

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

17TH CONGRESS
1st Regular Session

House Bill No. **3815**



Introduced by **EMMANUEL A. BILLONES**

Explanatory Note

This bill seeks to grant a 14th month pay to non-government rank and file employees as part of the compensation package to our labor force.

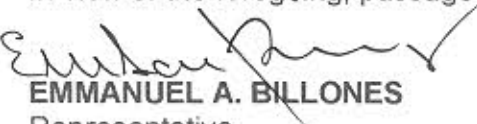
This compensation scheme is similar to the mid-year bonus granted to the government employees which is equivalent to one month basic salary given not earlier than May of every year aside from the 13th month pay they receive in December.

Under this bill, the 13th month pay is to be given not later than June 14 and the 14th month pay is paid not later than December 24th of every calendar year respectively for the rank and file employees in the private sector. Rank and file means the ordinary members of a company, or organization excluding the managers and directors.

The need to provide additional compensation is indeed imperative as the current 13th month pay received by the ordinary employees is gobbled up by Christmas expenses in December. They should at least receive extra earnings in the middle of the year to help defray the expenses incurred in school like enrolment fees, miscellaneous expenses, books, bags, uniforms among others. The rest of the amount if there is anything left is for future health and medical expenses for the family.

Ordinary employees are the lifeline of the economy as they are the ones who purchase most. And when the economy performs well, all people will benefit from it as a rising tide raises all ships.

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


EMMANUEL A. BILLONES
Representative
1st District, Capiz

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

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

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

Section 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.

Section 3. *Coverage.* -- This Act shall cover all on-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.

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

- a. Rank and File Employees – are those who are not considered as managerial employees. They are not vested with powers or prerogatives to lay down and execute management policies and/or to hire, transfer, suspend, layoff, 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, the computation 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 integral part of the regular or basic salary.

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

Section 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 calendar year respectively; *Provided*, That the frequency of payment of these monetary benefits may be subject of the agreement between employer and employee or any recognized or collective bargaining agent of employees.

Section 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.

Section 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.

Section 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.

Section 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.

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

Approved,