
- ii. Registration with SEC/CDA;
- iii. Financial capability to extend loans to majority members;
- iv. Audited Financial Statement for the last (3) years; and
- v. Income Tax Return for the last three (3) years

(b) PCGFIAAB Secretariat shall conduct initial screening and/or validation of the submitted documents. FIA's who satisfy the criteria and the requirements shall be calendared for presentation otherwise, the Secretariat shall notify the concerned FIA's to submit the lacking documents to satisfy the accreditation requirements;

(c) The PCGFIAAB shall endorse the request for accreditation of FIA's to Commandant, PCG thru Board Resolution.

(d) FIAs shall satisfy the following criteria for accreditation:

- i. Benefits offered to PCG members;
- ii. Terms and conditions in the collection and availment of service offered;
- iii. Financial capability to support services/benefits offered;
- iv. Number of PCG members (minimum of 200 for SLAI, Cooperative, Loaning Institution and Insurance Provider);
- v. Maximum allowable interest rate on loans granted;

vi. Other criteria that may be prescribed by the CG Finance Service.

(e) PCGFIAAB shall present the request for accreditation of FIAs to the Commandant, PCG who shall decide on its approval/disapproval.

(f) Upon approval, MOA shall be drafted, reviewed, and executed between FIAs and PCG by the Coast Guard Legal Service.

(g) Upon signing of the MOA by both parties, the CG Finance Service shall issue a corresponding deduction code to FIAs; and shall notify FIAs of the effectivity and submission of pertinent data for automatic payroll deductions.

2. Renewal of Accreditation

(a) FIAs shall submit letter request to the Secretary PCGFIAAB together with the following documentary requirements for accreditation:

- i. Amended Articles of Incorporation and By-laws (if any) otherwise not required;
- ii. Registration with SEC/CDA;
- iii. Same requirements for Audited Financial Statement and Income Tax Return for the last three (3) years;
- iv. Certification of No Outstanding Service Fee Balance from CG Finance Service;
- v. Certification of Good Standing as FIA from CG Finance Service; and
- vi. Rental Clearance issued by the respective Headquarters Support Group (HSG) and/or Coast Guard Bases.

(b) PCGFIAAB shall validate submitted documents for the approval of the Commandant PCG;

(c) Upon approval, a renewed MOA shall be executed between FIAs and PCG;

(d) Upon signing of the MOA by both parties, the CG Finance Service shall issue corresponding deduction code to FIAs and notify them on the effectivity and submission of pertinent data for automatic payroll deductions.

H. Revocation of FIAs

H. Revocation of FIAs

1. CG Finance Service shall make a written report on any violation committed by accredited FIAs to the Commandant PCG thru PCGFIAAB with concurrence to the Bangko Sentral ng Pilipinas (BSP);
2. Any report against accredited FIAs shall undergo investigation prior to recommendation to the Commandant PCG;
3. The PCGFIAAB shall recommend for approval/disapproval on the revocation of accreditation/MOA of FIAs through resolution for the approval of the Commandant, PCG and shall notify concerned FIAs of the resolution once signed by the Commandant PCG.

I. Composition

1. **The composition of the PCGFIAAB is as follow:**

Chief of Coast Guard Staff	Chairperson
Coast Guard Inspector General	Vice-Chairperson
Commander, Coast Guard Finance Service	Member
DC of CGS for Human Resource Management, CG1	Member
DC of CGS for Intelligence, CG2	Member
DC of CGS for Comptrollership, CG-6	Member
Commander, Coast Guard Legal Service	Member
Command Master Chief, PCG	Member
Chief Accountant, CG Accounting Service Office	Member

2. **The Secretariat, PCGFIAAB shall be composed of the following:**

Coast Guard Finance Service Adjutant	Head Secretariat
Coast Guard Adjutant Office Representative	Assistant Secretariat
Civilian Affairs representative	Member

J. Functions:

1. PCGFIAAB

- i. Continuously review and evaluate present authorized deductions;
- ii. Evaluate and recommend applications for authorized payroll deductions/accreditation and revocation of MOA of FIA's to Commandant PCG;
- iii. Evaluate and recommend appropriate sanctions to erring FIA's for violation of the provision of the MOA for approval of the

Commandant PCG prior to implementation, but not limited to stoppage of remittances without any additional interest to the PCG uniformed and non-uniformed personnel, pensioners and dependent concerned; and

- iv. Evaluate and recommend an appropriate EIR for approval of the Commandant PCG.

2. Secretariat

- i. Conduct initial screening and/or validation of submitted documents for accreditation;
- ii. Assist the Board in the process of accreditation; and
- iii. Responsible in the records management.

K. Sanctions

Provisions pertaining to sanctions contained within the MOA between erring FIAs shall be imposed and shall be an automatic ground for its revocation to provide their services to the PCG including legal action.

VII. RESPONSIBILITIES

A. CG Finance Service

- i. Validates billing documents prior to implementation of authorized payroll deductions;
- ii. Implements authorized payroll deductions and remit the same to concerned FIAs;
- iii. Issues authorized deduction code to concerned accredited FIAs;
- iv. Issues Certification of No Outstanding Service Fees Balance and Certification of Good Standing to concerned FIAs applying for renewal of MOA;
- v. Maintains records of remittances made to different FIAs;
- vi. Coordinates with the different Financial Institution and Associations (FIAs) regarding the procedures and other matters concerning payroll deduction;
- vii. Evaluate the accreditation and revocation of FIAs for the approval of the Commandant PCG and inform the Office of the CPCG on issues and/or other pertinent matters relative to authorized payroll deductions; and

- viii. Enforce the strict implementation of circulars, regulations, decrees, instruction or laws affecting payroll deductions.

B. FIAs

- i. Ensure the complete, correct, and timely submission of billing documents to CG Finance Service;
- ii. Inform the CG Finance Service of the renewal and/or settlement of obligation of concerned PCG members for adjustment of corresponding deductions;
- iii. Adhere to the rules and regulations determined by the PCG and submit letter of intent for the renewal of MOA not later than six (6) months prior to its date of termination;
- iv. Secure Certification of No Outstanding Balance Service Fee and Certification of Good Standing as requirements for renewal of MOA;
- v. Submit an authenticated copy of the following to CG Finance Service annually:
 - a. Scheme/Rate of Premium Contribution/Computation of Interest Rates on Loan and Restructured Loan;
 - b. Annual Audited Financial Statement;
 - c. Updated report of the composition of the Board of Directors, other corporate officers, and authorized signatories of documents;
 - d. Annual Income Tax Return;
 - e. Updated List of PCG members with their corresponding outstanding loans;
 - f. Authority from CG Finance Service to deduct monthly loan amortization/insurance premium/dues; and
 - g. Other documents as the PCG may require.
- vi. Responsible for the authenticity of documents submitted and the timely clerical/financial rectification of erroneous remittances, overpayments, fraud and other irregularities that such documents may create.

VIII. REPEALING CLAUSE

Any part of the provision in this Circular which are deemed unconstitutional or in contrary to law shall be deemed ineffective but shall not affect the other remaining provisions. All rules and regulations inconsistent with this Circular are hereby repealed or amended accordingly.

IX. EFFECTIVITY

This Circular shall take effect fifteen (15) days after its publication by the Office of the Coast Guard Adjutant.

BY COMMAND OF COAST GUARD ADMIRAL ABU:

OFFICIAL:

JOEVEN L FABUL
CG COMMO
Chief of Coast Guard Staff


CHARITY G COPIACO
CG CDR
Coast Guard Adjutant 
