

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8697



Introduced by: Hon. Keith Micah "Atty. Mike" D.L. Tan

AN ACT
INCREASING THE SERVICE INCENTIVE LEAVE OF EMPLOYEES, AMENDING FOR THE PURPOSE ARTICLE 95 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES

EXPLANATORY NOTE

Not every company is as generous as the other when it comes to the provision of sick and vacation leaves. Moreover, there is no mention of sick and vacation leave in the Labor Code of the Philippines. Instead, Article 95 of the Labor Code introduces the Service Incentive Leave (SIL)¹.

SIL is a fundamental employee benefit in the Philippine labor system, designed to provide workers with paid time off for rest and recreation. Under the guidelines issued by the Department of Labor and Employment (DOLE), unused SIL can be converted to cash, ensuring that employees receive monetary compensation for unavailed leave credits².

Every employee who has rendered at least one (1) year of service is entitled to SIL of five (5) days³ with pay. Employees relying on the very limited five (5) SIL credits are left vulnerable to illness, emergencies, and other fortuitous events that could cost them a day of paid work.

This bill seeks to promote the health of our workforce by increasing the number of SILs from five to ten. A similar measure was sent to the Senate for consideration during the 18th Congress, but was not approved due to the lack of material time.

In the interest of social justice, immediate approval of this bill is earnestly sought.


Keith Micah "Atty. Mike" D.L. Tan
4th District, Quezon

¹ De Guzman, M. (2023, January 25). *According to DOLE, here's how many paid leaves you're entitled to every year*. [Spot.ph](#).

² Respicio, H. (2025, November 2). *Service incentive leave conversion DOLE guidelines Philippines*. Respicio & Co.

³ Department of Labor and Employment's (DOLE) 2022 Handbook on the Statutory Monetary Benefits

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

SECTION 1. Article 95 of Presidential Decree No. 442, as amended, is hereby amended to read as follows:

"Article 95. Right to service incentive leave —

- (a) Every employee who has rendered at least one year of service shall be entitled to a yearly service incentive of ~~five~~ TEN days with pay, PROVIDED, THAT THE EMPLOYEE SHALL BE ENTITLED TO CONVERT ONLY FIVE DAYS OF LEAVE TO ITS MONEY EQUIVALENT IF NOT USED OR EXHAUSTED AT THE END OF THE YEAR.
- (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~~ TEN days, and those employed in establishments regularly employing less than ten employees or in establishments exempted from granting the 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.”

SEC. 2. *Implementing Rules and Regulations.* — Within ninety (90) days from the effectivity of this Act, the Department of Labor and Employment and other government agencies charged with the administration and enforcement of the Labor Code of the Philippines or any of its parts, in consultation with relevant stakeholders, shall issue the implementing rules and regulations (IRR) for the effective implementation of this Act.

SEC. 3. *Separability Clause.* — If any portion or provision of this Act is declared unconstitutional, the remainder hereof or any provisions not affected thereby shall remain in force and effect.

SEC. 4. *Repealing Clause.* — Any law, presidential decree or issuance, executive order, letter of instruction, rule, or regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

SEC. 5. *Effectivity.* — This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,