



Republic of the Philippines  
**DEPARTMENT OF LABOR AND EMPLOYMENT**  
Intramuros, Manila



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**DEPARTMENT ORDER NO. 242**  
Series of 2024

**REVISED IMPLEMENTING RULES AND REGULATIONS OF ARTICLE 96 OF THE LABOR CODE OF THE PHILIPPINES, AS AMENDED BY REPUBLIC ACT NO. 11360, ENTITLED "AN ACT PROVIDING THAT SERVICE CHARGES COLLECTED BY HOTELS, RESTAURANTS AND OTHER SIMILAR ESTABLISHMENTS BE DISTRIBUTED IN FULL TO ALL COVERED EMPLOYEES"**

Pursuant to the rule-making authority of the Secretary of Labor and Employment under Section 3 of Republic Act No. 11360 and in relation to Article 5 of the Labor Code of the Philippines, as renumbered, these revised implementing rules and regulations are hereby issued:

**Section 1. Coverage.** — These rules shall apply to all establishments collecting service charges such as hotels, restaurants, and other similar establishments including those entities operating primarily as private subsidiaries of the Government.

**Section 2. Definition of terms.** — As used in these rules, the following terms are defined as follows:

- a. **Covered employees** refer to all employees, except managerial employees as defined herein, regardless of their position, designations, or employment status, and irrespective of the method by which their wages are paid.
- b. **Covered establishments** refer to those that collect service charges for work or services they offer.
- c. **Managerial employees** refer to any person vested with powers or prerogatives to lay down and execute management policies or hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees or to effectively recommend such managerial actions.
- d. **Other similar establishments** refer to those entities that collect service charges for work or service rendered, such as, but not limited to, lodging houses, nightclubs, cocktail lounges, massage clinics, bars, casinos and gambling houses, and sports clubs.
- e. **Service charge** refers to the amount that is added to the bill for work or service rendered.

**Section 3. Distribution of service charges.** — All service charges collected by covered establishments shall be distributed completely and

equally, based on actual hours or days of work or service rendered, among the covered employees.

**Section 4. Frequency of distribution.** — The shares referred to herein shall be distributed and paid to the covered employees not less than once every two (2) weeks or twice a month at intervals not exceeding sixteen (16) days.

**Section 5. Increase in minimum wage.** — In the event that the minimum wage is increased by law or wage order, service charges paid to the covered employees shall not be considered in determining the covered establishment's compliance with the increased minimum wage.

**Section 6. Dispute resolution.** — Any dispute or difference in the distribution of service charges shall be settled through the covered establishment's grievance machinery and/or as provided in the Collective Bargaining Agreement (CBA).

If no grievance mechanism is established or if it is inadequate, the dispute or difference shall be referred to the DOLE Regional, Provincial, Field, or Satellite Office, which has jurisdiction over the workplace, for conciliation through the Single-Entry Approach (SEnA) pursuant to Department Order No. 151, Series of 2016.


**Section 7. Non-diminution of benefits.** — Nothing in these rules shall be construed to diminish existing benefits under present laws, company policies, and collective bargaining agreements.

**Section 8. Monitoring of compliance.** — The DOLE Regional, Provincial, Field, and Satellite Offices shall monitor private establishments' compliance in accordance with Department Order No. 238, Series of 2023 or the Rules on Administration and Enforcement of Labor Standards Pursuant to Article 128 of the Labor Code, as renumbered.

**Section 9. Superseding clause.** — DOLE Department Order No. 206, Series of 2019, is hereby superseded. All rules and regulations, policy issuances, or orders contrary to or inconsistent with these rules are likewise deemed repealed, amended, or modified accordingly.

**Section 10. Effectivity.** — These revised rules shall take effect fifteen (15) days after publication in at least two (2) newspapers of general circulation.

Manila, Philippines, 1 February 2024.

  
**BIENVENIDO E. LAGUESMA**  
Secretary

