- review every draft;
- obtain employer approval.

After finalization:

- verify history and report totals;
- save payslips and the register;
- make the actual employee payments separately and keep the receipts;
- review agency liabilities and record the actual remittance;
- make the payslip PDFs and the bank transfer file, if you use them (chapters 19 and 26);
- check that the bank shows the same total as LokalPay before approving the transfer;
- click Back Up Payroll Data and keep the copy off this computer.

At year end:

- reconcile every finalized period and benefit;
- obtain tax-fact approval;
- finalize supported reconciliation targets;
- make and record the actual refund/collection;
- reconcile dated settlements and annual withholding;
- prepare the forms and complete official validation/filing through the professional process;
- keep acceptance and payment proof.

## 25. Final pay for a separated employee

When an employee resigns or is separated, LokalPay works out the final pay from the saved, finalized payroll and what you enter. It is a guide for you and your reviewer, not a legal computation.

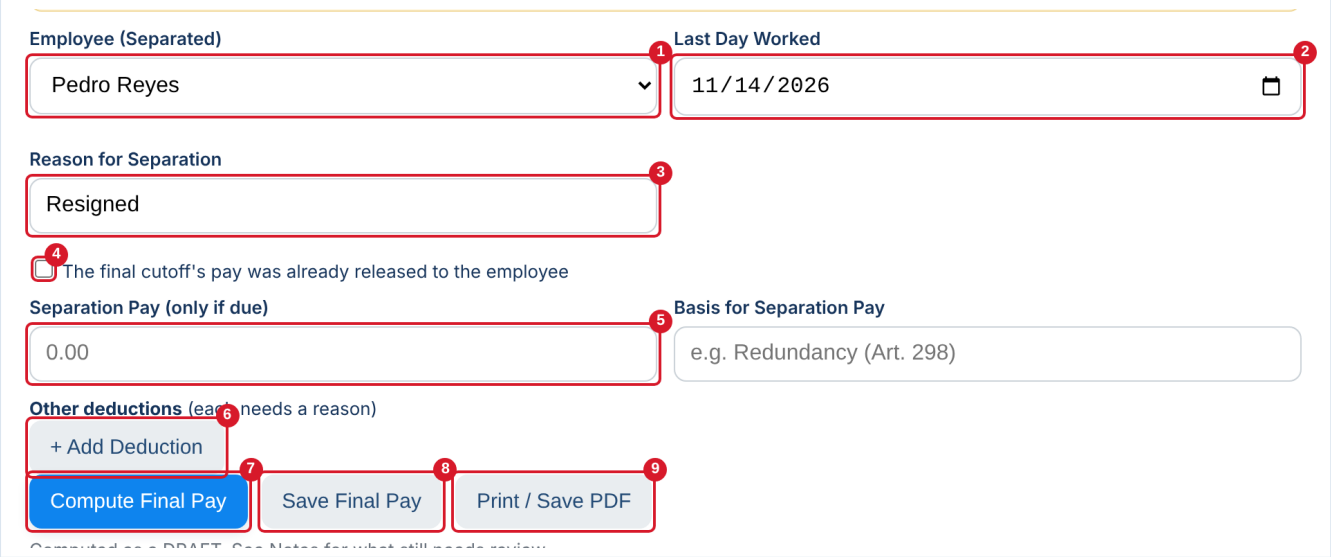
Before you start:

1. Run the employee's last cutoff through the normal payroll steps (attendance, approve, calculate, finalize). It should pay only up to the last day worked.
2. In Employees, set the employee's Employment Status to Separated and save. Only Separated employees appear in Final Pay.

Then:

3. Open Reports and scroll to Final Pay.
4. Choose the employee (1). Enter the Last Day Worked (2) and the Reason for Separation (3).
5. If the last cutoff's pay was already given to the employee, tick (4) so it is not paid twice.

6. Separation pay (5): enter it only if it is due (for example for redundancy under Art. 298), with its basis. LokalPay never computes it.
7. Other deductions (6): for example an unreturned company phone. Each needs an amount and a reason.
8. Click Compute Final Pay (7). Check the statement, then Save Final Pay (8) and Print / Save PDF (9).

