

Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 6650



Introduced by Representative Sherwin N. Tugna

AN ACT
PROVIDING THAT 100% OF THE SERVICE CHARGE COLLECTED IN HOTELS
AND OTHER ESTABLISHMENTS BE DISTRIBUTED TO ALL COVERED
EMPLOYEES AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Currently, Article 96 of the Labor Code provides that employees are entitled to only 85% of the service charge paid by customers in hotels, restaurants and similar establishments.

Section 18, Article II, of the Philippine Constitution, provides that the State shall protect the rights of workers and promote their welfare. In line with this Constitutionally-enshrined principle, there is a need to amend Article 96 of the Labor Code. Social justice is upheld and one is given what is due to him.

This bill seeks to address the concerns of the workers in these industries to distribute 100% of the service charge collected among the covered employees. Service charge is collected from the customers for the services rendered. Thus, it is but proper that the amount of service charge collected be given only to those who have rendered service, those who actually worked and made sure the experience of the customers has been delightful and wonderful.

This bill is also aligned with the various calls in other parts of the world to give 100% of the service charge to the employees who rendered the service. For example, in the United Kingdom, a survey conducted by the labor organization *Unite* revealed that approximately 90% of those who participated in the survey supports a bill that give staff 100% ownership rights over their hard earned tips.

In consideration of the above-stated, the immediate passage of this bill is earnestly sought.


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

1 Section 1. Article 96 of the Labor Code is hereby amended to read as follows:

2
3 ART. 96. Service Charges. - All service charges collected by hotels,
4 restaurants and similar establishments shall be FULLY distributed
5 ONLY [~~at the rate of eighty-five percent (85%)~~] for all covered
6 employees. [~~and fifteen percent (15%) for management.~~] The share of
7 the COVERED employees shall be equally distributed among [them].
8 In case the service charge is abolished, the share of the covered
9 employees shall be considered integrated in their wages.

10
11 Section 2. Nothing in this Act shall be construed as to diminish existing
12 benefits under present laws, company policies and collective bargaining agreements.

13
14 Section 3. All laws, executive orders, proclamations, presidential decrees,
15 rules and regulations and other issuances, or parts thereof, inconsistent with the
16 provisions of this Act are hereby repealed or modified accordingly.

17
18 Section 4. This Act shall take effect fifteen (15) days after its publication in the
19 Official Gazette or in at least two (2) national newspapers of general circulation.

20
21
22 Approved,