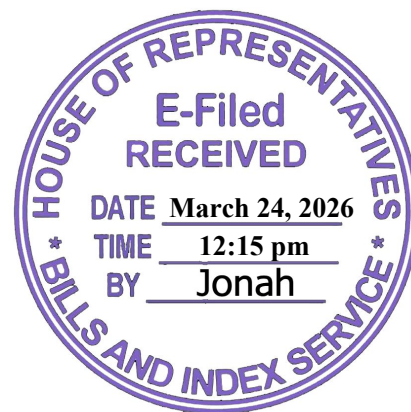


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8741**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

The Service Incentive Leave (SIL) is one of the basic benefits granted to employees under the Labor Code. At present, however, workers are entitled to only five (5) days of service incentive leave annually. This has long been regarded as insufficient, especially given the increasing demands of modern work, the need for work-life balance, and the growing recognition of the importance of rest, health, and family time in sustaining productivity.

Under existing labor standards, the Philippines provides only the minimum five (5) days SIL after one year of service, which may be converted to cash if unused. Compared to international benchmarks, this falls short. Studies and labor reports indicate that many countries provide at least twelve (12) to fourteen (14) days of paid leave annually. Within the ASEAN region, the average paid leave benefit already exceeds the current Philippine standard, highlighting the need to update existing policies in line with global labor practices.

Moreover, research from labor and health institutions, including reports associated with the Department of Labor and Employment (DOLE), the International Labour Organization (ILO), and the World Health Organization (WHO), show that adequate rest periods significantly improve worker productivity and well-being. Employees who are able to take sufficient leave experience up to a 20–30% increase in productivity, while studies also reveal that around 60% of workers experience work-related stress or burnout due to insufficient rest and prolonged working hours.

This measure seeks to increase the service incentive leave from five (5) days to ten (10) days with pay. At the same time, it introduces a fair balance by allowing employees to convert only up to five (5) unused days into its monetary equivalent. In this way, the law encourages employees to actually use their leave days for rest and personal well-being, while also ensuring that employers are not unduly burdened.

The proposed amendment strengthens the protection of labor as mandated by the Constitution. It recognizes the dignity of work, values the welfare of employees, and fosters a healthier and more productive workforce. It is likewise consistent with global labor standards that acknowledge adequate rest periods as essential to sustainable development and inclusive economic growth.

¹LaborLawPh (2025). Service Incentive Leave. Available at <https://laborlaw.ph/service-incentive-leave/>

In view of the foregoing, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'N. Oducado', with a small circular stamp or mark at the end of the signature.

REP. NATHANIEL “ATTY. NAT” M. ODUCADO
1Tahanan Party List

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8741**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

**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**

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “*Service Incentive Leave Act*
2 *of 2026.*”

3 **SEC. 2. Amendment to Article 95 of the Labor Code.** – Article 95 of Presidential Decree
4 No. 442, as amended, is hereby amended to read as follows:

5 “Article 95. Right to service incentive leave –

6 a) Every employee who has rendered at least one year of service shall be entitled to a
7 yearly service incentive leave of [~~five~~] **TEN** days with pay, **PROVIDED THAT,**
8 **THE EMPLOYEE SHALL BE ENTITLED TO CONVERT ONLY FIVE DAYS**
9 **OF LEAVE TO ITS MONEY EQUIVALENT IF NOT USED OR EXHAUSTED**
10 **AT THE END OF THE YEAR.**

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

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

19 **SEC. 3. *Implementing Rules and Regulations.*** – Within ninety (90) days from the
20 approval of this Act, the Department of Labor and Employment, in consultation with relevant
21 stakeholders, shall promulgate the implementing rules and regulations of this Act.

1 **SEC. 4. *Repealing Clause.*** – All statutory laws, orders, issuances, rules and regulations,
2 and/or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or
3 modified accordingly.

4 **SEC. 5. *Separability Clause.*** – If any portion or provision of this Act is declared invalid
5 or unconstitutional, the portions or provisions which are not affected shall remain valid and
6 effective.

7 **SEC. 6. *Effectivity.*** – This Act shall take effect after fifteen (15) days following its
8 publication in the *Official Gazette* or in two (2) newspapers of general circulation.

9 *Approved,*