



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH (20TH) CONGRESS
First Regular Session

HOUSE BILL NO. 97



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

EXPLANATORY NOTE

This bill seeks to institutionalize the right of private sector employees in the Philippines to receive resignation pay under justifiable circumstances. While Book VI, Articles 283 and 287 of the Labor Code of the Philippines provide mechanisms for separation and retirement pay, respectively, it does not currently mandate any form of compensation for employees who voluntarily resign, even in cases involving career shifts, serious health issues, or relocation.

Throughout the years, worker groups have continuously pushed for higher wages, better working conditions, and, more importantly, job security. It is imperative to provide employees with resignation pay to help them support themselves and their families during the period between jobs, especially if the resignation is due to forced circumstances. It also allows employees to leave a job with dignity, reducing the likelihood of conflict or legal disputes.

The proposed measure aligns with Article XIII, Section 3 of the 1987 Constitution, to promote social justice in all phases of national development and enhance the welfare and dignity of Filipino employees.

Notably, the spirit of our law is already realized in the Italian: *Codice civile* (Civil Code), Article 2120, Section 1, stating that in the case of termination of an employment relationship for any reason, the employee is entitled to severance pay, regardless of their employment status (full-time, part-time, fixed-term, or open-ended), whether voluntarily by resignation or due to dismissal by the employer.

To address the gap within our local labor conditions, the Resignation Pay Act of 2025 bill ensures that Filipino employees, who have rendered substantial service to a

company, whether forced to resign or resigning under legally recognized grounds, are given compensation fairly. The proposed half-month pay per year of service mirrors the existing provisions of the Labor Code of the Philippines, and the measure includes clear exclusions to prevent abuse.

The proposed legislation strengthens labor protection and promotes responsible employment transitions while enhancing the welfare and dignity of Filipino workers.

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



ELIJAH R. SAN FERNANDO
Representative
KAMANGGAGAWA PARTYLIST



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AN ACT
GRANTING EMPLOYEES IN THE PRIVATE SECTOR RESIGNATION PAY,
AMENDING FOR THE PURPOSE ARTICLE 300 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 “*Resignation Pay Act of 2025.*”

SEC. 2. Declaration of Policy. – The State shall afford full protection to labor, organized and unorganized, and promote full employment and equality of employment opportunities for all. Consistent with this, the State shall foster social justice through policies that provide better working conditions and support mechanisms that preserve and enhance the welfare and dignity of the Filipino working class.

SEC. 3. Objectives. – The Act shall have the following objectives:

- (a) Ensure that employees who resign due to legitimate, justifiable reasons receive remuneration despite their voluntary separation from service;
- (b) Complement existing provisions of the Labor Code of the Philippines by introducing protection for voluntary separations under compassionate grounds;
- (c) Establish clear mechanisms and consequences for situations where resignation is forced or made under unlawful pressure, thereby deterring constructive dismissal and promoting fair labor relations; and
- (d) Promote social justice in employment by treating resignation as the right to leave, and also a process that deserves recognition and humane treatment.

SEC. 4. Definition of Terms. – For purposes of this Act, the following terms are defined as follows:

- (a) **Resignation** shall refer to the voluntary act of an employee who is in a situation where one believes that personal reasons cannot be sacrificed in favor of the exigency of the service, and one has no other choice but to dissociate oneself from employment; and
- (b) **Resignation pay** shall refer to the payment to be received by qualified employees if they voluntarily separate from employment under justifiable circumstances.

SEC. 5. Resignation Pay. – There shall be incorporated after Article 300 of the Labor Code, as amended, a new article to read as follows:

“ARTICLE 300-A. RESIGNATION PAY. – (A) THIS APPLIES TO ALL EMPLOYEES IN THE PRIVATE SECTOR, REGARDLESS OF STATUS, WHETHER WORKING AS A REGULAR, CONTRACTUAL, OR CASUAL EMPLOYEE, INCLUSIVE OF BOTH NON-AGRICULTURAL AND AGRICULTURAL EMPLOYMENT.

(B) AN EMPLOYEE SHALL BE ENTITLED TO RESIGNATION PAY IF THE RESIGNATION IS DUE TO ANY OF THE FOLLOWING JUSTIFIABLE GROUNDS:

1. WHEN THE HONOR AND PERSON OF AN EMPLOYEE IS SUBJECTED TO SERIOUS INSULT BY THE EMPLOYER OR HIS REPRESENTATIVE;
2. WHEN AN EMPLOYEE IS ACCORDED INHUMAN AND UNBEARABLE TREATMENT BY THE EMPLOYER OR HIS REPRESENTATIVES;
3. WHEN A CRIME OR OFFENSE IS COMMISSIONED BY THE EMPLOYER OR HIS REPRESENTATIVE AGAINST THE PERSON OF THE EMPLOYEE OR ANY OF THE IMMEDIATE MEMBERS OF HIS FAMILY;
4. CAREER SHIFT, TRANSITION, OR TRANSFER OF THE EMPLOYEE TO ANOTHER COMPANY WITH BETTER WORKING CONDITIONS AND HIGHER PAY;
5. SERIOUS ILLNESS OF THE EMPLOYEE’S IMMEDIATE FAMILY MEMBER, WITHIN THE THIRD DEGREE OF CONSANGUINITY OR AFFINITY, INCLUDING COMMON-LAW SPOUSE, AS CERTIFIED BY A LICENSED PHYSICIAN;
6. RELOCATION OF RESIDENCE TO A DISTANT AREA DUE TO MARRIAGE, FAMILIAL OBLIGATIONS, OR OTHER LEGITIMATE CAUSES; OR

7. OTHER CAUSES ANALOGOUS TO ANY OF THE FOREGOING,
WHICH MAY COMPEL THE EMPLOYEE TO TERMINATE THE
EMPLOYER-EMPLOYEE RELATIONSHIP.”

SEC. 6. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Department of Labor and Employment, in coordination with the Bureau of Internal Revenue and other affected agencies, shall issue the Implementing Rules and Regulations for the immediate implementation of this Act.

SEC. 7. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall remain in full force and effect.

SEC. 8. *Repealing Clause.* – All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 9. *Effectivity.* – This Act shall take effect sixty (60) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,