

EMPLOYMENT MATTERS!

Edition #61 - 13th Month Salary

These are **Employment Matters**, which matter to all of us!

From January to October, we have explored the GEDSI agenda, starting from laying strong foundations and fostering an inclusive workplace to promoting equity, fairness, and leading meaningful change. As the year winds down, many of us are now more familiar and comfortable with these principles in our daily work.

As the festive season approaches, it's time to focus on another important employment matter that affects everyone; the 13th Month Salary. Known locally as '*Gaji Tiga Belas*', this annual bonus recognizes employees' hard work and provides timely financial support for families during the holiday season.



Understanding the 13th Month Salary

Known locally as *Gaji Tiga Belas*, the 13th Month Salary is a mandatory annual bonus guaranteed under Timor-Leste's Labor Law (Law No. 04/2012). All employees, regardless of role, sector, or location are entitled to receive this payment no later than December 20th each year.

This bonus not only recognizes employees' contributions throughout the year but also provides timely financial support for families during a period of heightened expenses, including Christmas celebrations and school-related costs.

Why it matters

For employers, the 13th Month Salary is now a standard part of the payroll calendar. It ensures legal compliance while boosting employee morale, motivation, and trust, especially important in a year marked by economic pressures and rising living costs.

Timely and accurate payment of this bonus reflects a workplace culture rooted in fairness, appreciation, and shared prosperity.

Details for 13th Month Salary Payment

1. Payment Timeline

The bonus must be paid in a single lump sum by no later than December 20th. Employers are encouraged to plan payroll schedules early to ensure compliance and avoid year-end delays.

2. Calculation Method

The 13th month salary is equivalent to one month's base salary, prorated for employees who have worked less than a full calendar year. For example, an employee who has worked six months would receive half a month's pay as the bonus.

3. Taxation and Social Security

The payment is considered part of total December earnings, meaning it is subject to income tax and social security contributions under the same rules as regular monthly wages.

A brief Historical Perspective

The concept of the 13th month salary originated in Italy during the 1930s known then as "tredicesima mensilità." Over time, this practice spread globally and became embedded in labor frameworks across various countries.

In Timor-Leste, its formal recognition through Article 44 of the Labor Law underscores its continuing importance in supporting workers and their families during high-expense periods. The practice also aligns Timor-Leste with several ASEAN countries including Indonesia and the Philippines, where similar legal provisions exist to ensure fair and equitable employee compensation. It is also a common practice in Vietnam, Malaysia, Singapore, and Thailand.

To conclude, paying the 13th Month Salary is more than just fulfilling a legal obligation. It's an expression of care, respect, and accountability. When managed proactively, it strengthens trust between employers and employees and reinforces the inclusive values we've championed throughout our GEDSI journey.

Let's continue the year with the same commitment to equity, inclusion, and shared success that has guided us so far.

For any questions, please email us at info@konnekto.com with any questions. Your inquiries inspire us to create fresh and informative content!

