

## LAW &amp; POLICY GROUP

**GRIST****PHILIPPINES CLARIFIES TAX DEDUCTION FOR MATERNITY-PAY SALARY DIFFERENTIAL**

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Employers in the Philippines can deduct the salary differential they pay to employees on maternity leave, according to a 9 Oct 2019 circular [issued](#) by the Bureau of Internal Revenue. The clarification follows the expansion of paid maternity leave to 105 days in March 2019.

Private-sector employees on paid maternity leave must receive full pay for 105 days. Employers pay the difference between the maternity benefit received from the Social Security System and the employee's average weekly or regular wage. The circular confirms that the salary difference is a benefit exempt from income and withholding taxes, so employers can claim a tax deduction for the differential.

## RELATED RESOURCES

**Non-Mercer Resource**

- [Revenue Memorandum Circular 105-2019](#) (Bureau of Internal Revenue, 9 Oct 2019)

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- [Philippines Expands Paid Maternity Leave, Benefits](#) (1 Mar 2019)

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