

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3382



Introduced by Rep. Precious Hipolito Castelo

EXPLANATORY NOTE

The Philippine Constitution expressly provides that: "The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare".¹ Furthermore, the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.²


The principle of shared responsibility between the workers and the employers also recognizes the workers' right to their just share in the fruits of production and the right of enterprises to reasonable returns to investment, expansion and growth.³

In recognition of the unceasing plight of ordinary Filipino workers to meet the needs of their respective families, this bill seeks to mandate all employers in the private sector to uniformly provide their employees a 14th month pay, regardless of their employment status, and irrespective of the method by which their salaries are paid.

Granting that Presidential Decree No. 851 already institutionalized the payment of 13th month pay to all employees, it cannot be denied that the rising cost of living in the Philippines necessitates the award of additional compensation to employees.

Incidentally, this bill aims to improve the working conditions of employees to be able to stimulate an increase in the workers' productivity. Indeed, being the lifeblood of our economy, the labor force plays a vital role in fulfilling the nation's sustainable development goals.

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


PRECIOUS HIPOLITO CASTELO

¹ Philippine Constitution, Section 18 of Article II.

² Philippine Constitution, Section 20 of Article II.

³ Philippine Constitution, Section 3 of Article XIII.

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AN ACT
REQUIRING EMPLOYERS IN THE PRIVATE SECTOR TO PAY 14TH MONTH PAY

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

SECTION 1. *Short Title.* This Act shall be known as the "14th Month Pay Act."

SEC. 2. *Declaration of Policy.* The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

SEC. 3. *Coverage.* This Act shall cover all non-government rank-and-file employees regardless of their employment status, designation and irrespective of the method by which their wages are paid, provided that, they have worked at least one month during the calendar year.

SEC. 4. *Definition of Terms.* – As used in this Act:

- a. Rank-and-File Employees – are those not considered as managerial employees. They are not vested with powers and prerogatives to lay down and execute management policies and/or to hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees or to effectively recommend such managerial actions.
- b. Basic salary – for the purpose of computing the 14th month pay, it shall include all remunerations or earnings paid by the employer for services rendered but does not include allowances and monetary benefits which are not considered or integrated as part of the regular or basic salary.

SEC. 5. *Mandatory Payment of 14th Month Pay.* – All non-government rank-and-file employees shall be entitled to 14th month pay every year.

SEC. 6. *Time of Payment.* The 13th month pay shall be paid not later than June 14th and the 14th month pay shall be paid not later than December 24th of every year, provided however, that the frequency of payment of this monetary benefit may be the subject of agreement between the employer and the employee or any recognized collective bargaining agent of employees.

SEC. 7. *Minimum Amount.* The minimum amount of the 14th month pay shall not be less than 1/12 of the total basic salary earned by the employee within the calendar year.

SEC. 8. *Implementing Rules.* Within sixty days from the enactment of this law, the Secretary of the Department of Labor and Employment (DOLE) shall promulgate the implementing rules of this law.

SEC. 9. *Separability Clause.* If any provision of this Act is declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 10. *Repealing Clause.* Any law, presidential decree, or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with any provision of this Act is hereby amended or modified accordingly.

SEC. 11. *Effectivity Clause.* This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,