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SENATE

S. B. NO. 1614

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Introduced by Senator JOEL VILLANUEVA

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**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 currently grants every employee who has rendered at least one year of service to a yearly service incentive leave of only five days with pay.

Recent studies have shown, however, that taking leaves increases the productivity of workers, improves employee morale, fosters stronger employee retention and gives significant health benefits. Meanwhile, some research also suggests that the cost of paid leaves to employers is very little, "in terms of temporary employee replacement costs or overtime paid to existing employees and has few if any costs—and potentially gains—in terms of employee morale and productivity."<sup>1</sup> In fact, in the Philippines, private companies often give vacation and sick leaves to their employees, above the mandatory five-day service incentive leave under the Labor Code, as an additional benefit.

Given the benefits of giving paid leaves to employees, this bill seeks to increase the mandatory 5-day service incentive leave under the Labor Code to 10 days.

The immediate passage of this bill is earnestly sought.

  
SENATOR JOEL VILLANUEVA

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<sup>1</sup> Paid Parental Leave in the United States: What the data tell us about access, usage, and economic and health benefits. Available at <https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/B334-Paid%20Parental%20Leave%20in%20the%20United%20States.pdf> (date last accessed: November 16, 2017)



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KNOWN AS THE LABOR CODE OF THE PHILIPPINES**

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

3  
4 **SECTION 1.** Article 95 of Presidential Decree No. 442, as amended, is hereby  
5 amended to read as follows:  
6

7 "Article 95. *Right to service incentive leave* – (a) Every employee who  
8 has rendered at least one year of service shall be entitled to a yearly  
9 service incentive leave of [five] TEN days with pay.

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

17  
18 (c) The grant of benefit in excess of that provided herein shall not be  
19 made a subject of arbitration or any court or administrative action."  
20

21 **SEC. 2. Implementing Rules and Regulations.** – Within ninety (90) days from the  
22 approval of this Act, the Department of Labor and Employment, in consultation with  
23 relevant stakeholders, shall promulgate the implementing rules and regulations of  
24 this Act.  
25

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

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

7  
8  
9 **Approved,**

10