



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session



COMMITTEE REPORT NO. 226

Submitted by the Committee on Labor and Employment on FEB 06 2020

Re: House Bill No. 1338

Recommending its approval without amendments, in consolidation with House Bill No. 3463

Sponsors: Representatives Enrico A. Pineda, Mark O. Go and Luis Raymund "LRAY" F. Villafuerte Jr.

Mr. Speaker:

The Committee on Labor and Employment, to which were referred House Bill No. 1338, introduced by Rep. Mark O. Go, entitled:

"AN ACT INCREASING THE SERVICE INCENTIVE LEAVE OF EMPLOYEES, AMENDING FOR THE PURPOSE ARTICLE 95 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES"

and House Bill No. 3463, introduced by Rep. Luis Raymund "LRAY" F. Villafuerte Jr. , entitled:

"AN ACT INCREASING THE SERVICE INCENTIVE LEAVE OF EMPLOYEES, AMENDING FOR THE PURPOSE ARTICLE 95 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES"

has considered the same and recommends the approval of House Bill No. 1338 without amendments, in consolidation with House Bill No. 3463 with Representatives Mark O. Go, Luis Raymund "LRAY" F. Villafuerte Jr., Allen Jesse C. Mangaoang, Enrico A. Pineda, Michael Edgar Y. Aglipay, Raymond Democrito C. Mendoza, Mark O. Go, Ma. Theresa V. Collantes, Leonardo L. Babasa Jr., Fernando T. Cabredo, Rowena Niña O. Taturan, Cheryl P. Deloso-Montalla, Lawrence "Law" H. Fortun, Ferdinand R. Gaité and Jericho Jonas B. Nograles as authors thereof.

HBs 1338 and 3463 on increasing the service incentive leaves from 5 to 10 days

Respectfully submitted,



ENRICO A. PINEDA

Chairperson

Committee on Labor and Employment

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

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HOUSE BILL NO. 1338



Introduced by Hon. Mark O. Go

EXPLANATORY NOTE

Labor force is an essential component of every social and economic growth. It is the policy of the State, as enshrined in the Constitution, that the State affirms labor as a primary social economic force and shall protect the rights of workers and promote their welfare.

At present, our laws do not require employers the granting of sickness and vacation leaves. These work incentives are given based on the prerogative of the employers either by express stipulation on the employee's contract or thru collective bargaining agreement. What the Labor Code provide instead are service incentive leaves (SIL). An employee who has rendered at least one year of service is entitled to a yearly service incentive leave of five (5) days with pay. However, the same Code provides that an employer who grants employees with vacation leaves of at least five (5) days shall already be deemed compliant with the mandatory granting of the SIL, thereby rendering the mandatory leave credits at a minimum of only five days. With the increase in the number of leave credits in the form of sick or vacation leaves left purely at the discretion of employers, employees constrained by limited leave credits are left vulnerable to sickness, emergencies and other fortuitous events that would cost them a day of paid work.

The granting of paid leaves is not only beneficial to the employees but economically advantageous for employers as well. Such incentives boost the morale and satisfaction of employees which are manifested in increased productivity. Leave credits also minimizes the risk of health and safety issues among employees which may even be more costly for both employees and employers in the long run.

Hence, immediate consideration and approval of this proposed measure is earnestly sought.


MARK O. GO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 1338

Introduced by Hon. Mark O. Go

**AN ACT INCREASING THE SERVICE INCENTIVE LEAVE OF EMPLOYEES,
AMENDING FOR THE PURPOSE ARTICLE 95 OF PRESIDENTIAL DECREE NO.
442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE
PHILIPPINES**

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

SECTION 1. Article 95 of Presidential Decree No. 442, as amended, is hereby amended to read as follows:

“Article 95. *Right to service incentive leave.* —

(a) Every employee who has rendered at least one year of service shall be entitled to a yearly service incentive leave of [five] TEN days with pay.

“(b) This provision shall not apply to those who are already enjoying the benefit herein provided, those enjoying vacation leave with pay of at least [five] TEN days and those employed in establishments regularly employing less than ten employees or in establishments exempted from granting this benefit by the Secretary of Labor after considering the viability or financial condition of such establishment.

“(c) The grant of benefit in excess of that provided herein shall not be made a subject of arbitration or any court or administrative action.”

SEC. 2. *Implementing Rules and Regulations.* — Within ninety (90) days from the approval of this Act, the Department of Labor and Employment shall promulgate the rules and regulations implementing the provisions of this Act which shall take effect thirty (30) days after its publication in any newspaper of general circulation.

SEC. 3. *Repealing Clause.* – All laws, decrees, orders, rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 4. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any newspaper of general circulation.

Approved,

FACT SHEET

House Bill No. 1338

In substitution of House Bill No. 3463
(As approved on third reading on 27 November 2019)

“AN ACT INCREASING THE SERVICE INCENTIVE LEAVE OF EMPLOYEES, AMENDING FOR THE PURPOSE ARTICLE 95 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES”

Introduced by: REPS. MARK O. GO AND LUIS RAYMUND “LRAY” F. VILLAFUERTE JR.

*Committee referral: COMMITTEE ON LABOR AND EMPLOYMENT
Committee Chairperson: REP. ENRICO A. PINEDA*

OBJECTIVES:

- To increase the service incentive leave from five to ten (10) days for those employees who have rendered at least one year of service
- To provide the employees' need for a balanced work life by providing a longer period of vacation leave with pay

KEY PROVISIONS:

- Amends Article 95 of the Labor Code by increasing the service incentive leave of employees in the private sector from five to ten (10) days
- Excludes those employees who are already enjoying the benefit herein provided and those employed in establishments employing less than ten (10) employees
- Mandates the Secretary of Labor and Employment to promulgate the necessary implementing rules and regulations for its implementation

RELATED LAW:

- Article 95 of Presidential Decree No. 442, as amended, otherwise known as the “Labor Code of the Philippines”