

OFFICE OF THE SECRETARY

14th Congress of the Republic)
of the Philippines)
First Regular Session)

7 AUG 21 1951

SENATE

RECEIVED BY: JA

S. No. 1481

Introduced by Senator Aquilino Q. Pimentel, Jr.

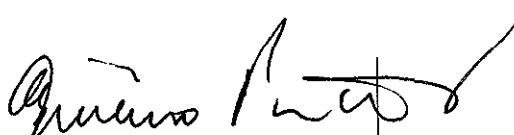
EXPLANATORY NOTE

This bill seeks to provide incentives to all industrial enterprises which grant proportionate bonuses to their employees and whose employees voluntarily agree to maintain industrial peace.

Under this measure, it is proposed that business enterprises establish a Labor-Management Cooperation Committee to create an incentive program, initiated by both employers and unorganized employees. An Incentive Program is a three-year program whereby the employer agrees to grant proportionate salary bonuses based on production for the past three (3) consecutive years, cost, manpower and similar variables; and, the employees agree to maintain industrial peace.

An incentives program duly decided upon by at least a majority of the members of the Labor-Management Cooperation Committee shall be granted the right of tax deduction double that of the bonuses given to the employees.

The immediate passage of this bill is earnestly requested.


AQUILINO Q. PIMENTEL, JR.

14th Congress of the Republic)
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AN ACT
TO PROVIDE FURTHER INCENTIVES TO LABOR AND INDUSTRIAL
ENTERPRISES TO THE END THAT BOTH PRODUCTIVITY AND
INCOME WILL BE INCREASED

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

SECTION 1. Title. – This Act shall be known as “Industrial Incentives
Act of 2007”.

SECTION 2. Declaration of Policy. – It is the declared policy of
the government to provide incentives to all industrial enterprises which grant
proportionate bonuses to their employees and whose employees voluntarily agree
to maintain industrial peace.

SECTION 3. Definition of Terms. – As used in this Act:

1. “*Industrial enterprise*” refers to the business enterprise engaged in the
production, manufacturing or processing of goods duly certified as
such by the pertinent government offices.
2. “*Labor-Management Cooperation Committees*” refer to negotiating
bodies created by both employers and unorganized employees to
establish an incentives program.

3. “*Incentives Program*” refers to a three-year program whereby the employer agrees to grant proportionate salary bonuses based on production for the past three (3) consecutive years, cost, manpower and similar variables; and, the employees agree to maintain industrial peace.
4. “*Industrial Peace*” refers to the state of labor and management relations wherein the parties thru the Labor-Management Cooperation Committee (LMMC) voluntarily decide, by at least a majority of all the members thereof, against strikes, lockouts or similar means which disrupt operations and production of the enterprise, except when an unfair labor practice is committed by other party.
5. “*Tax deductions*” refer to deductions from gross income as determined by the National Internal Revenue Code, as amended.

SECTION 4. Labor-Management Cooperation Committee.

– An industrial enterprise may establish a Labor-Management Cooperation Committee to create an incentive program; **Provided**, That such Labor-Management Cooperation Committee shall be composed of an equal number of representatives from employees and management duly chosen and agreed upon by both of them.

SECTION 5. Approval and Notification. – An industrial enterprise which adopts an incentives program shall submit copies of the same to the Department of Labor and Employment and to the Bureau of Internal Revenue for approval and notification, respectively.

SECTION 6. **Benefits.** – Subject to the provisions of Section 3 (3) and (4) hereof, and industrial enterprise which adopts an incentives program duly decided upon by at least a majority of the members of the Labor-Management Cooperation Committee shall be granted the right of tax deduction double that of the bonuses given to the employees. Manpower training and special studies abroad shall be granted to qualified employees of the industrial enterprises pursuant to a program prepared by the appropriate government agencies.

SECTION 7. **Rule-Making Power.** – The Secretary of the Department of Labor and Employment and the Commissioner of the Bureau of Internal Revenue are hereby authorized to promulgate such rules and regulations necessary to carry out the provisions of this Act.

SECTION 8. **Penalty.** – Any person who shall make any fraudulent claim under this Act, regardless whether a tax refund has been granted, shall, upon conviction, be punished with imprisonment of not less than six months and not more than one year, or a fine of not less than *ten thousand pesos* but not more than twenty thousand pesos, or both, without prejudice to prosecution and punishment for any other offense punishable under the Revised Penal Code or any other penal statute.

In case of partnerships or corporations, the managing partner, general manager, or chief executive officer, as the case may be, shall be held criminally liable.

SECTION 9. **Separability Clause.** – If any provision of this Act is held invalid, any other provision not affected shall continue to be valid and effective.

SECTION 10. Repealing Clause. – Any law, executive order, letter of instruction, or any part thereof, which is inconsistent with any provisions of this Act is hereby repealed or amended accordingly.

SECTION 11. Effectivity Clause. – This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,