



**CIVIL SERVICE COMMISSION
DEPARTMENT OF BUDGET AND MANAGEMENT
GOVERNANCE COMMISSION FOR GOCCs**

JOINT CIRCULAR NO. 1, S. 2023

TO : ALL HEADS OF CONSTITUTIONAL BODIES, DEPARTMENTS, BUREAUS, AND AGENCIES OF THE NATIONAL GOVERNMENT, GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS (GOCCs) WITH ORIGINAL CHARTERS, LOCAL GOVERNMENT UNITS (LGUs), AND STATE UNIVERSITIES AND COLLEGES (SUCs)

SUBJECT : Rules and Regulations on the Grant of Night Shift Differential Pay to Government Employees

1.0 Background

Republic Act (R.A.) No. 11701 or An Act Granting Night Shift Differential Pay to Government Employees Including Those in Government-Owned or -Controlled Corporations and Appropriating Funds Therefor ("Act") was approved on 13 April 2022 and took effect on 2 June 2022.¹

Pursuant to Section 3 of the said Act, the Civil Service Commission (CSC), in coordination with the Department of Budget and Management (DBM), promulgated its Implementing Rules and Regulations (IRR), which took effect on 25 February 2023.²

Considering that the DBM and the Governance Commission for GOCCs (GCG) are mandated by law to administer the Compensation and Position Classification Systems in the government pursuant to Presidential Decree No. 985,³ as amended, and R.A. No. 10149,⁴ respectively, which include the grant of night shift

¹ R.A. No. 11701 was published in the Daily Tribune and Manila Bulletin on 17 May 2022.

² The IRR on RA 11701 was published in the Business World on 6 February 2023 and Manila Bulletin on 9 February 2023.

³ "A Decree Revising the Position Classification and Compensation Systems in the National Government, and Integrating the Same," dated 22 August 1976; amended by R.A. No. 6758, Joint Resolution No. 4, s. 2009, R.A. No. 11466.

⁴ An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or -Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to make them more responsive to the needs of public interest and for other purposes, otherwise known as "GOCC Governance Act of 2011".

differential pay, the CSC deemed it necessary to issue this joint circular disseminating R.A. No. 11701 and its IRR jointly with the said agencies.

2.0 Purpose

The Joint Circular is issued to widely disseminate the guidelines on the grant of night shift differential pay to qualified government employees to ensure uniform policy interpretation, and effective and efficient implementation thereof in the public sector pursuant to R.A. No. 11701 and its IRR.

3.0 Coverage

These Rules shall apply to government employees occupying positions/items from Division Chief and below, or their equivalent, in the executive, legislative and judicial branches, SUCs, LGUs,⁵ and constitutional bodies, including those in GOCCs with original charters, regardless of the status of their appointment (permanent, temporary, coterminous, substitute, contractual, or casual), with official working hours or flexible work arrangement, i.e. work shifting, that fall between 6 p.m. and 6 a.m. of the following day.

Incumbents of Division Chief positions and below or their equivalent, designated as Officers-in-Charge to executive/managerial positions shall also be granted night shift differential pay when they are still bound to observe the work hours between 6 p.m. and 6 a.m. of the following day.

4.0 Exclusions

The following are excluded from the coverage of this Joint Circular:

- 4.1 Government employees whose regular schedule of work falls between 6 a.m. and 6 p.m., including those under the flexible work arrangements⁶ whose nature of services requires their rendition within the same period. The services they rendered beyond the regular eight (8)-hour work schedules shall be compensated in accordance with the existing laws, rules, and regulations on overtime services and overtime pay (Refer to Annex A for Illustrative Examples);
- 4.2 Government employees whose services are required, or are on call, twenty-four (24) hours a day such as military and uniformed personnel of the Armed Forces of the Philippines, the Philippine National Police, the Bureau of Jail Management and Penology, the Bureau of Fire Protection, and others similarly situated (Refer to Annex B), as may be determined by the CSC, DBM, and GCG; and

⁵ LGUs include Local Colleges and Universities.