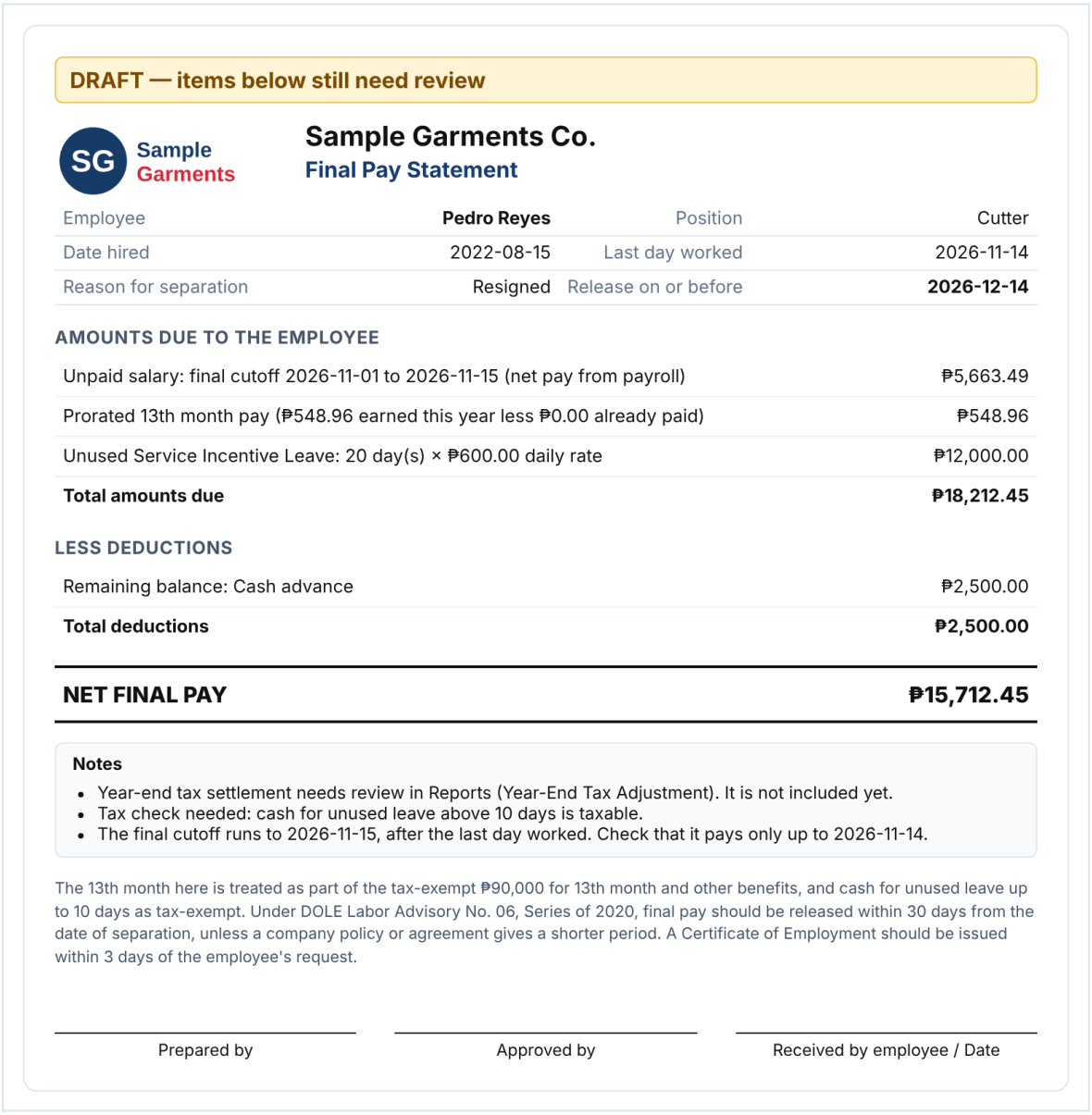



Final Pay: (1) employee, (2) last day worked, (3) reason, (4) last cutoff already paid, (5) separation pay, (6) other deductions, (7) Compute, (8) Save, (9) Print / Save PDF.

The statement adds:

- the net pay of the finalized cutoff that covers the last day worked;
- the prorated 13th month: this year's 13th-month basis ÷ 12, less 13th month already paid;
- unused Service Incentive Leave × the daily rate (if SIL is on);
- a year-end tax refund, when tax withheld is more than tax due;
- separation pay, if entered.

It deducts the full remaining balance of each loan or cash advance, other deductions, and year-end tax still due.



**DRAFT — items below still need review**

SG Sample Garments

## Sample Garments Co.

### Final Pay Statement

| | | | |
|---|---|---|---|
| Employee | **Pedro Reyes** | Position | Cutter |
| Date hired | 2022-08-15 | Last day worked | 2026-11-14 |
| Reason for separation | Resigned | Release on or before | **2026-12-14** |

**AMOUNTS DUE TO THE EMPLOYEE**

| | |
|---|---|
| Unpaid salary: final cutoff 2026-11-01 to 2026-11-15 (net pay from payroll) | ₱5,663.49 |
| Prorated 13th month pay (₱548.96 earned this year less ₱0.00 already paid) | ₱548.96 |
| Unused Service Incentive Leave: 20 day(s) × ₱600.00 daily rate | ₱12,000.00 |
| **Total amounts due** | **₱18,212.45** |

**LESS DEDUCTIONS**

| | |
|---|---|
| Remaining balance: Cash advance | ₱2,500.00 |
| **Total deductions** | **₱2,500.00** |

**NET FINAL PAY** **₱15,712.45**

**Notes**

- Year-end tax settlement needs review in Reports (Year-End Tax Adjustment). It is not included yet.
- Tax check needed: cash for unused leave above 10 days is taxable.
- The final cutoff runs to 2026-11-15, after the last day worked. Check that it pays only up to 2026-11-14.

The 13th month here is treated as part of the tax-exempt ₱90,000 for 13th month and other benefits, and cash for unused leave up to 10 days as tax-exempt. Under DOLE Labor Advisory No. 06, Series of 2020, final pay should be released within 30 days from the date of separation, unless a company policy or agreement gives a shorter period. A Certificate of Employment should be issued within 3 days of the employee's request.

Prepared by | Approved by | Received by employee / Date

A Final Pay Statement for the sample employee Pedro Reyes. DRAFT because the year-end tax still needs review.

DRAFT at the top means something still needs review, and the Notes say what: for example no finalized cutoff covers the last day, the 13th-month records are incomplete, the year-end tax needs review in Reports, or the cutoff runs past the last day worked. A Tax check needed note means the 13th month and other benefits are above the ₱90,000 tax-free amount, or more than 10 unused leave days are paid. Have these checked before you release the money.

The statement prints on one portrait page, with the release date (30 days after the last day worked, as DOLE Labor Advisory No. 06, Series of 2020 expects unless a shorter period applies) and lines for Prepared by, Approved by and Received by. Keep the signed copy. A Certificate of Employment should be issued within 3 days of the employee's request.