

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

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10237



Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

EXPLANATORY NOTE

The proposed measure seeks to amend Article 95 of Presidential Decree (“P.D.” No. 442, otherwise known as the Labor Code of the Philippines, by increasing the Service Incentive Leave (“SIL”) from five (5) days to ten (10) days with pay, in recognition of the evolving demands of the modern workplace and the State’s constitutional duty to protect labor. Under *Article XIII, Section 3 of the 1987 Constitution of the Philippines*, the State is mandated to afford full protection to labor, promote humane working conditions, and ensure the well-being of workers. However, the current statutory minimum of five (5) days SIL has remained unchanged for decades, despite significant shifts in labor conditions, increased work intensity, and growing awareness of the importance of employee health and work-life balance

SIL, a mandatory benefit for employees with at least one year of service, provides essential paid leave for rest and personal contingencies. The Philippine Supreme Court has reinforced SIL as a mandatory benefit that must be provided or converted to cash if unused.^{1,2}

The proposed increase to ten (10) days is grounded on both policy and empirical considerations. Studies across jurisdictions show that adequate rest periods significantly improve employee productivity, reduce burnout, and enhance overall well-being. The World Health Organization has classified burnout as an occupational phenomenon linked to chronic workplace stress,³ while research literature demonstrates that paid

¹ *Auto Bus Transp. Sys., Inc. v. Bautista*, G.R. No. 156367, 491 Phil. 353 (2005).

² *JPL Mktg. Promotions v. Ct. App.*, G.R. No. 151966, 501 Phil. 366 (2005).

³ World Health Organization. (2019, May 28). *Burn-out an "occupational phenomenon": International Classification of Diseases*. <https://www.who.int/news/item/28-05-2019-burn-out-an-occupational-phenomenon-international-classification-of-diseases>

leave contributes to improved job satisfaction and mental health.⁴ Moreover, international labor standards and practices in many countries provide for longer paid leave periods, typically ranging from ten (10) to twenty (20) days annually, indicating that the Philippine standard is relatively low.⁵ Aligning the country's labor policies with these benchmarks will not only strengthen worker protections but also improve competitiveness by fostering a healthier, more productive workforce.

From an economic perspective, increasing the SIL is not merely a cost imposition on employers but a strategic investment in human capital. Evidence shows that employees who are given sufficient rest are less likely to incur absenteeism, more likely to remain in their jobs, and generally perform better.⁶ Thus, enhanced leave benefits reduce turnover costs and increase organizational efficiency. This is consistent with the State's policy of promoting both labor welfare and industrial productivity.

This proposed measure complements the objectives of the Republic Act No. 11058, which mandates the provision of safe and healthy working conditions, and the Republic Act No. 11036, which recognizes the importance of mental health in the workplace. By expanding leave benefits, the State reinforces these policies and provides workers with the time they need to recover from physical and psychological stress.

Furthermore, the bill retains important safeguards for employers by maintaining existing exemptions, such as for establishments with fewer than ten (10) employees and those already providing equal or superior leave benefits. This ensures that the measure remains balanced, taking into account both labor protection and business viability. At the same time, the non-diminution clause embedded in labor law principles is preserved, ensuring that employees continue to enjoy benefits already granted to them.

Increasing the Service Incentive Leave to ten (10) days is a necessary and timely reform that responds to contemporary labor realities. It upholds the constitutional mandate to protect labor, aligns domestic policy with international standards, promotes worker health and productivity, and ensures a more humane and equitable workplace. By strengthening this fundamental labor benefit, the State affirms its commitment to the dignity, welfare, and overall well-being of Filipino workers.

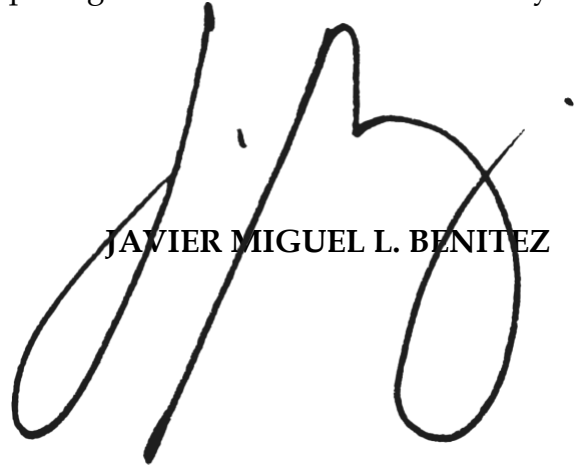
⁴ Westover, J. H. (2014). The impact of paid leave on employee job satisfaction and motivation. *Journal of Applied Business and Economics*, 16(3), 21–32.

⁵ International Labour Organization. (2022). *Working Time and Work-Life Balance Around the World*. ILO Publications.

⁶ Deery, S., & Jago, L. (2015). Revisiting talent management, work-life balance and retention strategies. *International Journal of Contemporary Hospitality Management*, 27(3), 453–472. <https://doi.org/10.1108/IJCHM-12-2013-0538>

This bill has been approved by the House of Representatives in the 19th Congress and was transmitted to the Senate for its consideration and approval. However, due to lack of material time, this proposed measure was not enacted into law.

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



JAVIER MIGUEL L. BENITEZ

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

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10237

Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

**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:*

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 leave of ~~five~~ **TEN** 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~~ **TEN** 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 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 approval of this Act, the Department of Labor and Employment shall promulgate the rules

and regulations implementing the provisions of this Act, which shall take effect thirty (30) days after its publication in any newspaper of general circulation.

SEC. 3. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 4. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,