



Republic of the Philippines  
**House of Representatives**  
Quezon City, Metro Manila

NINETEENTH CONGRESS  
First Regular Session



HOUSE BILL NO. 2199

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**INTRODUCED BY REP. SANCHO FERNANDO “ANDO” F. OAMINAL**

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**AN ACT  
PROVIDING FOR ZERO INTEREST SALARY LOANS TO ALL GOVERNMENT  
EMPLOYEES IN GOVERNMENT FINANCIAL INSTITUTIONS**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress  
assembled:*

**EXPLANATORY NOTE**

It cannot be gainsaid that national and local government employees are the backbone in ensuring the peoples' continued and fast access to public service. Much as this is known, however, the fact that the meager remunerations of our employees for serving in government can hardly make both ends meet has yet to be fully remedied. Consequently, the vast majority of our government workers have availed of numerous high interest-bearing loans from both government and private lenders in order to fully provide for their families.

As we strive to ensure their continued growth and consistent with our efforts to promote their welfare, including that of their dependents, especially in these tumultuous times, it is necessary that we offer economic respite to our hardworking and ever-reliable government employees through “Zero Interest Salary Loans” in all Government- owned and/or controlled Financial Institutions.

This kind of facility will not only improve and advance the socio-economic situation of our public servants but will likewise pave the way to diminish, if not eradicate their dependence on unregulated and/or unregistered private lenders who charge usurious interest rates. This privilege, once approved, also seeks to curtail the temptations faced by struggling workers in engaging in corrupt practices.

In view of the foregoing, approval of this bill is earnestly sought.

**SANCHO FERNANDO “ANDO” F. OAMINAL**  
*Representative*

2<sup>nd</sup> District of Misamis Occidental



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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**SECTION 1. *Short Title.*** This Act shall be known as the “*Zero Interest Salary Loans Act of 2022*”.

**SECTION 2. *Declaration of Policies.*** It is the policy of the state, in accordance with our Constitution, to protect the rights of workers, promote their welfare, and affirm labor as a primary social economic force.

**SECTION 3. *Definition of Terms.*** As used in this Act, the term:

(a) “*Government*” includes the National Government, the local governments, and all other instrumentalities, agencies or branches of the Republic of the Philippines including government-owned or controlled corporations, and their subsidiaries.

(b) “*Government Employees*” includes elective and appointive officials and employees, permanent or temporary, whether in the career or non-career service, including military, police, and barangay personnel, as long as they receive compensation, regardless of amount.

(c) “*Government Financial Institutions (GFIs)*” refer to financial institutions or corporations in which the government directly or indirectly owns majority of the capital stock and which are either: (1) registered with or directly supervised by the Bangko Sentral ng Pilipinas; or (2) collecting or transacting funds or contributions from the public and places them in financial instruments *or* assets such as deposits, loans, bonds and equity including, but not limited to, the Government Service Insurance System.

(d) “*Net Take Home Pay*” refers to the monthly net income of government employees after deduction of taxes, compulsory contributions to Government Service Insurance System, Philippine Health Insurance Corporation, Home Development and Mutual Fund (Pag-Ibig

Fund), employees union or cooperatives, loan obligations to government financial institutions and accredited private lending corporations.

(e) “*Zero Interest Salary Loans*” refers to a zero-interest cash loan amounting to a maximum of twelve (12) months gross salary of an eligible government employee who meets all of the requirements in this Act payable through salary deductions for the next three (3) to six (6) years granted by government financial institutions.

**SECTION 4. *Zero Interest Salary Loans.*** All Government Financial Institutions are hereby mandated to provide to all eligible government employees *Zero Interest Salary Loans*. *Zero Interest Salary Loans* refers to a zero-interest cash loan amounting to a maximum of twelve (12) months gross salary of an eligible government employee who meets all of the requirements in this Act payable through salary deductions not to exceed six (6) years.

**SECTION 5. *Amount and Term of Zero Interest Salary Loans.*** The following shall be the terms and conditions of Zero Interest Salary Loan:

(a) **Loanable Amount.** The maximum loanable amount that may be granted by any government financial institution pursuant to this Act must not exceed the twelve (12) months gross salary of an eligible government employee. The loanable amount shall be determined by taking into account the government employee’s Net Take Home Pay after remittance of all mandatory contributions, deduction of outstanding liabilities, and monthly amortization after availment of this loan facility which must not go below Five Thousand Pesos (P 5,000.00).

(b) **Loan Term.** The loan availed of through this Act must be repaid in full for a term not exceeding six (6) years. Provided, that government employees who have resigned or have been dismissed either for cause or by reason of loss of trust and confidence must pay their entire outstanding loan obligation within thirty (30) days from effectivity of their resignation or dismissal. Otherwise, the concerned government financial institution can initiate the appropriate legal action to collect the balance at the cost of the delinquent borrower. Provided that, government employees may renew their loan after payment of their outstanding loan obligations equivalent to six (6) months amortization, with no delinquent installments on the same terms.

**SECTION 6. *Eligibility Requirements.*** To be eligible for “Zero Interest Salary Loans” a government employee must meet and comply with the following requirements:

(a) He/She must be an active government employee;

(b) His/Her Net Take Home Pay after remittance of all mandatory contributions, outstanding liabilities, and availment of this loan facility must not go below Five Thousand Pesos (P 5,000.00) per month;

(c) He/She must have been serving the government for at least three (3) months and would undertake to maintain least thirty (30) days leave credits until the full settlement of his/her salary loan whichever comes earlier. Thus, until the loan in this Act is fully paid, the employee cannot monetize or go on vacation leave when in so doing, his/her available leave credits will go below thirty (30) days;

(d) In the case of renewal of loans,

**SECTION 7. *Separability Clause.*** If any provisions of this Act is declared unconstitutional or inoperative, the other provisions not so declared shall remain in force and effect.

**SECTION 8. *Repealing Clause.*** All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the Act or the rules and regulations promulgated pursuant thereto are hereby repealed or amended accordingly.

**SECTION 9. *Effectivity Clause.*** This Act shall take effect fifteen (15) days after publication in two (2) national newspapers of general circulation.

*Approved.*