⁶ CSC MC No. 6, s. 2022, "Policies on Flexible Work Arrangement in the Government" .

- 4.3 Workers engaged through job order (JO), contract of service (COS), or other similar schemes. Instead, they shall be covered by Commission on Audit-DBM Joint Circular No. 2, s. 2020, as amended, or other similar issuances governing JO and COS workers in the government.

5.0 Definition of Terms

For purposes of these Rules, the terms hereunder shall be understood as follows:

- 5.1 **Division Chief** – refers to the incumbent of a position in the second level under the career or non-career service, overseeing the work of an organizational unit charged with a major and specialized activity, whether in a department or agency or local government. This shall exclude the department head and assistant department head in LGUs with executive/managerial functions.
- 5.2 **Hourly Basic Rate** – refers to the basic salary rate per hour derived by dividing the basic monthly rate by twenty-two (22) working days,⁷ and dividing the quotient derived by eight (8) hours.

$$\text{Hourly basic rate} = (\text{basic monthly rate}/22 \text{ working days}) / 8 \text{ hours}$$

- 5.3 **Night shift Differential Pay** - refers to the compensation premium granted to covered government employees for the hour/s of work performed between the hours of 6 p.m. and 6 a.m. of the following day.

6.0 General Guidelines on the Payment of Night Shift Differential Pay

- 6.1 Night shift differential pay may be granted to government personnel who render services between 6 p.m. and 6 a.m. of the following day, as authorized by the head of agency, at a rate not exceeding twenty percent (20%) of the hourly basic rate of the employee.

Refer to Illustrative Example A of Annex C for sample computation.

In the case of public health workers, their night shift differential pay shall not be lower than 10% of their hourly basic rate.

The determination of the necessity for rendering services during the night shift shall be based on the nature of the services being provided.

⁷ 4th par. Section 7 of Republic Act No. 6758, An Act Prescribing a Revised Compensation and Position Classification System in the Government and for other Purposes, provides, "The daily wage rate shall be determined by dividing the monthly salary rate by twenty-two (22) working days per month."

- 6.2 When the working hours fall partly between 6 p.m. and 6 a.m., the night shift differential pay shall be paid for the hour/s of work performed between 6 p.m. and 6 a.m. of the following day.

Refer to Illustrative Example B of Annex C for sample computation.

In case of emergency situations⁸ when an employee authorized to render work between 6 p.m. and 6 a.m. of the following day fails to complete services for a full hour, he/she shall be granted the night shift differential pay for the fraction of an hour he/she rendered by dividing the number of minutes rendered by 60 minutes.

Fraction of an hour rendered = number of minutes rendered/60 minutes

Refer to Illustrative Example C of Annex C for sample computation.

- 6.3 When an employee working a regular night shift, falling between 6 p.m. and 6 a.m., renders services in excess of the regular 8-hour night shift, the excess hours shall be compensated in accordance with the rules and regulations on overtime services pursuant to CSC-DBM Joint Circular No. 2, s. 2015,⁹ which may be through compensatory time-off or overtime pay, subject to availability of funds.

Refer to Illustrative Example D of Annex C for sample computation.

- 6.4 Upon consultation with the employees concerned, the head of agency shall formulate and adopt internal rules and procedures consistent with the provision of these Rules, particularly on determining the night shift differential rate which shall not exceed twenty percent (20%) of the hourly basic rate of the employee and subject to availability of funds.
- 6.5 Night shift differential pay shall be in addition to regular salaries and other emoluments and shall not in any way diminish whatever benefits and allowances are presently enjoyed by government employees.

7.0 Fund Sources

- 7.1 For national government entities, the amount necessary for the initial implementation of the Act and these Rules shall be charged against any available allotment for personnel services within the department or agency, subject to existing budgeting, accounting, and auditing laws, rules, and regulations. Thereafter, such sums as may be necessary for the continuous

⁸ **Emergency situations**, as used in this Joint Circular, shall refer to sudden, unforeseen, and critical situations that require immediate action or attention such as natural disasters, accidents, medical crises, security threats, or any other analogous situations.

