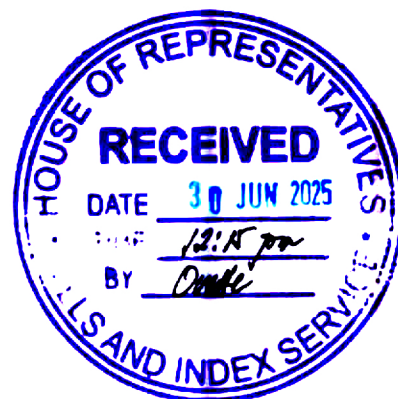




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH (20TH) CONGRESS
First Regular Session

HOUSE BILL NO. 95



Introduced by KAMANGGAGAWA Partylist
Representative **ELIJAH R. SAN FERNANDO**

EXPLANATORY NOTE

Every day, millions of Filipino workers wake up before dawn to endure long, exhausting commutes — squirming in crowded jeepneys, riding their motorcycles under the scorching sun, or even walking miles under the blistering heat or rain just to reach their workplaces. Many of them work in hazardous conditions: construction workers inhale toxic substances, some factory workers operate heavy equipment without safety gear, and hospitality industry workers are on the job for 12-hour shifts without adequate rest. These are just a few scenarios among the daily plights workers go through and just a glimpse of the risks they are vulnerable to.

Amidst all these difficulties, tens of thousands of workers — particularly those in the informal economy, on temporary contracts, or on a daily wage basis — cannot risk taking even one day off when they are sick. A factory worker with a fever has to decide whether to rest and recover or forego a day's pay that their family needs. A jeepney driver suffering from backache grinds through the ache because not going out in the streets means no money for food or medicine. Even white-collar workers, beset by high costs of living, tend to set their health aside — working despite being ill in fear of losing their jobs.

The International Labor Organization (ILO) defines social health protection¹ as a set of public or publicly organized and mandated private measures to achieve effective access to affordable, quality health care and financial protection in case of sickness. Social health protection is further reinforced by ILO's Social Security Convention², wherein the establishment of sickness benefits is recommended to cover the incapacity of workers to

¹ ILO, Social Health Protection: An ILO Strategy towards universal access to healthcare. (2008)

² ILO, Social Security (Minimum Standards) Convention, 1952 (No. 102).

report to work due to morbid health conditions, with benefits such as paid sick leaves to compensate lost work days of workers due to illness.

At present, the law of the land stipulates the importance of the labor sector and the provision of safety nets for our workers, under Section 18 of Article II of the 1987 Constitution: "The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare." Moreover, the rights of workers to just and humane conditions are enshrined in Section 3 of Article XIII:

"The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all. It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage."

Despite these constitutional guarantees, millions of Filipino workers — particularly those in the informal sector and non-regular employment — lack access to paid sick and vacation leaves, leaving them vulnerable to financial instability and long-term health risks. At present, Presidential Decree No. 442, otherwise known as The Labor Code of the Philippines, only mandates the provision of five (5) days of Service Incentive Leave (SIL)³ for employees who have rendered at least one (1) year of service. This leave allocation is not only inadequate, but also not on par with that of our neighboring countries.

The Socialist Republic of Vietnam, for example, entitled their workers to fully paid annual leave⁴ of at least twelve (12) working days for employees in normal working conditions and at least fourteen (14) to sixteen (16) working days for those in heavy, dangerous, or toxic jobs/harsh living conditions. On top of that, the number of days of their statutory annual paid leave increases according to the period of employment by one (1) day for every five (5) years of continuous employment.⁵

Another notable example is the labor policy of Japan. The Labour Standards Law of Japan allows employees who have rendered at least six (6) months of service to a ten (10) day annual paid leave⁶, which also increases appropriately in number according to the length of continuous employment under the same employer.

³ Article 95, Labor Code of the Philippines, as amended and renumbered. (2022) Sourced: natlex.ilo.org/dyn/natlex2/natlex2/files/download/15242/PHL15242%202022.pdf

⁴ Article 74, Labour Code of the Socialist Republic of Vietnam, as amended. (2019) Sourced: natlex.ilo.org/dyn/natlex2/r/natlex/fe/details?p3_isn=110469

⁵ Ibid., Article 75.

