

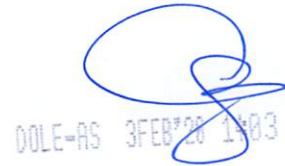


Republic of the Philippines  
DEPARTMENT OF LABOR AND EMPLOYMENT  
Intramuros, Manila



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## GUIDELINES ON THE PAYMENT OF FINAL PAY AND ISSUANCE OF CERTIFICATE OF EMPLOYMENT

Pursuant to Articles 4, 103, 116, 118 of the Labor Code of the Philippines, as amended, and Section 10, Rule XIV, Book V of its Omnibus Implementing Rules and Regulations, this advisory is hereby issued as guidelines on the payment of Final Pay and Issuance of Certificate of Employment of an employee:

### I. DEFINITION OF TERMS

1. "*Certificate of Employment*" refers to a certificate from the employer specifying the dates of an employee's engagement and the termination of his/her employment and the type or types of work in which he/she is employed. For purposes of this advisory, an employee whose employment is not yet terminated may also ask for a Certificate of Employment.

2. "*Final Pay*", "*Last Pay*", or "*Back Pay*" refers to the sum or totality of all the wages or monetary benefits due the employee regardless of the cause of the termination of employment, including but not limited to:

- (a) Unpaid earned salary of the employee;
- (b) Cash conversion of unused Service Incentive Leave (SIL) pursuant to Article 95 of the Labor Code;
- (c) Cash conversions of remaining unused vacation, sick or other leaves pursuant to a company policy, or individual or collective agreement, if applicable;
- (d) Pro-rated 13<sup>th</sup> month pay pursuant to Presidential Decree No. 851 (PD 851);
- (e) Separation pay pursuant to Articles 298-299 of the Labor Code, as renumbered, company policy, or individual or collective agreement, if applicable;
- (f) Retirement pay pursuant to Article 302 of the Labor Code, as renumbered, if applicable;
- (g) Income tax claim for the excess of taxes withheld, if applicable;
- (h) Other types of compensation stipulated in an individual or collective agreement, if any; and
- (i) Cash Bond/s or any kind of deposit/s due for return to the employee, if any.

3. "Thirteenth – Month Pay" refers to one-twelfth (1/12) of the total basic salary earned by an employee within the calendar year pursuant to PD 851 and its implementing rules and regulations.

## II. TIME OF PAYMENT AND/OR RELEASE OF FINAL PAY

To effectively harmonize the management prerogative of the employer and the right of the employee, the Final Pay shall be released within thirty (30) days from the date of separation or termination of employment, unless there is a more favorable company policy, individual or collective agreement thereto.

## III. ISSUANCE OF CERTIFICATE OF EMPLOYMENT

The employer shall issue a certificate of employment within three (3) days from the time of the request by the employee.

## IV. ENFORCEMENT MECHANISM

Any issue or claim dispute arising out or relating to the payment of final pay, or issuance of certificate of employment, shall be filed before the nearest DOLE Regional/Provincial/Field Office which has jurisdiction over the workplace, for conciliation and subject to DOLE's existing enforcement mechanism.

Be guided accordingly.

  
**SILVESTRE H. BELLO III**  
Secretary

Dept. of Labor & Employment  
Office of the Secretary



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31 January 2020