

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7270



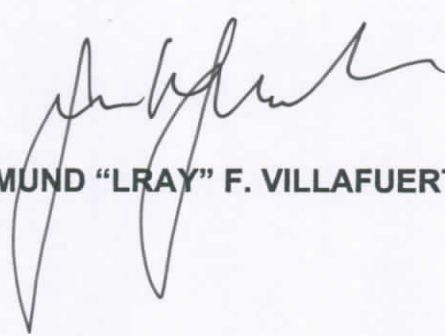
Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

The service charge paid by customers in hotels, restaurants and other similar establishments should entirely proceed to and be equally distributed among their covered employees and staff in line with the Constitutional mandate to protect the rights of all workers, and to promote their welfare.

Currently, Article 96 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, entitles the employees to 85% of the service charge paid by customers while only 15% goes to the establishments. Considering that employees who wait on tables and provide direct service to customers at the aforementioned establishments are usually minimum wage earners, the service charge and other gratuities from customers represent significant addition to their income, as well as an effective incentive to boost their morale at work. This bill shall ensure that the entire amount of service charges accumulated shall no longer pass through any other pair of hands, but will proceed straight to those who rendered direct service and courtesy to customers.

In light of the foregoing, the amendment of Article 96 of the Labor Code is hereby proposed. The immediate approval of his bill is humbly sought.


LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

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

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

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

ART. 96. Service Charges. - 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. The share of the employees shall be] **COMPLETELY AND** equally [distributed] among [them] **THE COVERED EMPLOYEES**. In case the service charge is abolished, the share of the covered employees shall be considered integrated in their wages.

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

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

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

Approved,