REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

July 20, 2016

REVENUE MEMORANDUM ORDER NO. 49-2016

TO : **ALL REVENUE OFFICIALS AND EMPLOYEES**

SUBJECT : **INTERNAL RULES AND PROCEDURES ON THE RENDITION OF OVERTIME SERVICES OF BIR PERSONNEL**

1.0 PURPOSE

This Revenue Memorandum Order (RMO) is being issued to provide internal rules and procedures on the rendition of overtime (OT) services of Bureau of Internal Revenue (BIR) personnel pursuant to Civil Service Commission (CSC) and Department of Budget and Management (DBM) Joint Circular No. 1 s. 2015 dated November 25, 2015.

2.0 COVERAGE

2.1 Only appointive and salaried civilian government employees holding regular, contractual, and casual positions of division chief or equivalent level and below, may be authorized to render OT services with pay or compensation.

2.2 Incumbents of positions of division chief or equivalent level and below, designated as Officers-in-Charge of higher level positions, may also be authorized to render OT services as they are still bound to observe the prescribed work hours in their respective agencies.

3.0 EXCEPTION

The following government officials and employees are not entitled to OT pay or compensation and OT remuneration through Compensatory Time-Off (CTO):

3.1 Revenue personnel holding positions higher than division chief or equivalent levels;

3.2 Those granted other forms of allowances or benefits for services rendered beyond the prescribed work hours under existing laws, rules and regulations; and

3.3 Those who are on travel status.

4.0 POLICY ON OT SERVICES AND OT PAY

4.1 The rendition of OT services shall be authorized only when extremely necessary, such as when a particular work or activity cannot be completed within the regular work hours and that non-completion of the same will:

4.1.1 cause financial loss to the government or its instrumentalities;

4.1.2 embarrass the government due to its inability to meet its commitments;

4.1.3 negate the purposes for which the work or activity was conceived.

4.2 As a general rule, the remuneration for OT services shall be through CTO, pursuant to the guidelines under CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A, s. 2005, availment of which shall be in accordance with the following:

4.2.1 Each employee may accrue not more than forty (40) hours of OT services rendered in a month. In no instance, however, shall the unexpended balance exceed one hundred twenty (120) hours;

4.2.2 CTO may be availed of in blocks of four (4) or eight (8) hours and must be filed in advance. However, if the employee applied for a four (4) hours CTO, he is not allowed to work OT within that day;

4.2.3 The employee may use the CTO continuously up to a maximum of five (5) consecutive days per single availment, or on staggered basis within one year;

4.2.4 The CTO should be used as time-off within the year these are earned until the immediately succeeding year. Thereafter, any unutilized OT services rendered are deemed forfeited;

4.2.5 The Head of Office shall approve/disapprove schedule of CTO as requested by the employee without compromising the delivery of services to clientele (Annex B).

4.3 The payment in cash of OT services through OT Pay may be authorized only in exceptional cases when the application of CTO for all OT hours would adversely affect the operations of the agency.

4.4 The priority activities that may warrant rendition of necessary OT services may include the following:

4.4.1 Implementation of special or priority programs and projects embodied in Presidential directives with specific dates of completion;

4.4.2 Completion of infrastructure and other projects with set deadlines when due to unforeseen events the deadline cannot be met without resorting to OT work;

4.4.3 Essential public services during emergency or critical situations that would require immediate or quick response;

4.4.4 Relief, rehabilitation, reconstruction, and other work or services during calamities and disasters;

4.4.5 Seasonal work, such as but not limited to, preparation of budgets and annual reports, in order to meet scheduled deadlines;

4.4.6 Preparation of financial and accountability reports required by oversight agencies like Congress of the Philippines, Office of the President, Commission on Audit, Department of Budget and Management, and National Economic and Development Authority;

4.4.7 Services rendered by drivers and other immediate staff of officials when they are required to keep the same working hours as these officials; and

4.4.8 Such other activities as are needed to meet performance targets or deliver services to the public as may be determined by the Commissioner of Internal Revenue (CIR).

4.5 The period of OT service in a workday for a full-time employee shall include:

4.5.1 Those rendered beyond the normal 8 work hours on scheduled workdays or 40 hours a week, and those rendered on rest days or scheduled days off, holidays, and special non-working days, both exclusive of time for lunch and rest;

4.5.2 Those rendered beyond the prescribed work hours in a shift of 8 hours or more, on scheduled workdays, and those rendered on rest days or scheduled days off, holidays, and special non-working days;

4.5.3 Those rendered by drivers and other immediate staff of officials who are required to keep the same work hours as these officials, which are beyond 8 work hours or the prescribed work hours in a workday, and on rest days or scheduled days off, holidays, and special non-working days.

4.6 The limitations on OT Services and OT Pay are as follows:

4.6.1 Entitlement to OT pay is with the strict condition that only employees who arrive on or before the start of the workday shall be allowed to render OT work, provided that at least two (2) hours of OT services are rendered. Clearly then, employees who arrived late or who have incurred undertime/s or tardiness shall not be allowed to render OT work with pay.

