

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 2019

HOUSE OF REPRESENTATIVES

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INTRODUCED BY HONORABLE CHERYL DELOSO-MONTALLA

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#### EXPLANATORY NOTE


The barangay is the smallest territorial and political subdivision of government. The dynamics in the affairs of the barangay is defined by its officials and employees who are the front liners in the efficient and effective delivery of basic social services.

In addition to the heavy burden and the intricacies of running the affairs of the barangay, the barangay officials and employees, most especially in times of disaster, are at the risk in maintaining peace and order and in keeping the balance of the dynamic social order. These risks often pose danger to lives and limbs of the barangay officials and employees who serve on meager honoraria or on voluntary basis.

It is in recognition of the significant role of the more than 120,000 barangay officials and employees all over the country who make the basic government unit – the barangay – operative, that this bill is being filed.

The intent of this bill is to provide incentives to barangay officials and employees including their inclusion in the coverage of the GSIS and PHIC, tax exemption benefits, death and disablement benefits, free legal assistance and hazard pay. It is hoped that through the incentive scheme set forth in this bill, barangay officials and employees would be further motivated to bring the barangay to new and greater heights as a socio-economic and political entity.

It is in this light that this bill is being filed and its immediate passage is earnestly sought.

  
**CHERYL DELOSO MONTALLA**  
Representative  
2<sup>nd</sup> District, Zambales

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**AN ACT**  
**PROVIDING INCENTIVES TO BARANGAY OFFICIALS AND EMPLOYEES AND FOR**  
**OTHER PURPOSES**

*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 Barangay Officials and Employees Incentives Act of 2016.

**SECTION 2. Declaration of Policy.** The State recognizes the role of the barangay officials and employees in making democracy work in the smallest territorial and political unit of government which is the barangay. Anent this, it is hereby declared the policy of the State to promote and enhance efficiency and responsiveness of barangay officials and employees by adopting measures and incentive schemes that shall foster and ensure the faithful performance of their functions and duties as well as improve their quality of lives.

**SECTION 3. Barangays Officials and Employees Defined.** For all intents and purposes of this Act, Barangay Officials shall mean and include the Punong Barangay, Barangay Kagawad, Barangay Secretary and Treasurer, SK Chairman, in his/her capacity as *ex-officio* member of the Sangguniang Barangay, members of the Lupong Tagapamayapa, Employees shall include Barangay Tanods, Barangay Health Workers and all other employees of the barangay whose positions were or will be created by the barangay as are necessary for the effective and efficient delivery of the basic social services afforded by the it.

As defined in this Act, the word "employee" shall be used only for the purpose of availment of benefits herein included and shall preclude those that are or may be defined in any other law, decree, rule, regulation or issuance relating to employer-employee relationship.

**SECTION 4. Incentives and Benefits of Barangay Officials and Employees.** All barangay officials and employees are hereby entitled to the following benefits:

- a. Inclusion in the GSIS Coverage. All barangay officials and employees, upon assumption into office and during the entire course of their incumbency, shall automatically be covered with life insurance, social security protection, disability, separation, unemployment, retirement, death, burial and such other benefits as may be extended by the Government Service Insurance System (GSIS). *Provided, that*, the GSIS shall make special provisions in order to facilitate the inclusion of all barangay officials and employees in its benefit coverage. *Provided, further, that*, their inclusion shall be subject to limitations provided by the law.

- b. Inclusion in the coverage of the Philippine Health Insurance Corporation (PHIC). All barangay officials and employees shall, upon assumption into office and during their term or tenure, be enrolled into the National Health Insurance Program for the purpose of availing adequate package of personal health services that shall include but not limited to in- and out-patient hospital care, emergency and transfer services and other supplementary health benefits that may be provided by the PHIC.

Premium contribution shall be charged against the general fund of the barangay. Provided, however, that the national government shall subsidize 50% of the PHIC premium contribution of barangay officials and employees in fourth, fifth and sixth class municipalities.

- c. Legal Representation. All barangay officials and employees who may be involved as party litigants in administrative or criminal cases filed in connection with the discharge of their official duties shall be entitled to free legal services. The Public Attorney's Office shall forthwith facilitate the legal representation of a barangay official or employee by counsel upon receipt of an official request for legal representation by the said barangay official or employee.
- d. Tax exemption. All amounts received by barangay officials and employees such as salaries, wages, compensation, remuneration and any other emoluments such as honoraria and allowances shall be exempt from income taxation. Gross benefits received by such officials and employees, of whatever kind, nature or character, shall likewise be exempt from taxation.

The sale, exchange or disposition of real property by barangay officials and employees shall also be exempt from capital gains and other local and national taxes and fees. Provided, that, such sale, exchange or disposition shall be directly and exclusively used by such official or employee for the acquisition of a house and lot for family dwelling, the lot area of which shall not exceed 200 square meters. The acquisition of such house and lot for family dwelling shall likewise be exempt from national or local taxes and fees in connection with the transfer and registration of such property in the name of the barangay official or employee concerned.

- e. Hazard Pay. The Punong Barangay, members of the Sangguniang Barangay, Barangay Tanods and Barangay Health Workers shall be granted a hazard pay equivalent to one (1) thousand pesos a month during their term or tenure of office.
- f. Total or Permanent Incapacity or Disability. In the event of total or permanent disability in connection with the discharge of their official duties and functions, the Punong Barangay, members of the Sangguniang Barangay, Barangay Tanods and Barangay Health Workers shall be entitled to five (5) thousand pesos as disability benefit.
- g. Death and Burial Benefits. In the event of death of a barangay official or employee in connection with the discharge of his/her official duty or function, he/she shall be entitled to ten (10) thousand pesos as burial assistance.
- h. Lump-sum Retirement Pay. All barangay officials and employees shall be entitled to a lump-sum retirement pay equivalent to one (1) year honorarium. But in no case shall this lump-sum amount exceed one (1) hundred thousand pesos (P100,000.00) to be taken from the Barangay Retirement Fund:

Provided, however, that a retiree is at least sixty (60) years of age with a minimum of nine (9) years in service at the time of retirement.

**SECTION 5. Barangay Retirement Fund Created.** There is hereby created a Barangay Retirement Fund (BRF) which shall be used to fund the retirement of barangay officials and employees mentioned in this Act. The amount equivalent to one (1) percent of the share of the national government under Section 284 of the Local Government Code of 1991 (RA 7160), as amended shall be used for this purpose.

The Department of Interior and Local Government (DILG) shall administer and ensure the appropriate disbursement of the BRF.

**SECTION 6. *Disqualification from Availment of Benefits.*** No benefit shall be given to a barangay official or employee or his/her beneficiaries when the injury, sickness, disability or death is a result or caused by:

- a. His/her habitual drunkenness, intoxication or drug addiction;
- b. His/her willful intention to injure or kill himself or another;
- c. His/her unauthorized absence or abandonment of post.

**SECTION 7. *Implementing Rules and Regulations.*** Within 120 days from the effectivity of this Act, the Department of Interior and Local Government (DILG), Department of Health, Department of Justice, GSIS, PHIC and other concerned government agencies, shall come up with rules and regulations that shall govern the implementation of this Act and shall review the same every five (5) years or as frequently as may be necessary.

**SECTION 8. *Appropriation.*** The amount necessary for the first five (5) years implementation of this Act shall be sourced from the windfall profit of the sale of the Malampaya natural gas. Thereafter, fund necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act. The fund shall be managed by a body whose members shall include the Secretary of the DILG who shall head the body, a representative of the GSIS and PHIC, the chairmen of the Senate and House Committees on Local Government, the President of the National Liga ng mga Barangay and a representative of the Commission on Audit.

**SECTION 9. *Separability Clause.*** If any provision or the application of any provision of this Act is declared unconstitutional, there remaining provisions not affected thereby shall remain in full force and effect.

**SECTION 10. *Repealing Clause.*** All laws, rules, regulations, decrees, executive orders and other issuances or parts thereof which are inconsistent with this Act are hereby repealed, modified or amended accordingly.

**SECTION 11. *Effectivity.*** This Act shall take effect fifteen (15) days after its publication in the *Official Gazette*.

***Approved,***