

[REPUBLIC ACT NO. 11360, August 07, 2019]

AN ACT PROVIDING THAT SERVICE CHARGES COLLECTED BY HOTELS, RESTAURANTS AND OTHER SIMILAR ESTABLISHMENTS BE DISTRIBUTED IN FULL TO ALL COVERED EMPLOYEES, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE "LABOR CODE OF THE PHILIPPINES"

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

SECTION 1. Article 96 of the Labor Code is amended to read as follows:

"Art. 96. *Service Charges.* - All service charges collected by hotels, restaurants and similar establishments shall be distributed completely and equally among the covered workers except managerial employees.

"In the event that the minimum wage is increased by law of wage order, service charges paid to the covered employees shall not be considered in determining the employer's compliance with the increased minimum wage.

"To facilitate resolution of any dispute between the management and the employees on the distribution of service charges, a grievance mechanism shall be established. If no grievance mechanism is established or if inadequate, the grievance shall be referred to the regional office of the Department of Labor and Employment which has jurisdiction over the workplace for conciliation.

"For purposes of this Article, managerial employees refer to any person vested with powers or prerogatives to lay down and execute management policies or hire, transfer, suspend, pay-off, recall, discharge, assign or discipline employees or to effectively recommend such managerial actions."

SEC. 2. Nothing in this Act shall be construed to diminish existing benefits under present laws, company policies, and collective bargaining agreements.

SEC. 3. Within sixty (60) days from the effectivity of this Act, the Secretary of Labor and Employment shall, in consultation with relevant stakeholders, issue the appropriate implementing rules and regulations of this Act.

SEC. 4. All laws, presidential decrees, proclamations, executive orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 5. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.