4.6.2 One-hour breaks shall be observed for breakfast, lunch, or supper and rest, and every 3 hours of continuous OT service, or as may be necessary.

4.6.3 Employees who are on training/seminar within the BIR premises are authorized to render OT Services. However they are required to time-in (8:00am), break-out (12:00pm) and break-in (12:00-1:00pm) and check-out (5:00pm).

4.6.4 Employees who are on leave of absence with pay, i.e. Vacation Leave, Forced Leave, Special Leave Privileges, Sick leave, Solo Parent Leave, MC#2 or Special Emergency Leave, Paternity leave, and other government declared suspension of work and public holidays available in a given year which is defined as actual services under Section 28, Rule XVI of the Civil Service Commission (CSC) Memorandum Circular No. 41, s. are authorized to render OT.

4.6.5 Rendering overnight OT service shall be resorted to only when extremely necessary. No employee shall be allowed to render overnight service for more than 2 consecutive nights, for health reasons and to ensure employee productivity.

4.6.6 The period of OT services shall not be used to offset undertime.

4.6.7 Only a maximum of 12 hours of OT services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through OT Pay.

Any excess over 12 hours shall be compensated through CTO.

4.6.8 The total OT Pay of an employee in a year shall not exceed 50% of his/her total basic salary for the year.

4.6.9 The total amount of OT Pay to be spent by an agency shall not exceed 5% of its total Personnel Services (PS) budget for a given year.

Any grant of OT Pay in excess of the 5% limit shall be subject to approval of the DBM in accordance with existing budgeting and accounting rules and regulations.

5.0 PAYMENT FOR OT SERVICES

5.1 If OT Pay has been determined by the CIR to be the appropriate compensation for OT services, the same shall be based on the hourly rate of an employee and to the applicable premium on the hourly rate, depending on the day such OT service was rendered.

5.2 The number of work hours of OT service rendered on a scheduled workday, $\mathbf{N_1}$, and those rendered on a rest day or scheduled day off, holiday, or special non-working day $\mathbf{N_2}$, shall be computed by taking into consideration the provisions under item 4.6 of this Memorandum.

5.3 The hourly rate of an employee on full-time employment, **HR**, with a monthly salary, S, for 22 workdays in a month and 8 hours per workday, shall be computed by using the following formula:

$$\mathbf{HR} = \left[\frac{\mathbf{S}}{\mathbf{1\ Month}}\right] \left[\frac{\mathbf{1\ Month}}{\mathbf{22\ Workdays}}\right] \left[\frac{\mathbf{1\ Workday}}{\mathbf{8\ Work\ Hours}}\right]$$

5.4 The OT Pay shall be 125% or 1.25 of HR on a scheduled workday. It shall be 150% or 1.5 on a rest day or scheduled day off, holiday, or special non-working holiday.

5.5 The total OT Pay, for a month for an employee on full-time employment, OT Pay, shall be computed based on the following formula:

$$\textbf{OT Pay} = \textbf{1.25 (HR)}(N_{1Total}) + \textbf{1.5 (HR)}(N_{2Total})$$

To simplify the formula:

$$\textbf{OT Pay} = \textbf{HR [1.25 }(N_{1Total}) + \textbf{1.5}(N_{2Total})]$$

5.6 In support of the general authority to render OT services issued by the CIR to a particular office requesting such authority, each revenue personnel who is subject to such general authority, must attach the following documentary requirements:

5.6.1 Specific authority to render OT services on a particular day to be approved by the head of office (Annex C);
5.6.2 Quantified OT accomplishment duly signed by the employee and supervisor (Annex D); and
5.6.3 Certificate of service or duly approved Daily Time Record (DTR).

6.0 APPROVAL

6.1 The CIR thru the recommendation of concerned Assistant Commissioner/Regional Director shall approve requests for authority to render OT services indicating the following:

6.1.1 Name of personnel, position and assigned task;
6.1.2 Purpose or expected outputs; and
6.1.3 Specific period of such services.

Personnel under the jurisdiction of the Office of the Deputy Commissioner shall be recommended by the concerned Deputy Commissioner.

7.0 FUND SOURCES

OT Pay shall be charged against the following sources:

7.1 The amount specifically appropriated in the agency budget for OT Pay, if any.
7.2 Available agency savings, subject to existing rules and regulations on the use of savings.
7.3 Other fund sources authorized under existing laws, rules and regulations.

8.0 REPORTORIAL REQUIREMENTS

The BIR thru the Budget Division/Finance Division shall submit to the DBM's Budget and Management Bureau or Regional Office concerned copy furnished the CSC, the "Report on OT Services with Pay" using the template in Annex A on or before March 31 of every year.

9.0 REPEALING CLAUSE

All revenue issuances and/or portions thereof that are inconsistent herewith are hereby repealed, revoked, amended or modified accordingly.

10.0 EFFECTIVITY

This RMO shall take effect immediately.

(Original Signed)
CAESAR R. DULAY
Commissioner of Internal Revenue

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