⁹ Policies and Guidelines on Overtime Services and Overtime Pay for Government Employees.

implementation of these Rules shall be included in the annual General Appropriations Act, subject to the usual budget preparation process.

- 7.2 For LGUs, the amount necessary for the initial implementation of the Act and these Rules shall be charged against their respective funds, subject to the provisions of Sections 325 and 331 of Republic Act No. 7160 or the "Local Government Code of 1991".
- 7.3 For GOCCs, the amount necessary for the initial implementation of the Act and these Rules shall be charged against their respective corporate funds.

8.0 Responsibilities of Agency Heads

Agency heads shall:

- 8.1 Upon consultation with the employees concerned, formulate and adopt internal rules and procedures on the rendition of services between 6 p.m. to 6 a.m. of the following day of their respective personnel and the corresponding night shift differential rate thereof, which shall be in accordance with the policies and guidelines under these Rules.
- 8.2 Be held responsible for the proper implementation of the provisions of these Rules. They shall be held liable for any payment of night shift differential pay not in accordance with the provisions hereof without prejudice to the refund by the employees concerned of any unauthorized or excess payments.

9.0 Resolution of Cases

Issues and concerns arising from the implementation of these Rules shall be resolved using the appeal mechanisms as provided in pertinent rules and regulations issued by the CSC.

10.0 Separability Clause

If any provision of these Rules or part hereof is held invalid or unconstitutional, the remainder of the provisions not otherwise affected shall remain valid and subsisting.

11.0 Repealing Clause

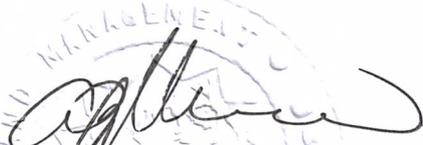
All orders, rules and regulations, and other issuances, or parts thereof inconsistent with these Rules are hereby repealed, modified, or amended accordingly.

12.0 Effectivity

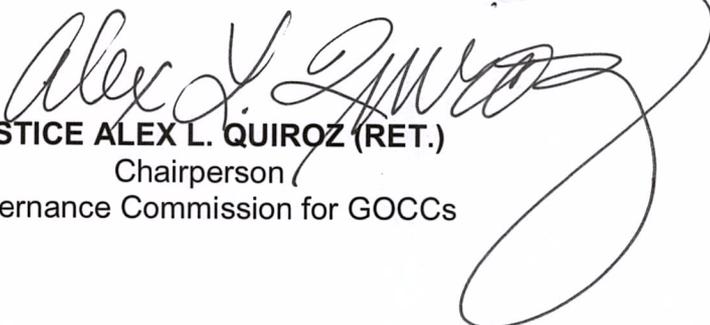
The grant of night shift differential pay to government employees shall apply from the effectivity date of R.A No. 11701 on 2 June 2022. Three (3) certified copies of this Joint Circular shall be filed with the University of the Philippines Law Center.


ATTY. KARLO A. B. NOGRALES
Chairperson
Civil Service Commission




AMENAH F. PANGANDAMAN
Secretary
Department of Budget and Management




JUSTICE ALEX L. QUIROZ (RET.)
Chairperson
Governance Commission for GOCCs

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ANNEX A

The following examples illustrate government employees whose regular schedule of work falls between 6 a.m. and 6 p.m., including those under the FWAs whose nature of services requires their rendition within the said period:

Illustrative Example A:

An employee whose prescribed work schedule is from 8 a.m. to 5 p.m. but renders services until 7 p.m., as authorized by the head of agency.

The hours worked from 6 p.m. to 7 p.m. shall not be covered by Night Shift Differential Pay, but shall be compensated in accordance with the rules and regulations on overtime services and overtime pay.

Illustrative Example B:

*An employee whose agency implements compressed workweek¹⁰ with **ten (10) working hours for four days in a week**, has the prescribed work schedule from 8 a.m. to 7 p.m. with 12 p.m. to 1 p.m. as the time for lunch.¹¹*

The hours worked from 6 p.m. to 7 p.m. shall not be covered by Night Shift Differential Pay.

