

BIPO TIMES



Fundamentals of Labour and Employment Laws in the Philippines

The Philippines has been one of the fastest growing economies in Asia due to rising investments and in the January 2018 Global Economic Prospects report released by the World Bank, it is expected to continue to lead growth, with gross domestic product (GDP) projected to grow 6.7 percent in 2018 and 2019.

The employment landscape in the Philippines is generally pro-labour and employee-friendly. Implemented by the Philippines' Department of Labour and Employment (DOLE), the principal government agency for labour and employment enforcement in the country, the Labour Code of the Philippines sets the basic rules for hiring and termination of employees, work conditions, employee benefits and compensation.

Minimum Wage

The minimum wage rate varies from one region to another and is set by the relevant Regional Tripartite Wages and Productivity Commission. Under the most recent wage order for the National Capital Region (which includes the cities of Caloocan, Las Pinas, Makati, Malabon, Navotas, Mandaluyong, Manila, Marikina, Muntinlupa, Paranaque, Pasay, Pasig, Quezon, San Juan, Taguig, Valenzuela and the Municipality of Pateros), the daily minimum gross basic wage is PHP481 plus daily cost of living allowance of PHP10.

Working Hours & Overtime

Working hours must not exceed eight hours per day or 48 hours per week. Employees have the right to a daily unpaid meal break of at least one hour or a paid 20-minute meal break. Employees who work beyond eight hours per day are entitled to overtime compensation of 25 percent on top of their regular wage rate, or 30 percent for work performed on a rest day.

Employees' entitlement to overtime pay depends on the nature of their duties and responsibilities. However, there are certain classes of employees who are not entitled to overtime pay and they include:

- Government employees;
- Managerial employees;
- Officers or members of the managerial staff;
- Field personnel;
- Members of the family of the employer who are dependent on him for support;
- Domestic helpers and persons in the personal service of another; and
- Employees who are paid by results, as determined by the Secretary of the Philippines' DOLE.

Leave & Holidays

Employees are not entitled to statutory sick leave. However, in practice, employees are given sick leave through a voluntary employer policy or collective bargaining agreements. Female employees are granted up to 78 days of paid maternity leave under the Philippines labour law. Male employees are also entitled to seven days of paid paternity leave.

There are 12 paid regular holidays each year when employees are entitled to be paid at the rate of their relevant daily pay. If employees are required to work on these holidays, they must be paid double of their regular pay. Additionally, there are three special non-working holidays when employees may not be required to work, but there is no justification to be paid on these days.

Personal Income Tax Rate

Foreign nationals working in the Philippines are termed as resident aliens based on the duration of their stay and employment period in the country. Income earned by such individuals is treated in the same manner as those of Philippine citizens and is taxed at source by the employer. In some cases, income tax is deducted at source from foreign worker's gross income at a rate of 15 percent before any other deduction is made.

Under the new Tax Reform for Acceleration and Inclusion Act (TRAIN), the income tax rates for 1 January 2018 to 31 December 2022 are as follows:

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From PHP (₱)	To PHP (₱)	PHP (₱)	Percent
0	250,000	-	0
250,001	400,000	-	20
400,001	800,000	30,000	25
800,001	2,000,000	130,000	30
2,000,001	8,000,000	490,000	32
8,000,001	Over	2,410,000	35

Beginning 1 January 2023, the income tax rates will further be reduced for all taxpayers, except those with an annual income above ₱8 million.

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From PHP (₱)	To PHP (₱)	PHP (₱)	Percent
0	250,000	-	0
250,001	400,000	-	15
400,001	800,000	22,500	20
800,001	2,000,000	102,500	25
2,000,001	8,000,000	402,500	30
8,000,001	Over	2,202,500	35

Termination of Employment

Generally, an employer may terminate an employment if there is an authorised cause for termination. Examples of authorised cases include installation of labour-saving devices, redundancy retrenchment to prevent losses, cessation of operation and disease. In such cases, the employer must serve a written notice to the affected employee and to DOLE at least one month before the intended effective termination date.

