



Republic of the Philippines
Department of Education

REGION XII

SCHOOLS DIVISION OF SOUTH COTABATO

**Office of the Schools Division
Superintendent**

09 August 2023

DIVISION MEMORANDUM
OSDS No. **095**, s. 2023

**ADJUSTMENT OF WITHHOLDING TAXES ON SPECIAL HARDSHIP ALLOWANCE
(SHA) CY 2023 AND PERFORMANCE-BASED BONUS (PBB) FY 2021**

To: Public Schools District Supervisors/Principals In-Charge
Public and Private Elementary and Secondary School Heads
All Others Concerned

1. The special hardship allowance is in accordance with the Department of Budget Management (DBM)-Department of Education (DepEd) Joint Circular No. 1, s. 2021, "Revised Guidelines on the Grant of the Special Hardship Allowance (SHA)" which not only improves the processes and procedures for availing of the said allowance in consonance with the intention of Republic Act No. 4670 or the Magna Carta for Public School Teachers. The release of SHA is in accordance also to National Budget Circular No. 590 dated January 3, 2023 "Guidelines on the Release of Funds for FY 2023".

2. The release of Performance-Based Bonus (PBB) FY 2021 of eligible personnel is in accordance with Executive Order No. 80, s. 2012 and validated in accordance with Administrative Order No. 25, s. 2011. The grant and guidelines of PBB is under Memorandum Circular No. 2021-1 dated June 3, 2021.

3. While the SHA and PBB is being given to selected personnel as identified by the circular, it is defined under the Train law as "other benefits subject to the 90,000 threshold". This is in accordance with **Revenue Regulation (RR) No. 11-2018** dated January 31, 2018, amending Certain Provisions of RR No. 298, as amended, to implement further amendments introduced by RA No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN)". Stated in **Section 7 of RR No. 11-2018** "*Every employer must withhold from compensation paid an amount computed in accordance with these Regulations, whether the employee is a citizen or an alien, except non-resident alien not engaged in trade or business. Provided, that no withholding of tax shall be required on the SMW, including holiday pay, overtime pay, night shift differential and hazard pay of MWEs in the private/public sectors as defined in these Regulations. Provided, further, that an employee who receives additional compensation such as commissions, honoraria, fringe benefits, benefits in excess of the allowable statutory amount of ₱90,000.00, taxable allowances and other taxable income other than the SMW, holiday pay, overtime pay, hazard pay, and night shift differential pay, shall be taxable only on such additional compensation received.*"

SDOSC-OSDS-DIO-NM-v3.0r0.0, effective 04/06/2020



Address: Alunan Avenue, Koronadal City, South Cotabato 9506
Telephone Number: (083)228-3801
Email Address: south.cotabato@deped.gov.ph





Republic of the Philippines
Department of Education
REGION XII
SCHOOLS DIVISION OF SOUTH COTABATO

4. It is therefore proper that this division shall integrate the benefits and withheld the proper taxes if any in the gross compensation received by the employees for CY 2023.
5. The division shall directly withhold the computed taxes on the SHA and PBB, and include the same on the annual income tax return of the employees concerned.
6. Immediate dissemination of this memorandum is enjoined


LEONARDO M. BALALA, CESE
Schools Division Superintendent

Encl.: None

Reference: As stated

To be indicated in the Perpetual Index
under the following subjects:

ALLOWANCES COMPENSATION

RBF/DM- adjustment of withholding taxes on special hardship allowance (sha) cy 2023 and performance-based bonus (pbb) fy 2021
0000/August 9, 2023

SDOSC-OSDS-DIO-NM-v3.0r0.0, effective 04/06/2020



Address: Alunan Avenue, Koronadal City, South Cotabato 9506
Telephone Number: (083)228-3801
Email Address: south.cotabato@deped.gov.ph

