

EIGHTEENTH CONGRESS OF THE }
REPUBLIC OF THE PHILIPPINES }
First Regular Session }

SENATE
S.B. No. 10

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INTRODUCED BY SENATOR VICENTE C. SOTTO III

AN ACT
REQUIRING EMPLOYERS IN THE PRIVATE SECTOR
TO PAY 14th MONTH PAY

EXPLANATORY NOTE

The Constitution, Article II, Section 18 provides:

"The State affirms labor as primary social economic force. It shall protect the rights of workers and promote their welfare."

We recognize the indispensable need to provide our Filipino laborers, both from the public and private sectors additional 14th month pay. Every now and then, various labor groups have been petitioning for the increase in minimum wage. Wages have invisibly decreased due to the rise in prices of basic commodities. Improved business earnings have not cascaded on its own. The 13th month pay is gobbled up by Christmas expenses. We need extra earnings in the middle of the year to help in school and medical expenses. Health and education needs of the ordinary Filipino must be assisted by our government. This will make the maxim attributed to President Ramon Magsaysay become a reality- "*Those who have less in life should have more in law.*"

In view thereof, immediate approval of this bill is requested.


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

1 SECTION 1: **Short Title.** - This act shall be known as the *14th Month*
2 *Pay Law*".

3 SECTION 2. **Declaration of Policy.** - The State affirms labor as a
4 primary social economic force. It shall protect the rights of workers and
5 promote their welfare.

6 SECTION 3. **Coverage.** - This act shall cover all non-government rank
7 and file employees regardless of their employment status, designation and
8 irrespective of the method by which their wages are paid provided that they
9 have worked at least one month during the calendar year.

10 SECTION 4. **Definition of Terms.** - As used in this Act:

11 a. Rank and File Employees - are those not considered as managerial
12 employees. They are not vested with powers or prerogatives to lay
13 down and execute management policies and/or to hire, transfer,
14 suspend, layoff, recall discharge, assign or discipline employees or
15 to effectively recommend such managerial actions.

16 b. Basic Salary - for the purpose of computing the 14th month pay
17 shall include all remunerations or earning paid by this employer
18 for services rendered but does not include allowances and

1 monetary benefits which are not considered or integrated as part of
2 the regular or basic salary.

3 SECTION 5. **Mandatory Payment of 14th Month Pay.** - All non-
4 government rank and file employees shall be entitled to 14th month pay
5 every year.

6 SECTION 6. **Time of Payment.** - The 13th month pay shall be paid
7 not later than June 14th and the 14th month pay shall be paid not later
8 than December 24th of every year provided however that the frequency of
9 payment of this monetary benefit may be the subject of agreement between
10 employer and employee or any recognized/collective bargaining agent of
11 employees.

12 SECTION 7. **Minimum Amount.** - The minimum amount of the 14th
13 month pay shall not be less than 1/ 12 of the total basic salary earned by
14 the employee within the calendar year.

15 SECTION 8. **Implementing Rules.** - Within sixty days from the
16 enactment of this law, the Secretary of the Department of Labor and
17 Employment (DOLE) shall promulgate the implementing rules of this law.

18 SECTION 9. **Separability Clause.** - If any provision of this Act is
19 declared invalid or unconstitutional, other provisions hereof which are not
20 affected thereby shall continue to be in full force and effect.

21 SECTION 10. **Repealing Clause.** - Any law, presidential decree or
22 issuance, executive order, letter of instruction, administrative order, rule or
23 regulation contrary to or inconsistent with any provision of this Act as
24 hereby amended or modified accordingly.

25 SECTION 11. **Effectivity Clause.** - This Act shall take fifteen (15)
26 days following its publication in the Official Gazette or in at least two (2)
27 newspaper of general circulation.

Approved,