Senate
Office of the Secretary

TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

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SENATE

S. No. 2626

RECEIVED BY:

AN ACT PROVIDING ADDITIONAL YEAR-END HOLIDAY PAY FOR COVERED EMPLOYEES, AMENDING ARTICLE 94 OF THE LABOR CODE OF THE PHILIPPINES

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

Every December, we see a familiar change in the rhythm of life in the Philippines. Families make their way home, markets and commercial centers become busier, and people spend much of what they have earned and saved throughout the year. While many workplaces wind down as the year draws to a close, countless Filipino workers find themselves working through the holidays to keep the country moving.

The Labor Code already recognizes the sacrifice involved in working on a regular holiday by requiring employers to pay covered employees at least twice their regular wage for a full normal workday.[1] At the close of the year, however, workers are called upon to meet the demands of an economy that is particularly active at a time when much of the country is taking a break.

There is a reason why economic activity builds up so markedly toward the end of the year. Under Presidential Decree No. 851, as modified by Memorandum Order No. 28, covered employers are required to pay their rank-and-file employees their

[1] Presidential Decree No. 442, as amended, Labor Code of the Philippines, Art. 94(b). Department of Labor and Employment, Book III – Conditions of Employment.

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13th-month pay no later than December 24.[2] This comes alongside the release of year-end bonuses, cash gifts, and other benefits in both the public and private sectors. In 2026 alone, the Department of Budget and Management (DBM) set aside approximately ₱83 billion for the year-end bonuses and cash gifts of qualified government personnel.[3] The concentration of these income flows within a relatively short period gives Filipino households greater purchasing power and stimulates demand for goods and services across the country. While private-sector rank-and-file workers are entitled to mandatory 13th-month pay, additional year-end bonuses and cash gifts are generally not guaranteed by law. An enhanced year-end labor standard would be a concrete step toward narrowing this disparity in benefits.

The contribution of overseas Filipinos is equally significant. In December 2025, cash remittances reached a record US$3.52 billion, while personal remittances amounted to US$3.89 billion, according to data from the Bangko Sentral ng Pilipinas (BSP).[4] The scale of consumer activity is reflected in the experience of SM Prime Holdings, Inc., which recorded 153 million mall visits that December, approximately 33% above its monthly average of 115 million.[5]

We see the same pattern in the movement of people. The Philippine Ports Authority (PPA) recorded 6.28 million sea passengers from December 15, 2025 to January 5, 2026,[6] with average daily traffic about 25% higher than its January to

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[2] Presidential Decree No. 851 (Dec. 16, 1975), sec. 1, as modified by Memorandum Order No. 28 (Aug. 13, 1986).

[3] Department of Budget and Management (DBM), "P83-B Set Aside for Year-End Bonus, Cash Gift of Government Workers," Press Release, November 7, 2026, https://www.dbm.gov.ph/index.php/management-2/4367-dbm-p83-b-set-aside-for-year-end-bonus-cash-gift-of-government-workers (allocating ₱82.998 billion—₱73.449 billion for year-end bonuses and ₱9.549 billion for cash gifts—for FY 2026).

[4] Bangko Sentral ng Pilipinas (BSP) data, as reported in Ian Nicolas P. Cigaral, "Holiday transfers pushed remittances to new record high in 2025," Philippine Daily Inquirer, February 17, 2026, https://business.inquirer.net/574650/holiday-transfers-pushed-2025-remittances-to-new-record-high; and "Philippine cash remittances hit record $3.52b in December," Asian Banking & Finance, February 16, 2026, https://asianbankingandfinance.net/lending-credit/news/philippine-cash-remittances-hit-record-352b-in-december.

[5] SM Prime Holdings, Inc., "SM Malls Average 115 Million Monthly Visits," Company Release, February 26, 2026, https://www.smprime.com/company_releases/sm-malls-average-115-million-monthly-visits/.

[6] Philippine Ports Authority (PPA) data, as reported in "PPA logs record 6.28M holiday travelers across domestic routes," PortCalls Asia, January 6, 2026, https://portcalls.com/ppa-logs-record-6-28m-

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October 2025 average[7] and 66% higher than during the 2025 Undas period.[8] Passenger traffic at the Ninoy Aquino International Airport (NAIA) similarly reached 4.86 million in December 2025 and a record 4.96 million in January 2026.[9]

What distinguishes this period is the convergence of income, spending, travel, and demand for services on a nationwide scale, year after year. The year-end holidays of December 25 and January 1 mark the close of this annual surge and the transition into a new calendar year. Even as many workplaces suspend ordinary operations, businesses serving the public and providers of essential services must continue to meet the needs of the population. This creates a particular tension between the demand for labor and the opportunity of workers to rest and be with their families.

Behind the goods we buy, the journeys we make, and the services we rely on are people whose work cannot always wait until the holidays are over. Retailers, restaurants, and hotels may benefit from stronger consumer demand, while hospitals, utilities, and other essential services must remain operational regardless of whether their revenues increase. Where businesses benefit from the year-end surge, workers deserve a fair share in the economic activity they help generate. Where uninterrupted service is necessary, their additional sacrifice deserves recognition as well. A higher holiday premium gives employers a reason to weigh the necessity of requiring employees to work and provides fairer compensation when their services are needed.

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holiday-travelers-across-domestic-routes/ (recording 6.28 million passengers from December 15, 2025 to January 5, 2026).

