Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH (18th) CONGRESS
First Regular Session

HOUSE BILL NO. 2501

Introduced by REP. JOSE CHRISTOPHER Y. BELMONTE

EXPLANATORY NOTE

First filed in the 16th Congress, "The 14th Month Salary Law" or House Bill No. 6239 was authored by Rep. Rodrigo Abellanosa. The same measure was filed in the 17th Congress as House Bill No. 402 by the same representative. The bill has been pending with the Committee on Labor and Employment since.

This bill was filed cognizant to Section 18, Article II of the 1987 Constitution which provides that the State affirms labor as a primary social economic force, and that it shall protect the rights of workers and promote their welfare. Presidential Decree No. 851 instituted the 13th month pay for all employees receiving a basic salary of not more than PhP 1,000.00 a month, regardless of the nature of their employment. PD No. 851 was enacted to respond to worldwide inflation, to the stagnation of the legal minimum wage, and to cushion expenses during the Christmas season.

Since the enactment of the 13th Month Pay Law in December of 1975, there has been a need to provide additional compensation for ordinary employees in order to support their additional mid-year expenses for enrollment fees, miscellaneous expenses, books, bags, uniforms, and other costs. The additional compensation also shoulders any expenses that may be incurred from medical and health needs or other emergencies.

This bill aims to give employees additional compensation in light of meeting the daily needs of minimum wage earners and with respect to the surge in the increase of prices of food, petroleum, and other commodities brought by the enactment of the Tax Reform Acceleration and Inclusion (TRAIN) Law as well as by the trends in the global oil prices, the strength of the peso, and domestic demands.

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

[Signature]
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AN ACT
MANDATING THE 14TH MONTH PAY FOR ALL EMPLOYEES IN THE
GOVERNMENT AND PRIVATE SECTOR REGARDLESS OF STATUS OF
EMPLOYMENT

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

SECTION 1. Short Title. – This Act shall be known as the “14th Month Pay
Law.”

SEC. 2. Declaration of Policy. – The State affirms labor as a primary social
economic force. It shall protect the rights of workers and promote their welfare.

SEC. 3. 14th Month Pay. – All employees in the private sector entitled to 13th
month pay shall also be entitled to 14th month pay, which shall be equivalent to one
month of the employees’ total basic monthly salary.

SEC. 4. Government Employees. – All government employees regardless of
their employment status shall also be entitled to both 13th month pay and 14th month
pay.

SEC. 5. Exempted Employers. – The rules governing the exemption of
employers in the private sector from paying 13th month pay shall also apply to 14th
month pay.

SEC. 6. Schedule of Release of 13th and 14th Month Pay. – The existing 13th
month pay shall be released by the employer on or before May 31 and the 14th month

pay shall be released on or before November 30 of each calendar year.

SEC. 7. Prorated 14th Month Pay. – For employees employed for less than one (1) year, their 14th month pay shall be prorated according to the number of months served. In no case shall the 14th month pay be less than 1/12 of the employees’ total basic monthly salary.

SEC. 8. Tax Implications. – The 14th month pay shall be excluded from the computation of the employee’s gross income. Provided, however, that the total 14th month pay shall not exceed ninety thousand pesos (PhP 90,000.00) as mandated by law.

SEC. 9. SSS and GSIS. – All Social Security System (SSS) and Government Social Insurance Service (GSIS) pensioners shall also be entitled to 13th and 14th month benefits. The SSS and GSIS shall ensure that the premiums paid shall include the 13th and 14th month benefits.

SEC. 10. Implementing Rules and Regulations. – The necessary rules and regulations to carry out the provisions of this Act shall be issued within thirty (30) days from the approval of this Act by the: (a) Department of Labor and Employment (DOLE) for the private sector; (b) Department of Finance (DOF) and Department of Budget and Management (DBM), in consultation with the Civil Service Commission (CSC), for the government sector; (c) SSS for its members; and (d) GSIS for its members.

SEC. 11. Separability Clause. – If any provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain valid.

SEC 12. Repealing Clause. – All acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

SEC. 13. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,