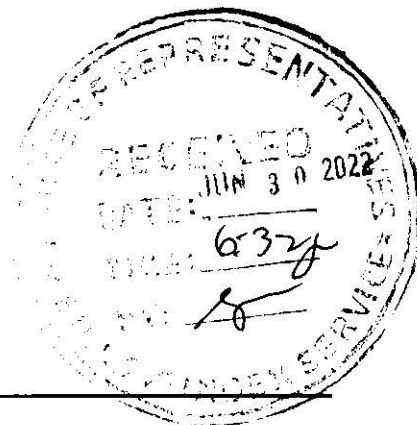


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

House Bill No. 520



Introduced by Representatives Ron P. Salo

EXPLANATORY NOTE

Section 18 of Article II of the 1987 Philippine Constitution explicitly provides that the State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

Presidential Decree No. 851 institutionalized the 13th Month Pay in recognition of the continuing struggle of the labor force in providing for the needs of their families, as well as in incentivizing them to work harder for the betterment of the economy and the society, in general, and for the good of their respective employers, in particular.

However, despite the existence of the 13th Month Pay, many Filipino families still struggle to sufficiently provide for their families because of meager salaries, among others. With the continuously rising cost of living in the Philippines, it is incumbent upon the State to address the plight of its workers in both the government and private sectors.

In this proposal, it is mandated that all employers in the government and private sector shall be required to give their employees a 14th Month Pay, regardless of the employees' status of employment. The 13th Month Pay shall be paid to the employees on or before May 31 of each year in anticipation of the school enrollment of the employees' dependents. The 14th Month pay shall be given to the employees on or before November 30 of each year in time for the traditional Christmas celebrations.

The 14th month pay also aims to incentivize and motivate all employees to work harder and increase productivity.

In view of the foregoing, the approval of this bill is urgently sought.


RON P. SALO
KABAYAN Partylist

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

NINETEENTH CONGRESS
First Regular Session

House Bill No. 520

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AN ACT
MANDATING 14TH MONTH PAY
FOR ALL EMPLOYEES IN THE GOVERNMENT AND PRIVATE SECTOR
REGARDLESS OF STATUS OF EMPLOYMENT

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.”

SEC. 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.

SEC. 3. 14th Month Pay. – All employees in the private sector entitled to 13th month pay shall also be entitled to 14th month pay, which shall be equivalent to one month of the employees’ total basic monthly salary.

SEC. 4. Government Employees. – All government employees regardless of their employment status shall also be entitled to both 13th month pay and 14th month pay.

SEC. 5. Exempted Employers. – The rules governing the exemption of employers in the private sector from paying 13th month pay shall also apply to 14th month pay.

SEC. 6. Schedule of Release of 13th and 14th Month Pay. – The existing 13th month pay shall be released by the employer on or before May 31 and the 14th month pay shall be released on or before November 30 of each calendar year.

SEC. 7. Prorated 14th Month Pay. – For employees employed for less than one (1) year, their 14th month pay shall be prorated according to the number of months served. In no case shall the 14th month pay be less than 1/12 of the employees’ total basic monthly salary.

SEC. 8. Tax Implications. – The 14th month pay shall be excluded from the computation of the employee's gross income; Provided, that it shall not exceed the allowed exemptions pursuant to the National Internal Revenue Code or its Implementing Rules and Regulations.

SEC. 9. Implementing Rules and Regulations. – The necessary rules and regulations to carry out the provisions of this Act shall be issued within thirty (30) days from the approval of this Act by the: (a) Department of Labor for the private sector; (b) Department of Finance (DOF) and Department of Budget and Management (DBM), in consultation and Civil Service Commission (CSC), for the government sector; (c) SSS for its members; and (d) GSIS for its members.

SEC. 10. Separability Clause. – If any provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain valid.

SEC. 11. Repealing Clause. – All acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

SEC. 12. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved.