

Republic of the Philippines  
HOUSE OF REPRESENTATIVES

Quezon City, Metro Manila

SEVENTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 402

HOUSE OF REPRESENTATIVES	
<b>RECEIVED</b>	
DATE:	<u>30 JUN 2016</u>
TIME:	<u>2:00 pm</u>
BY:	<u>[Signature]</u>
REGISTRATION UNIT BILLS AND INDEX SERVICE	

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Introduced by Representative Rodrigo A. Abellanos

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**EXPLANATORY NOTE**

Our workers have continuously fought for sufficient wages that will provide their families with comfortable lives. Their battle, having seen small victories, though, has yet to be won. Those of us who sought public office chose to do so because we all want to serve the people. We may not fully succeed in immediately uplifting the quality of their lives, but in smaller ways, we all aim to alleviate their plight somehow.

This bill seeks to provide additional benefits for our working classes by providing for the mandatory payment of the 14<sup>th</sup> month pay. In 1976, Presidential Decree No. 851 institutionalized the 13<sup>th</sup> month pay in recognition of the masses' continuous struggle to provide the needs of their families. It also recognized the tradition culturally ingrained in our society of celebrating the Christmas holidays.

More recently, the government has taken the first step in making this 14<sup>th</sup> month pay possible for government employees through Executive Order No. 201 signed in February 2016. We cannot leave our privately-employed workers empty-handed, can we?

Many workers strive to barely keep their heads above water with their meager salaries while education continues to be a drain to their resources. Every year, when school opens, our workers find themselves in a fix trying to provide for their dependents' (be it their children, siblings, nephews, nieces, or any relative/acquaintance they have taken under their wing) school fees and other educational requirements. In this connection, this bill proposes that the additional month's pay be included in workers' compensation packages to cover for such expenses, making our labor force's lives a little easier, while ensuring that the youth have access to education.

This bill also recognizes that motivation is a key factor in promoting productivity in our workforce. Rewards have proven to be useful drivers of motivation and such additional structured incentive may be expected to translate to more effective personnel and efficient operations.

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



RODRIGO A. ABELLANOSA

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AN ACT  
REQUIRING ALL EMPLOYERS TO PAY THEIR EMPLOYEES  
A 14<sup>TH</sup> MONTH SALARY

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

SECTION 1. *Short Title.* - This Act shall be known as the "14<sup>th</sup> Month Salary Act."

SEC. 2. *Incentive.* - All employers are hereby required to pay all their employees, regardless of the nature of their employment, a 14<sup>th</sup>-month salary every year, in an amount equivalent to the 13<sup>th</sup>-month pay.

SEC. 3. *Schedule of Release.* - The existing 13<sup>th</sup>-month pay shall be released on or before the end of June of every year while the 14<sup>th</sup>-month salary shall be released on or before the end of December of each year. Provided, that the frequency of payment may be the subject of agreement between employer and employee or any recognized/collective bargaining agent of employees.

SEC. 4. *Tax implications.* - The 14<sup>th</sup>-month salary, along with the 13<sup>th</sup>-month pay and other benefits, shall be excluded from the computation of gross income. Provided, however, that the total exclusion shall not exceed eighty-two thousand pesos (P82,000), as mandated in the National Internal Revenue Code, as amended.

SEC. 5. *Implementing Rules and Regulations.* - The Secretary of Labor and Employment shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 5. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 6. *Repealing Clause.* - All laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 7. *Effectivity.* - This Act shall take effect on January 1, 2017, following its publication in at least two (2) newspapers of general circulation.

Approved,