⁶ Article 39, Labour Standards Law of Japan, as amended. (2008) Sourced: www.warnathgroup.com/wp-content/uploads/2017/11/Japan-Labor-Standards-Act-2008.pdf

While in Australia, their government grants all employees (except casual employees) four (4) weeks of paid annual leave⁷. In addition, there is a separate paid personal/carer's leave of ten (10) days⁸ allotted to be used specifically for illness or injury of the employee or their immediate family.

Policy-wise, the Philippines notably lacks dedicated and compelling legislation to mandate the provision of adequate, humane, and reasonable paid sick and vacation leaves for workers, as they rightfully deserve. Without such policies, our workers rely solely on collective bargaining agreements or on the prerogative, or often goodwill, of employers to grant them these incentives.

A recent survey highlights that the Philippines is among the poorest-performing countries worldwide in terms of work-life balance. According to Remote's Global Life-Work Balance Index of 2024⁹, the nation ranks 59th out of 60 countries assessed according to statutory annual leave, access to healthcare, public safety, and average hours worked per week. Filipino workers often contend with lengthy hours and low salaries, underscoring the challenging conditions they face.

This proposed measure accordingly seeks to rectify this gap by mandating a minimum of ten (10) days each of paid sick and vacation leave annually for all workers, regardless of their employment status, ensuring the protection of their well-being and productivity. By institutionalizing a universal paid leave system, the constitutional mandate to prioritize workers' rights, promote public health, and enhance economic resilience shall be fulfilled.

The State must act decisively to protect its workforce — the backbone of national development and drivers of economic growth.

In solidarity with the working class, the passage of this bill is earnestly sought.



ELIJAH R. SAN FERNANDO
Representative
KAMANGGAGAWA PARTYLIST

⁷ Section 86, Fair Work Act of 2009. (2009) Sourced: <https://www.legislation.gov.au/C2009A00028/asmade/text>

⁸ Ibid., Section 95.

⁹ <https://remote.com/en-ph/resources/research/global-life-work-balance-index>



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HOUSE BILL NO. 95

Introduced by KAMANGGAGAWA Partylist
Representative **ELIJAH R. SAN FERNANDO**

AN ACT
PROVIDING SICK LEAVE AND VACATION LEAVE BENEFITS TO ALL
EMPLOYEES, AMENDING FOR THE PURPOSE ARTICLE 95 OF PRESIDENTIAL
DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE
OF THE PHILIPPINES

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

SECTION 1. Short Title. – This Act shall be known as the “*Sick and Vacation Leave Act of 2025.*”

SEC. 2. Declaration of Policy. – The State affirms labor as a primary social economic force. To this end, the State shall uphold policies that support a healthy, motivated, and productive workforce. It shall safeguard the health of workers, promote work-life balance, and improve the mental health and morale of Filipino workers.

SEC. 3. Definition of Terms. - As used in this Act, unless the context otherwise requires, the following terms shall mean:

- (a) *Sick Leave* is compensated work days lost due to illness of workers.
- (b) *Vacation Leave* is compensated day off from work for the purpose of rest, relaxation, or personal business at the request of the employee and with the concurrence of the employer.

SEC. 4. Mandatory Sick Leaves and Vacation Leaves. – Chapter III of Presidential Decree No. 442, as amended, is hereby further amended and renumbered thereafter to read as follows:

“Chapter III - Holidays, [Service Incentive Leaves] SICK LEAVES,
VACATION LEAVES, and Service Charges

ART. 94. Right to Holiday Pay. –

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ART. 95. Right to [Service Incentive Leave] SICK LEAVE AND VACATION LEAVE. –

[(a) Every employee who has rendered at least one year of service shall be entitled to a yearly service incentive leave of five days with pay.

(b) This provision shall not apply to those who are already enjoying the benefit herein provided, those enjoying vacation leave with pay of at least five days and those employed in establishments regularly employing less than ten employees or in establishments exempted from granting this benefit by the Secretary of Labor and Employment after considering the viability or financial condition of such establishment.

(c) The grant of benefit in excess of that provided herein shall not be made a subject of arbitration or any court or administrative action.]

