



Republic of the Philippines
House of Representatives
Batasan Hills, Quezon City

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 5181

Introduced by: Representative Florencio Gabriel G. Noel

EXPLANATORY NOTE:

The state recognizes the importance of workers as the driving force of our economy. This recognition is enshrined in Article II, Section 18 of the 1987 Constitution, which states:

“The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.”

At present, our country, through Presidential Decree No. 442, as amended, otherwise known as The Labor Code of the Philippines, (the “Labor Code”) merely mandates five (5) days of Service Incentive Leave (SIL) for employees who have rendered at least one (1) year of service. This puts our employees at a disadvantage compared to our neighbors.

In Japan, their Labor laws allow employees who have rendered six (6) months of service to a ten (10) day Service Incentive Leave. The number of days for Service

Incentive Leave increases depending on the seniority of the employee in the company.¹ In Australia, the National Employment Standards allows full-time and

¹ Japan Employee Benefits accessed at: <http://japan-payroll.com/japan-employee-benefits/>

part-time employees to get four (4) weeks of annual leave, based on their ordinary hours of work.² In Singapore, the Ministry of Manpower grants a seven (7) days leave for employees who have rendered service for at least one (1) year.³

In order to address the country's socioeconomic issues, we must first address the issues of our workforce who are the driving forces of our economy. Given these figures from our neighbors, our workforce deserves to receive more leave benefits which is comparable to other countries.

This bill seeks to amend Article 95 of the Labor Code, by granting employees who have rendered service for at least six (6) months to a five (5) day service incentive leave (SIL) and a ten (10) day SIL for employees who have rendered service for at least one (1) year.

In view of the foregoing, the timely passage of this bill is earnestly sought.


FLORENCIO GABRIEL G. NOEL
An Waray Party-list Representative

² Annual Leave *accessed at:* <https://www.fairwork.gov.au/leave/annual-leave>

³ Annual Leave Eligibility and Entitlement *accessed at:* <https://www.mom.gov.sg/employment-practices/leave/annual-leave/eligibility-and-entitlement>



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

*May it be enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

SECTION 1. Section 95 of Presidential Decree no. 442, as amended, is hereby amended further to read as follows:

ART. 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 **TEN (10) DAYS** with pay. **EVERY EMPLOYEE WHO HAS RENDERED AT LEAST SIX (6) MONTHS OF SERVICE SHALL BE ENTITLED TO A SERVICE INCETIVE LEAVE OF FIVE (5) 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 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 and Employment 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.

SECTION 2. Implementing Rules and Regulation – Within ninety (90) days from the effectivity of this Act, the Department of Labor and Employment, in consultation with relevant stakeholders, shall promulgate the implementing rules and regulations necessary for the effectivity of this Act.

SECTION 3. Repealing Clause – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or is inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

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

Approved,