Senate
Office of the Secretary

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SENATE

S. No. 1705

Introduced by Senator Christopher Lawrence "Bong" T. Go

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

Article 95 of the Labor Code of the Philippines mandates employers to give their employees a yearly service incentive leave (SIL) of five (5) days with pay. The SIL shall be granted to a worker who has been in service within 12 months, whether continuous or broken, reckoned from the date the employee started working, including authorized absences and paid regular holidays.

However, the same Code also provides that if the employer opts to grant employees with vacation leaves of at least five (5) days, the employer shall be deemed compliant with the mandatory grant of the SIL. In effect, the mandatory leave credits are at a minimum of five (5) days only and other leaves.

To further incentivize employees, this bill seeks to amend the Labor Code by increasing service incentive leave from 5 days to 10 days for every year of service rendered. The granting of this additional incentive leave is in recognition to the critical role and sacrifices that employees play in nation-building. This measure also aims to boost the morale and satisfaction of employees which are manifested in increased productivity and minimize the risk of health and safety issues among employees.

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

SENATOR CHRISTOPHER LAWRENCE "BONG" T. GO

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

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

3   "Article 95. Right to service incentive leave. --

4   "(a) Every employee who has rendered at least one year of
5   service shall be entitled to a yearly service incentive leave of [five] TEN
6   days with pay.

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

13   "(c) The grant of benefit in excess of that provided herein shall
14   not be made a subject of arbitration or any court or administrative
15   action."

16 Sec. 2. *Implementing rules and regulations.* – Within ninety (90) days from the
17 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. *Separability clause.* – If for any reason any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

Sec. 4. *Repealing clause.* – All laws or parts of laws, presidential decrees, executive orders, circulars, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

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

Approved,