An employee dismissed for authorised cause is entitled to receive severance pay of at least half-month or one-month salary for every year of service, depending on the authorised reason for employee termination.

If an employee is dismissed for a just cause such as serious misconduct, gross and habitual neglect, fraud or wilful breach, or the commission of a crime by an employee, he/she is not entitled to severance pay. The employer must serve a written notice to the employee stating the reason and giving him/her an opportunity to respond. If the employer decides to proceed with the termination, another written notice must be served to the dismissed employee.

Social Security

Under the Philippines' social legislation, employers and their employees are required to contribute to the Social Security System (SSS), National Health Insurance Program (PhilHealth) and the Home Development Mutual Fund (Pag-IBIG Fund) that covers sickness, maternity, disability, retirement, deaths and funerals, health insurance and housing loans.

The contributions of the employer and its employees are based on the employees' monthly compensation. The employer may not deduct its share of contribution from the employee's monthly contribution. Failure of an employer to make its contribution within the stipulated period may result in monetary liability or even criminal sanctions against the employer.

The current SSS contribution rate is 11 percent of the monthly salary, not exceeding ₱16,000, with employer's and employee's contribution rate at 7.37 percent and 3.63 percent respectively.

Employers must also contribute 1 percent of the employee's monthly salary to the Employees' Compensation (EC) Programme, which covers employees who suffer work-related illnesses or injuries resulting in disability or death. The required contribution under the current rate is ₱10.

BIPO Hong Kong Office Relocates

We are thrilled to announce that our Hong Kong office has completed its move to a new location to better serve you. Effective Thursday, 31 May, our new address is:

C1, 22/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories

Our contact numbers remain unchanged.

We could not have made this move without your continuous support! We look forward to continuing to help your business grow. If you are in the area, please feel free to pay us a visit during our business hours!



Official Opening of BIPO Hong Kong Office

BIPO Hong Kong held its official opening ceremony for its new office on 31 May, with Michael Chen, CEO, Florence Mok, Managing Director of North Asia, Ryan Chen, Finance Director of Asia Pacific, Maggie Tsang, Project Director of Asia Pacific, Vivian Young, HR Director, Greater China of Agility Logistics, Billy To, General Manager of Motion Success, officiating the opening. Guests, clients and local partners were treated to a warm welcome and cocktail reception.

This momentous occasion provided everyone the opportunity to explore our new office facility and see how well the accommodation works to drive our business forward.

Our heartfelt thanks and gratitude to all who came to our office opening celebration!



BIPO Singapore

Get-Together

BIPO Singapore team had a superb Friday on 25 May, where everyone took time off their busy schedules for a late afternoon get-together session. Local snacks and good company—the best way to end a busy work week!



A Successful Roundtable Sharing in JiangNing

In collaboration with JiangNing Chamber of Commerce, BIPO China held great discussions at the “Corporate Compliance Employment and Tax Management” roundtable. BIPO’s CEO, Michael Chen opened the session highlighting various pressing issues which included strategic tax choice selections, corporate compensation and labour cost structures. With a cosy group of 30 HR professionals, it gave everyone a good opportunity to share their ideas and best practices!



Participation at the NTUC SME Symposium

BIPO Singapore team was one of the exhibitors at the annual NTU SME Symposium – Innovating Today, Reinventing Tomorrow, held at Temasek Polytechnic on 24 May. We met and networked with over 500 fellow entrepreneurs and business leaders of small and medium-sized enterprises and shared insightful conversations on our cost-effective HRMS solutions and R&D capabilities!



About Us

BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile-based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Founded in 2004, our APAC headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, China, Hong Kong, India, Japan, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions.



✉ info@biposervice.com

🌐 www.biposervice.com

📘 [bipo-svc](https://www.facebook.com/bipo-svc) [in biposvc](https://www.linkedin.com/company/biposvc)