(A) EVERY EMPLOYEE SHALL BE ENTITLED TO A YEARLY PAID SICK LEAVE OF AT LEAST TEN (10) DAYS, REGARDLESS OF EMPLOYMENT STATUS, WHETHER REGULAR, CONTRACTUAL, CASUAL, AND OTHERS. SUCH PAID SICK LEAVE SHALL BE GRANTED AFTER ONE (1) YEAR OF CONTINUOUS EMPLOYMENT UNDER THE SAME EMPLOYER AND MAY BE ACCUMULATED, SUBJECT TO THE RULES SET FORTH HEREIN.

(B) EVERY EMPLOYEE SHALL BE ENTITLED TO A YEARLY PAID VACATION LEAVE OF AT LEAST TEN (10) DAYS, REGARDLESS OF EMPLOYMENT STATUS, WHETHER REGULAR, CONTRACTUAL, OR CASUAL. SUCH PAID VACATION LEAVE SHALL BE GRANTED AFTER ONE (1) YEAR OF CONTINUOUS EMPLOYMENT UNDER THE SAME EMPLOYER AND MAY BE ACCUMULATED, SUBJECT TO THE RULES SET FORTH HEREIN.

(C) EMPLOYERS SHALL ENSURE THAT EMPLOYEES ARE GRANTED THEIR EARNED SICK LEAVE AND VACATION LEAVE, RESPECTIVELY, AND SHALL PAY THE FULL DAILY RATE OF THE EMPLOYEE DURING USE OF SUCH LEAVE.

(D) SICK LEAVE AND VACATION LEAVE CREDITS SHALL BE PROVIDED EACH YEAR. THE ACCRUAL OF WHICH SHALL COMMENCE FROM THE DATE OF EMPLOYMENT AND SHALL BE VALID FOR ONE (1) YEAR FROM THE DATE THEY ARE GRANTED, UNLESS OTHERWISE SPECIFIED IN COLLECTIVE BARGAINING AGREEMENTS (CBA)."

(E) FOR THOSE EMPLOYED IN ESTABLISHMENTS REGULARLY EMPLOYING LESS THAN TEN (10) EMPLOYEES OR IN ESTABLISHMENTS DETERMINED BY THE SECRETARY OF LABOR AND EMPLOYMENT AFTER CONSIDERING THE VIABILITY OR

FINANCIAL SITUATION OF SUCH ESTABLISHMENT, THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL DETERMINE THE APPROPRIATE NUMBER OF REQUIRED SICK AND VACATION LEAVES ANNUALLY: PROVIDED, THAT THE EMPLOYEE SHALL BE ENTITLED TO A COMBINATION OF SICK LEAVE AND VACATION LEAVE OF NOT LOWER THAN FIVE (5) DAYS PER YEAR.

THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL DETERMINE THE EQUITABLE COMPUTATION ACCORDING TO THE VIABILITY OR FINANCIAL SITUATION OF THE EMPLOYER, AND THEREAFTER RECOMMEND THE APPROPRIATE NUMBER OF MANDATORY LEAVES TO BE ADHERED TO BY SUCH.

(F) THE LEAVE BENEFITS IN EXCESS OF THAT PROVIDED HEREIN SHALL NOT CAUSE THE EMPLOYERS TO DECREASE EXISTING LEAVE BENEFITS GRANTED TO EMPLOYEES, NOR SHALL IT CAUSE EMPLOYERS TO INVALIDATE EXECUTED CBAs. FURTHER, THE GRANT OF THE LEAVE BENEFIT IN EXCESS SHALL NOT BE MADE A SUBJECT OF ARBITRATION OR ANY COURT OR ADMINISTRATIVE ACTION.

ART. 96. Service Charges. – All service charges collected by hotels, restaurants and similar establishments shall be distributed completely and equally among the covered workers except managerial employees.

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SEC. 5. *Implementing Rules and Regulations.* – Within sixty (60) days from the approval of this Act, the Department of Labor and Employment (DOLE) shall promulgate the rules and regulations implementing the provisions of this Act.

SEC. 6. *Repealing Clause.* – All laws, presidential decrees, executive orders, memoranda, rules, and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 7. *Separability Clause.* – If any part or provision of this Act is declared unconstitutional or invalid, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 8. *Effectivity.* – This Act shall take effect sixty (60) days after its publication in the Official Gazette or a newspaper of general circulation.

Approved,