In case the employee renders services beyond the prescribed ten (10) hours of work, as authorized by the head of agency, he/she shall be compensated in accordance with the rules and regulations on overtime services and overtime pay.¹²

Illustrative Example C:

An employee whose agency implements flexitime,¹³ has the prescribed work schedule from 7 a.m. to 7 p.m., as authorized by the head of agency.

The hours worked from 6 p.m. to 7 p.m. shall not be covered by Night Shift Differential Pay.

¹⁰ CSC Memorandum Circular No. 6, s. 2022, Policies on Flexible Work Arrangements in the Government, dated 06 June 2022.

¹¹ Rule XVII of the Omnibus Rules Implementing Book V of Executive Order No. 292 provides, "Officers and employees of all departments and agencies except those covered by special laws shall render not less than eight hours of work a day for five days a week or a total of forty hours a week, exclusive of time for lunch."; Item V.5. (b) of CSC-DOH-DOLE Joint Memorandum Circular No. 1, s. 2020 provides, "The Agency Heads shall ensure that working breaks in between working hours are complied with in order to minimize/prevent employees' exposure to illness due to prolonged sitting without prejudice to the "No Noon Break" policy."

¹² CSC-DBM Joint Circular No. 1, s. 2015, Policies and Guidelines on Overtime Services and Overtime Pay for Government Employees, dated November 25, 2015.

¹³ CSC Memorandum Circular No. 6, s. 2022, Policies on Flexible Work Arrangements in the Government, dated 06 June 2022.

ANNEX B

The military and uniformed personnel of the following agencies are excluded from the grant of night shift differential pay pursuant to Republic Act No. 11701:

1. Armed Forces of the Philippines under the Department of National Defense;
2. Philippine National Police,
3. Bureau of Jail Management and Penology, and
4. Bureau of Fire Protection under the Department of the Interior and Local Government;
5. Philippine Coast Guard under the Department of Transportation;
6. Bureau of Corrections under the Department of Justice; and
7. National Mapping and Resource Information Authority under the Department of Environment and Natural Resources.

ANNEX C

Below are sample computations on the payment of night shift differential pay to government employees.

Illustrative Example A:

*An employee whose prescribed work schedule is from 6 p.m. to 6 a.m. The employee has a basic monthly salary of **PHP51,357.00**. The Night Shift Differential Rate is **20%**, as authorized by the head of agency.*

1. Determine the Hourly Basic Rate.

Formula:

$$\text{Hourly Basic Rate} = (\text{basic monthly rate}/22 \text{ working days}) / 8 \text{ hours}$$

Computation:

$$\begin{aligned} \text{PHP}51,357.00/22 \text{ working days} &= \text{PHP}2,334.41/\text{day} \\ \text{PHP}2,334.41/8 \text{ hours} &= \text{PHP}291.80/\text{hour} \end{aligned}$$

2. Determine the Night Shift Hourly Rate by multiplying the Hourly Basic Rate with the Night Shift Differential Rate.

Formula:

$$\text{Night Shift Hourly Rate} = \text{Hourly Basic Rate} \times \text{Night Shift Differential Rate}$$

Computation:

$$\text{PHP}291.80/\text{hour} \times 20\% = \text{PHP}58.36/\text{hour}$$

3. Compute the Night Shift Differential Pay by multiplying the Night Shift Hourly Rate by the number of hours worked between 6 p.m. - 6 a.m., excluding the period of work breaks.

Formula:

$$\text{Night Shift Differential Pay} = \text{Night Shift Hourly Rate} \times \text{no. of hours worked between 6 p.m. - 6 a.m.}$$

Computation:

$$\text{PHP}58.36/\text{hour} \times 12 \text{ hours} = \text{PHP}700.32/\text{day}$$

Illustrative Example B:

An employee whose prescribed work schedule is from **10 p.m. to 6 a.m.** has a basic monthly salary of **PHP51,357.00**. The Night Shift Differential Rate is **20%**, as authorized by the head of agency.

1. Determine the Hourly Basic Rate.

Formula:

$$\text{Hourly Basic Rate} = (\text{basic monthly rate}/22 \text{ working days}) / 8 \text{ hours}$$

Computation:

$$\begin{aligned} \text{PHP}51,357.00/22 \text{ working days} &= \text{PHP}2,334.41/\text{day} \\ \text{PHP}2,334.41/8 \text{ hours} &= \text{PHP}291.80/\text{hour} \end{aligned}$$

2. Determine the Night Shift Hourly Rate by multiplying the Hourly Basic Rate with the Night Shift Differential Rate.

Formula:

$$\text{Night Shift Hourly Rate} = \text{Hourly Basic Rate} \times \text{Night Shift Differential Rate}$$

Computation:

$$\text{PHP}291.80/\text{hour} \times 20\% = \text{PHP}58.36/\text{hour}$$

3. Compute the Night Shift Differential Pay by multiplying the Night Shift Hourly Rate by the number of hours worked between 6 p.m. – 6 a.m., excluding the period of work breaks.

Formula:

$$\text{Night Shift Differential Pay} = \text{Night Shift Hourly Rate} \times \text{no. of hours worked between 6 p.m. – 6 a.m.}$$

Computation:

$$\text{PHP}58.36/\text{hour} \times 8 \text{ hours} = \text{PHP}466.88/\text{day}$$

Illustrative Example C:

An employee whose prescribed work schedule is from **10 p.m. to 6 a.m.** has a basic monthly salary of **PHP51,357.00**. The Night Shift Differential Rate is **15%**, as authorized by the head of agency. On one particular day, the employee only rendered services from **10 p.m. to 5:45 a.m.**

1. Determine the Hourly Basic Rate.

Formula:

$$\text{Hourly Basic Rate} = (\text{basic monthly rate}/22 \text{ working days}) / 8 \text{ hours}$$

Computation:

$$\begin{aligned} \text{PHP}51,357.00/22 \text{ working days} &= \text{PHP}2,334.41/\text{day} \\ \text{PHP}2,334.41/8 \text{ hours} &= \text{PHP}291.80/\text{hour} \end{aligned}$$

2. Determine the Night Shift Hourly Rate by multiplying the Hourly Basic Rate with the Night Shift Differential Rate.

Formula:

$$\text{Night Shift Hourly Rate} = \text{Hourly Basic Rate} \times \text{Night Shift Differential Rate}$$

Computation:

$$\text{PHP}291.80/\text{hour} \times 15\% = \text{PHP}43.77/\text{hour}$$

3. Determine the number of hours worked by adding the completed hours and the fraction of an hour rendered by the employee.

Formula:

$$\text{Fraction of an hour rendered} = \text{number of minutes rendered}/60 \text{ minutes}$$

Computation:

$$45 \text{ minutes}/60 \text{ minutes per hour} = 0.75 \text{ hour}$$

Formula:

$$\text{Number of hours worked} = \text{completed hours} + \text{fraction of an hour rendered}$$

$$7 \text{ hours} + 0.75 \text{ hour} = 7.75 \text{ hours}$$

4. Compute the Night Shift Differential Pay by multiplying the Night Shift Hourly Rate by the number of hours worked between 6 p.m. – 6 a.m., excluding the period of work breaks.

Formula:

***Night Shift Differential Pay= Night Shift Hourly Rate x no. of hours worked
between 6 p.m. – 6 a.m.***

Computation:

PHP43.77/hour x 7.75 hours = **PHP339.22 for the particular day**

The employee shall still receive his/her basic salary in full despite his/her undertime of 0.25 hour. However, the 0.25 hour shall be deducted from his/her leave credits with the assumption that he/she still has a leave credit balance.

On the other hand, if the employee has no remaining leave credits, he/she shall be without pay for his/her 0.25-hour undertime.

