

FIFTEENTH CONGRESS)
OF THE REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

House Bill No. 1894

Introduced by Representative Ben P. Evardone

EXPLANATORY NOTE

A huge portion of any company's success is attributable to the toils and dedication of its workers. Frankly speaking, without labor, a firm will not be able to produce anything at all. It, however, goes without saying that without businesses, labor is simply just an unutilized resource and therefore cannot obtain any benefit. This therefore implies that both agents should be working on the same side, both eyeing a common goal of maximizing their welfare through cooperation.

To this end, the 1987 Philippine Constitution mandates the State to regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable return on investments, and to its expansion of growth (Par 4, Section 3, Article XIII). In line with this, the proposed measure seeks to grant workers in the private sector an annual productivity incentive bonus, which shall be equivalent to not less than ten percent (10%) of net profits before taxes gained by their respective companies. By providing such an incentive, the workers will feel that their productivity is a function of their income, thus pushing them to increase their contribution to their companies' production.

Agents in an economy respond and work according to the incentives they are facing. By providing incentives that will enjoin agents to maximize their capacities, thereby expanding the country's aggregate production, the country will be able to enjoy the benefits of increased economic activities such as improved accessibility of goods and services in the market as well as rising quality of life.

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



BEN P. EVARDONE
Representative, Lone District of Eastern Samar

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AN ACT
GRANTING AN ANNUAL PRODUCTIVITY INCENTIVE TO ALL
WORKERS IN THE PRIVATE SECTOR, ESTABLISHING MECHANISMS
FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

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

1 SECTION 1. Title. - This Act shall be known as the "Workers Productivity
2 Incentives Act of 2010."
3

4 SEC. 2. Statement of Policy. - It is hereby declared the policy of the State to
5 continuously empower the Filipino workers in their continuing struggle to uplift and
6 improve their lives through policies that effectively contribute to greater economic
7 gains, protection of their rights and advancement of their welfare. The State shall,
8 therefore, promote the rights of workers in their just and fair share in the profits
9 from the production of goods and services in all endeavors where their labors and
10 expertise are employed by virtue of a management-labor/employer-employee
11 relation.
12

13 SEC. 3. Extent of Grant. -- All workers in the private sector regardless of their
14 employment status and not excluded by this Act shall be granted an annual
15 productivity incentive bonus which shall be equivalent to not less than ten percent
16 (10%) of net profits before taxes gained by any company or business establishment
17 for every fiscal year that engages their labor, skills and expertise for any period or
18 duration, provided that they have worked for at least one month during the calendar
19 year. If the employee worked for only a portion of the year, the productivity
20 incentive bonus shall be computed pro rata.
21

22 SEC. 4. Rule Making Power - The Department of Labor and Employment, in
23 consultation with the National Wages and Productivity Commission, Bureau of
24 Internal Revenue, and representatives from the labor and employer sectors shall
25 promulgate and issue within six (6) months from the effectivity of this Act such
26 rules and regulations as are necessary to implement the provisions hereof.
27

28 SEC.5. Non-diminution of Benefits. - Nothing in this Act shall be construed to
29 diminish or reduce any benefits and other privileges enjoyed by the workers under
30 existing laws, decrees, executive orders, company policy or practice, or any
31 agreement or contract between the employer and employees.
32

33 SEC. 6. Unlawful interference or restraint. - It shall be unlawful for an employer or
34 labor union or for any government official or employee and any other business
35 enterprise or entity to interfere with, restrain or coerce employees in the right to
36 receive this grant and to require as a condition of employment that the employee
37 shall, not collect this grant in his favor.
38

39 SEC. 7. Exemptions. - The provisions of this Act shall not apply to government-
40 owned and controlled corporations with original charters; managerial employees;
41 house helpers; non-resident aliens; workers who are paid by results as determined

1 by the Secretary of Labor in appropriate regulations and those employees or workers
2 in companies or enterprises undergoing receivership/liquidation. Applications for
3 exemption strictly in accordance with those exempted employers, enterprises or
4 establishments herein stated shall be duly filed with the Office of the Regional
5 Director of the Department of Labor and Employment (DOLE) whose decision can
6 be appealed to the DOLE Secretary within ten (10) days from its promulgation.
7

8 SEC. 8. Compliance Order. - All Regional Directors of the DOLE shall issue an
9 annual compliance order for the payment of the grant as provided for in this Act.
10 The order shall, among other things, direct the employer or manager to pay the
11 amount due each worker or employee, thirty (30) days after the end of every fiscal
12 year and shall also include the computation on which the order was based.
13

14 SEC. 9. Penalties. - Any person, corporation, trust, firm, partnership, association or
15 entity which refuses or fails to pay the herein prescribed grant in accordance with
16 this Act shall be directly liable to the affected worker for thrice (3x) the accrued
17 grant plus moral damages not exceeding thirty thousand pesos (P30,000.00) for each
18 affected worker and imprisonment of not less than one (1) year nor more than two
19 (2) years and including the costs of litigation and attorney's fees.
20

21 If the violation is committed by a corporation, trust or firm, partnership,
22 association or entity the penalty of imprisonment shall be imposed on the entity's
23 responsible officers. If the violation is committed by a foreign individual, he/she
24 shall be summarily deported under applicable laws after complete satisfaction of his
25 adjudged liabilities.
26

27 SEC. 10. Separability Clause. - If any provision of this Act shall be declared
28 unconstitutional, any other provision not affected thereby shall remain in full force
29 and effect.
30

31 SEC. 11. Repealing Clause. - All laws, decrees, orders, rules and regulations, or
32 parts thereof inconsistent with this Act are hereby repealed or amended accordingly.
33

34 SEC. 12. Effectivity. - This Act shall take effect fifteen (15) days after its
35 publication in at least two (2) newspapers of general circulation.
36

37 Approved,