



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



TWENTIETH (20TH) CONGRESS
First Regular Session

HOUSE BILL NO. 9158

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

EXPLANATORY NOTE

The 1987 Constitution places the dignity and welfare of workers at the center of national development. Article II, Section 18 expressly declares that the State affirms labor as a primary social and economic force and shall protect workers' rights and promote their welfare. This guarantee is reinforced by Article II, Section 10, which directs the State to promote social justice in all phases of national development, and by Article II, Section 9, which commands the State to build a just and dynamic social order that shall free the people from poverty through policies that promote full employment, a rising standard of living, and an improved quality of life for all. Complementing these principles, Article XII, Section 1 mandates a more equitable distribution of opportunities, income, and wealth, while Article XIII, Section 3(2) specifically requires the State to afford full protection to labor and guarantee the rights of all workers to humane conditions of work and a living wage. Taken together, these provisions establish a clear constitutional duty: economic progress must be shared with the workers whose labor makes such progress possible.

For decades, the Filipino worker has carried the weight of economic growth while receiving an increasingly diminished share of its rewards. Although Presidential Decree No. 851 institutionalized the 13th-month pay in 1975 as a vital form of income support, the economic realities confronting workers today are far different from those that existed when the decree was issued. The cost of food, transportation, housing, utilities, education, healthcare, and other household necessities has steadily risen, while wages for many workers remain stretched across growing family obligations. As

inflation erodes purchasing power and everyday expenses continue to climb, many employees find that their regular earnings and existing statutory benefits are no longer sufficient to provide genuine financial security.

This burden is felt most sharply by ordinary wage earners who live from paycheck to paycheck. For millions of workers, a single salary is expected to cover rent, school expenses, medicine, debt payments, transportation costs, and daily subsistence. Any unexpected expense can immediately destabilize household finances. In such conditions, labor is performed honestly and continuously, yet economic vulnerability remains constant. No worker who contributes productively to society should remain trapped in perpetual precarity despite full and faithful work.

The existing 13th-month pay remains an important protection, but standing alone, it no longer fully answers present realities. A policy that was adequate decades ago must evolve when social and economic conditions have fundamentally changed. Just as the law once recognized the need for an additional mandatory benefit to preserve the real value of wages, the present moment calls for renewed legislative action responsive to contemporary burdens faced by workers and their families.

This measure therefore mandates a 14th-month pay for employees in the private sector who are already entitled to receive the 13th-month pay under existing law. To ensure coherence and administrative efficiency, the bill adopts, as far as practicable, the existing legal framework governing the 13th-month pay, including its standards, mechanisms, and implementing principles. In doing so, the measure avoids unnecessary duplication while providing a clear and workable extension of an already familiar labor standard.

The proposed reform is not merely an additional monetary grant but a recognition that the value created by labor must be more fairly shared with those whose work sustains enterprises and drives the national economy. Additional income in the hands of workers is also income that returns to local markets through spending on food, education, transportation, housing, and other essential goods and services. When workers gain greater financial breathing room, families become more resilient, communities become more stable, and the broader economy becomes stronger.

More importantly, this bill affirms a basic principle of justice: those who work with dignity deserve compensation that allows them to live with dignity. In advancing this measure, the State gives fuller meaning to its constitutional promise that labor shall be protected, welfare shall be promoted, and prosperity shall not be reserved for a few but shared by all.

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



ELIJAH R. SAN FERNANDO

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AN ACT
MANDATING A 14TH MONTH PAY FOR EMPLOYEES IN THE PRIVATE SECTOR

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 “14th-Month Pay Act.”

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to affirm labor as a primary social and economic force, protect the rights of workers, and promote their welfare, consistent with the constitutional mandates to advance social justice, promote a rising standard of living, improve the quality of life for all, and ensure a more equitable distribution of opportunities, income, and wealth.

The State further recognizes that persistent inflation, rising household expenses, and changing economic conditions continue to erode the real value of wages and place working families under increasing financial strain. Accordingly, it shall strengthen the income security of employees, enable workers to meet essential family needs, and ensure that the gains of economic growth and productivity are more fairly shared.

To this end, the State shall require the grant of a 14th-month pay for covered employees in the private sector as an additional statutory monetary benefit, without diminishing existing benefits under law, contract, collective bargaining agreement, or established practice.

SECTION 3. *Coverage.* – All employees in the private sector who are entitled to receive 13th-month pay under Presidential Decree No. 851, its implementing rules and regulations, and subsequent laws, rules, regulations, or jurisprudence, shall likewise be entitled to receive a 14th-Month Pay under this Act.

SECTION 4. *Application of Existing Rules on 13th-Month Pay.* – Except as otherwise provided in this Act, the definitions, standards, conditions, exemptions, exclusions, enforcement mechanisms, remedies, and other rules governing the grant, computation, payment, and recovery of the 13th Month Pay under Presidential Decree No. 851, its implementing rules and regulations, and subsequent laws, rules, regulations, or jurisprudence shall apply suppletorily to the 14th-Month Pay insofar as they are consistent with this Act.

SECTION 5. *Mandatory Grant of 14th-Month Pay.* – Every covered employee shall be entitled to one (1) additional mandatory monetary benefit each calendar year to be known as the 14th-Month Pay.

Unless a higher amount is granted by the employer, the minimum 14th-Month Pay shall be equivalent to the amount required for 13th-Month Pay.

SECTION 6. *Schedule of Payment.* – The 14th-Month Pay shall be paid not later than December 24 of every year.

The employer may release the same in installments or on earlier dates, or pursuant to a collective bargaining agreement or company policy: *Provided*, that the full amount due is completely paid not later than December 24.

SECTION 7. *Exemption for Equivalent Existing Benefits.* – Employers already granting a 14th-Month Pay or another analogous benefit of substantially equivalent or greater monetary value in a calendar year at the time of effectivity of this Act shall be deemed in compliance, to the extent of such benefit.

SECTION 8. *Non-Diminution of Benefits.* – Nothing in this Act shall be construed to reduce, eliminate, offset, or in any manner diminish wages, bonuses, allowances, or other benefits already enjoyed by employees under law, contract, collective bargaining agreement, company policy, or established practice.

SECTION 9. *Implementing Rules and Regulations.* – Within thirty (30) days from the effectivity of this Act, the Secretary of Labor and Employment shall, after due

consultation with representatives of labor and employers, promulgate the rules and regulations necessary for the effective implementation of this Act.

SECTION 10. *Repealing Clause.* – All other laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 11. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining parts or provisions hereof not affected thereby shall remain in full force and effect.

SECTION 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication, in English and Filipino, in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,