Illustrative Example D:

*An employee whose prescribed work schedule is from 6 p.m. to 2 a.m. renders overtime (OT) services until 5 a.m. of the following day, as authorized by the head of agency. The employee has a basic monthly salary of **PHP51,357.00**. The Night Shift Differential Rate is **20%**, as authorized by the head of agency.*

1. Determine the Hourly Basic Rate.

Formula:

$$\text{Hourly Basic Rate} = (\text{basic monthly rate}/22 \text{ working days}) / 8 \text{ hours}$$

Computation:

$$\begin{aligned} \text{PHP}51,357.00/22 \text{ working days} &= \text{PHP}2,334.41/\text{day} \\ \text{PHP}2,334.41/8 \text{ hours} &= \text{PHP}291.80/\text{hour} \end{aligned}$$

2. Determine the Night Shift Hourly Rate by multiplying the Hourly Basic Rate with the Night Shift Differential Rate as determined by the head of agency.

Formula:

$$\text{Night Shift Hourly Rate} = \text{Hourly Basic Rate} \times \text{Night Shift Differential Rate}$$

Computation:

$$\text{PHP}291.80/\text{hour} \times 20\% = \text{PHP}58.36/\text{hour}$$

3. Compute the Night Shift Differential Pay by multiplying the Night Shift Hourly Rate by the number of hours worked between 6 p.m. – 6 a.m., excluding the period of work breaks.

Formula:

$$\text{Night Shift Differential Pay} = \text{Night Shift Hourly Rate} \times \text{no. of hours worked between 6 p.m. – 6 a.m.}$$

Computation:

$$\text{PHP}58.36/\text{hour} \times 8 \text{ hours} = \text{PHP}466.88/\text{day}$$

4. In excess of the 8-hour prescribed work schedule, the remuneration for overtime (OT) services shall be generally through compensatory time-off.¹⁴

¹⁴ CSC-DBM Joint Circular No. 2, s. 2004 and No. 2-A, s. 2005

Nonetheless, in case the agency head determines that the appropriate compensation for the OT services of the employee is OT pay, the computation shall be as follows:

- Compute the OT pay for the 3 hours of OT services by multiplying 1.25¹⁵ by the Hourly Basic Rate and multiplying the product derived by the number of work hours of OT service rendered.

Formula:

$$\text{Overtime pay} = 1.25 \times \text{Hourly Basic Rate} \times \text{no. of work hours of OT services rendered}$$

Computation:

$$1.25 \times \text{PHP}291.80/\text{hour} \times 3 \text{ hours} = \text{PHP}1,094.25$$

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¹⁵ Item 9.4 of CSC-DBM Joint Circular No. 1, s. 2015 provides, "The Overtime Pay shall be 125% or 1.25 of HR on a scheduled workday."



HUMAN RESOURCE POLICIES AND STANDARDS OFFICE

3 August 2023

Atty. FLORDELIZA C. VARGAS

Director

Office of the National Administrative Register (ONAR)
Room 208, Bocobo Hall, UP Law Complex,
UP Diliman, Quezon City

Dear **Director Vargas**:

This has reference to the Civil Service Commission (CSC), Department of Budget Management (DBM), Governance Commission for GOCCs¹ (GCG) Joint Circular (JC) No. 1, s. 2023 on the Rules and Regulations on the Grant of Night Shift Differential Pay to Government Employees, signed by the heads of the CSC, DBM and GCG on 1 August 2023.

Pursuant to Sec. 3, Book VII of the Administrative Code of 1987 (Executive Order No. 292, s. 1987) and Item 12 of the aforesaid JC,² we are submitting three (3) certified copies of the JC to the ONAR, UP Law Center.

Please acknowledge receipt of this letter. Thank you.

Very truly yours,

Atty. JENNIFER L. TIMBOL
Director IV



HRPSO/APCCD/JLT/SGA/BAM/jean

¹ Government-Owned or -Controlled Corporations.

² "xxx. Three (3) certified copies of this Joint Circular shall be filed with the University of the Philippines Law Center."