

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

15th CONGRESS

HOUSE BILL NO. 4527

07 APR 2011

1:15 PM

[Signature]

Introduced by Representative ARNEL U. TY

EXPLANATORY NOTE

This bill seeks to amend the provisions of the Labor Code particularly Article 96 thereof which provides that all service charges collected by hotels, restaurants and similar establishments shall be distributed at the rate of eighty-five percent (85%) for all covered employees and fifteen percent (15%) for management.

Section 3 Article 13 of the Constitution guarantees full protection to labor, and the policy of the law is to favor the welfare of the working class in recognition of the plight that they endure. The Constitution lists the seven basic rights of workers namely: the right to self-organization, collective bargaining and negotiations, peaceful concerted activities including the right to strike in accordance with law, security of tenure, humane conditions of work, right to a living wage and the right to participate in policy and decision-making processes affecting their rights and benefits.

But among these rights, the right to a just share in the fruits of production and to a living wage occupies a much higher priority.

In the hotel and restaurant industry, service charges are almost universally collected, such that Article 96 of the Labor Code even provides for its manner of distribution. But it is a sad to note that many employers collect service charges but do not distribute them to employees, or take a lion's share of its proceeds in violation of the law. What makes it worse is that the law itself provides for a share for employers when it is the employees of these establishments who actually provide the service. The employers not only profit from the sweat and talent of these workers, but also from the goodwill that they create because of their excellence in service.

To address this situation, this bill aims to give to the employees of these establishments what is rightfully theirs. The Constitution charges the State with the responsibility of regulating the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production. The passage of this bill shall allow it to do so. Approval is therefore earnestly sought.

[Signature]
ARNEL U. TY

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**AN ACT
AMENDING PRESIDENTIAL DECREE NO. 442,
ENTITLED "THE LABOR CODE OF THE PHILIPPINES"**

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

SECTION 1. Article 96 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, is hereby amended to read as follows:

Art. 96. Service charges. All service charges collected by hotels, restaurants and similar establishments **shall be remitted in full to all covered employees.** The share of the employees shall be equally distributed among them. In case the service charge is abolished, the share of the covered employees shall be considered integrated in their wages. **The failure of any employer to remit said service charges to its employees in accordance with this article shall be punishable by a fine of P100,000.00 for every instance.**

SECTION 2. Repealing Clause. - All other laws, decrees, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 3. Effectivity. - This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,