



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

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NHQ-PCG / CGFS

CIRCULAR
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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

II. SCOPE

This Circular covers the authorized deductions from pay and allowances of active PCG Uniformed and Non-Uniformed Personnel, pension of retirees, and remittance to financial institutions stated in the General Appropriations Act (GAA) and as may be allowed by existing provisions of law.

III. PURPOSE

This Circular shall prescribe the guidelines and procedures on the authorized deductions from pay and allowances of the PCG Uniformed and Non-Uniformed Personnel, and pension of PCG retirees by accredited 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 specified amount for payment of Financial Institutions and Associations (FIAs).

B. Associations – non stock/non-profit organizations managed by military/civilian employees for 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 Personnel 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 (HMDF);
- ii. Contribution and/or payment to non-stock savings 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 inliquidated accountabilities by PCG personnel.

F. Deduction Codes – respective codes issued to accredited FIAs for remittance purposes.

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

H. Financial Institutions and Associations (FIA) – entity created and authorized by 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 FIAs 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. Personnel Services – appropriations for the payment of salaries and wages and other personnel benefits authorized by law.

M. 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 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 of FIAs shall be effective as stated in the provisions thereof and may be renewable thereafter upon mutual agreement of both parties. Non-renewal of 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 law. In the absence of 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 4 (d) of this Circular.

VI. PROCEDURES

A. Schedule of Deductions

- i. Schedule of all authorized payroll deduction 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 Service, 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 for remittance 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 for 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, FSUs shall strictly observe the compliance on reporting system of units under their area of responsibilities (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 letter request, certificate of full payment issued by 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 request to the Commandant PCG thru: CG Finance Service together with the following documentary requirements for accreditation:
- i. Articles of 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 three (3) years; and
 - v. Income Tax Return for the last three (3) years
- (b) CGFS shall conduct initial screening and/or validation of the submitted documents. FIAs shall satisfy the following criteria:
- 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.
- (c) FIAs that satisfy the criteria and the requirements shall be calendared for presentation otherwise, they shall be notified to submit the lacking documents in order to satisfy the accreditation requirements. Upon completion of the lacking requirements, concerned FIAs shall be scheduled to present their product/services to the C, CG Finance Service.
- (d) The Commander, CGFS shall present the request for accreditation of FIAs to the Commandant, PCG who shall decide on its approval/disapproval.
- (e) Upon approval, MOA shall be drafted, reviewed and executed between FIAs and PCG by the Coast Guard Legal Service;
- (f) Upon signing of the MOA by both parties, the CG Finance Service shall issue corresponding deduction code to FIAs; and shall notify

FIA's on the effectivity and submission of pertinent data for automatic payroll deductions

2. Renewal of Accreditation

- (a) FIAs shall submit letter of intent to the Commandant PCG (thru: CG Finance Service) together with the following documentary requirements for renewal of 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) C, CG Finance Service with guidance from the CG Legal Service 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

- 1. CG Finance Service shall make a written report on any violation committed by accredited FIAs to the Commandant PCG with concurrence to the Bangko Sentral ng Pilipinas (BSP);
- 2. Any report against accredited FIAs shall be for investigation prior to recommendation to the Commandant PCG;
- 3. The CG Finance Service shall recommendation 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 CPCG

I. 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. Validate billing documents prior to implementation of authorized payroll deductions;
- ii. Implement authorized payroll deductions and remit the same to concerned FIAs;
- iii. Issue authorized deduction code to concerned accredited FIAs;
- iv. Issue Certification of No Outstanding Service Fees Balance and Certification of Good Standing to concerned FIAs applying for renewal of MOA;
- v. Maintain records of remittances made to different FIAs;
- vi. Coordinate with the different Financial Institution and Associations (FIA) 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 complete, correct and timely submission of billing documents to CG Finance Service;
- ii. Inform the CG Finance Service on the renewal and/or settlement of obligation of concerned PCG member for adjustment of corresponding deductions;
- iii. Adhere on 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 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 loan;
 - 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 ADMIRAL URSABIA JR:

OFFICIAL:



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