[7] Philippine Ports Authority (PPA), "PPA Sets New Solid Record in Revenue," Press Release, November 27, 2025, https://ppa.com.ph/node/22054; see also "PPA poised to hit 2025 targets, optimistic of steady performance," PortCalls Asia, December 16, 2025, https://portcalls.com/ppa-poised-to-hit-2025-targets-optimistic-of-steady-performance/ (reporting 69.13 million sea passengers handled during the first 10 months of 2025).

[8] Philippine Ports Authority (PPA) data, as reported in "Undas 2026 passenger traffic at slow phase — PPA," Daily Tribune, November 2, 2026, https://tribune.net.ph/2026/11/01/undas-2026-passenger-traffic-at-slow-phase-ppa (noting 1.7 million passengers used PPA-governed ports during the 10-day Undas 2025 period from October 27 to November 5, 2025).

[9] New NAIA Infra Corp. (NNIC), "NAIA closes 2025 with highest passenger traffic on record," Press Release, December 31, 2025, https://newnaia.com.ph/news/naia-closes-2025-with-highest-passenger-traffic-on-record (reporting 52.02 million total passengers in 2025, with December as the busiest month at 4.86 million); and NNIC, "NAIA hits record 4.96 million passengers in January 2026 after holiday surge," Press Release, February 5, 2026, https://newnaia.com.ph/news/naia-hits-record-496-million-passengers-in-january-2026-after-holiday-surge.

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The proposed Year-End Holiday Triple Pay Act recognizes the distinctive demands of work at the turn of the year through an additional compensation standard. It raises the minimum pay for work on December 25 and January 1 from double to triple pay, with additional compensation for work during the late evening hours immediately preceding these holidays. By confining the additional rates to a few predictable dates each year and retaining existing statutory exemptions, the measure seeks to balance the welfare of workers with the ability of employers, particularly smaller enterprises, to plan for the additional cost.

Other holidays hold significant meaning for different communities across the Philippines, and their existing statutory benefits are fully preserved. The distinction drawn by this measure rests on the recurring economic and labor conditions at the turn of the year. Every covered employee who renders qualifying work is entitled to the same protection, regardless of faith, personal belief, or observance.

The Constitution affirms labor as a primary social economic force and guarantees workers just and humane conditions of work. The prosperity generated at the close of the year should be reflected in the compensation of the people whose labor helps make it possible.

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

LOREN LEGARDA

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Introduced by Senator Loren Legarda

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

Section 1. *Short Title.* — This Act shall be known as the "Year-End Holiday Triple Pay Act."

Section 2. *Amendment of Article 94 of the Labor Code.* — Article 94 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, is hereby amended to read as follows:

"ART. 94. Right to Holiday Pay. —

x x x

(b) The employer may require an employee to work on any holiday but such employee shall be paid a compensation equivalent to twice his regular rate: **PROVIDED, THAT AN EMPLOYEE COVERED BY THIS ARTICLE SHALL BE PAID NOT LESS THAN THREE HUNDRED PERCENT (300%) OF THE REGULAR HOURLY WAGE FOR EACH HOUR ACTUALLY WORKED DURING NORMAL WORKING HOURS ON DECEMBER 25 OR**

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JANUARY 1, PRORATED FOR FRACTIONS OF AN HOUR. ELIGIBLE EMPLOYEES SHALL RETAIN THEIR REGULAR HOLIDAY PAY FOR ANY UNWORKED NORMAL HOURS; AND

x x x"

Section 3. *Additional Compensation for Holiday-Eve Work.* — An employee covered by Article 94 of the Labor Code shall receive an additional amount equivalent to one hundred percent (100%) of the regular hourly wage for each hour actually worked from 10:00 p.m. until midnight on December 24 or December 31, prorated for fractions of an hour. Such amount shall be paid in addition to the wages and statutory premiums otherwise due, regardless of whether the shift extends into the following day.

Section 4. *Computation of Statutory Premiums.* — Applicable rest day, overtime, and night shift differential premiums for work performed on December 25 or January 1 shall be computed using the prescribed holiday work rate of not less than three hundred percent (300%) of the regular hourly wage, in accordance with existing law. Existing rules governing normal working hours and overtime shall continue to apply.

Section 5. *Non-Diminution of Benefits.* — Nothing in this Act shall be construed to diminish any more favorable wage, benefit, or entitlement under existing law, agreement, or established company practice.

Section 6. *Non-Discrimination.* — Entitlement to the additional holiday pay and compensation prescribed under this Act shall be based on the actual performance of qualifying work, regardless of the employee's religion, religious affiliation, personal beliefs, or manner of observing the covered holidays. Nothing in this Act shall be construed as granting preference to or discriminating against any religion or religious belief.

Section 7. *Implementing Guidelines.* — Within sixty (60) days from the effectivity of this Act, the Department of Labor and Employment (DOLE), after consultation with workers' and employers' representatives, shall issue guidelines on wage computation, partial-day work, overlapping premiums, shifts crossing midnight, timekeeping, and enforcement. After the first two annual year-end periods of implementation, the DOLE shall submit to Congress an assessment of compliance, worker benefits, employment

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and staffing effects, and the impact on employers, including micro, small, and medium enterprises, with recommendations as may be warranted.

Section 8. *Separability Clause.* — If any part or provision of this Act is declared unconstitutional or invalid, the remaining parts or provisions not affected thereby shall remain in full force and effect.

Section 9. *Repealing Clause.* — All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Section 10. *Effectivity.* — This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation: Provided, that the additional holiday pay and compensation prescribed under this Act shall apply to qualifying work performed beginning ninety (90) days after its effectivity.

Approved,



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