



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City



EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4564

Introduced by
REPRESENTATIVE PANTALEON D. ALVAREZ

AN ACT
ENSURING THE EMPLOYEES' RIGHT TO THEIR WAGES,
INCLUDING WAGE-RELATED SOCIAL SECURITY AND WELFARE
BENEFITS, AMENDING FOR THE PURPOSE PRESIDENTIAL
DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE
LABOR CODE OF THE PHILIPPINES

EXPLANATORY NOTE:

This bill seeks to curb the illegal practice of private sector employers of non-compliance with the proper and appropriate payment of minimum wage to their workers.

It is stated in the Constitution that the State is mandated to protect the rights of laborers and promote their welfare. Among the primary entitlements of a worker should be afforded is his monthly income, which he will be needing to provide for his day-to-day family and personal expenditures.

When it comes to wages, the Regional Tripartite Wages and Productivity Board (or the Regional Wage Boards) imposes the minimum wage in their respective regions and employees in the Philippines must be paid no less than the specified rates. In the case of NCR, for instance, the minimum wage is Php 537.00 per day.

Aside from wages, basic entitlements of employees also include, among others, the right to receive wage-related benefits through the coverage under the Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund (also known as PAG-IBIG Fund). These wage-related benefits are also essential to ensure the social and economic security of workers.

Failure to pay the required minimum wage entails penalties. However, the current penalties are not strong enough to completely stop these unjust and unreasonable conditions suffered by workers.

Workers are the "company's greatest asset", according to businesswoman Anne Mulcahy, and these assets should receive the right wages and benefits they so deserve. This bill seeks to increase the penalties so as to impose stricter guidelines for the employers. In doing so, this could serve as a deterrent to the non-compliance of the payment of prescribed minimum wage rates by unjust employers.

The approval of this bill is earnestly sought.



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

SECTION 1. A new article, denominated as Article 97-A, is hereby inserted after Article 97 of Presidential Decree No. 442, as amended, otherwise known as the *Labor Code of the Philippines*, to read as follows:

"ARTICLE 97-A. SOCIAL SECURITY AND WELFARE BENEFITS - UPON EMPLOYMENT, EVERY EMPLOYEE SHALL BE COVERED BY THE SOCIAL SECURITY SYSTEM (SSS), THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH), THE HOME DEVELOPMENT MUTUAL FUND (PAG-IBIG FUND), AND OTHER SOCIAL SECURITY AND WELFARE BENEFITS. NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, ALL PREMIUM PAYMENTS OR CONTRIBUTIONS FOR SUCH BENEFITS OF

MINIMUM WAGE EARNERS SHALL BE SHOULDERED BY THE EMPLOYER."

SEC. 2. Article 102 of the Labor Code is hereby amended, to read as follows:

"Art. 102. Forms of payment. - No employer shall pay the wages AND WAGE-RELATED BENEFITS of an employee by means of promissory note, voucher, coupons, tokens, tickets, chits, or any object other than legal tender, even when expressly requested by the employee.

THE PAYMENT OF THE WAGES AND WAGE-RELATED BENEFITS OF AN EMPLOYEE SHALL BE MADE THROUGH AUTOMATED TELLER MACHINES (ATM) OF BANKS."

SEC. 3. A new article, denominated as Article 105-A, is hereby inserted after Article 105 of the Labor Code, to read as follows:

"ART. 105-A. NON-PAYMENT OF WAGES AND BENEFITS; PENALTIES - NON-PAYMENT OF THE WAGES OF EMPLOYEES, INCLUDING WAGE-RELATED BENEFITS, IS HEREBY DECLARED UNLAWFUL.

ANY PERSON, CORPORTATION, TRUST, FIRM, PARTNERSHIP, ASSOCIATION OR ENTITY THAT REFUSES OR FAILS TO PAY THE WAGES OF AN EMPLOYEE FOR SERVICE RENDERED, OR REFUSES OR FAILS TO PAY ANY OF THE PRESCRIBED INCREASES OR ADJUSTMENTS IN THE WAGE RATES MADE IN ACCORDANCE WITH PREVAILING LAWS SHALL BE PUNISHED BY A FINE OF NOT LESS THAN TWO HUNDRED THOUSAND PESOS (P200,000.00) NOR MORE THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00) AND/OR IMPRISONMENT OF NOT LESS THAN FOUR (4) YEAR NOR NOT MORE THAN SIX (6) YEARS OR BOTH SUCH FINE AND IMPRISONMENT AT THE DISCRETION OF THE COURT.

THE EMPLOYER CONCERNED SHALL BE ORDERED TO PAY AN AMOUNT EQUIVALENT TO DOUBLE THE

UNPAID WAGES OWING THE EMPLOYEE: *PROVIDED*, THAT THE PAYMENT OF INDEMNITY SHALL NOT ABSOLVE THE EMPLOYER FROM THE CRIMINAL LIABILITY IMPOSABLE UNDER THIS ARTICLE.

IF THE VIOLATION IS COMMITTED BY A CORPORATION, TRUST, FIRM, PARTNERSHIP, ASSOCIATION, OR OTHER ENTITY, THE PENALTY OF IMPRISONMENT SHALL BE IMPOSED ON THE ENTITY'S RESPONSIBLE OFFICERS UNDER THE CIRCUMSTANCES, WHICH MAY INCLUDE BUT NOT LIMITED TO, THE HUMAN RESOURCES MANAGER, FINANCE MANAGER, THE PRESIDENT, VICE-PRESIDENT, CHIEF EXECUTIVE OFFICER, GENERAL MANAGER, MANAGING DIRECTOR OR PARTNER.

ANY ALIEN FOUND GUILTY SHALL BE SUMMARILY DEPORTED UPON COMPLETION OF SERVICE OF SENTENCE AND/OR PAYMENT OF THE APPROPRIATE FINE.

ANY PERSON CONVICTED UNDER THIS ACT SHALL NOT BE ENTITLED TO THE BENEFITS PROVIDED FOR UNDER PRESIDENTIAL DECREE NO. 958, OTHERWISE KNOWN AS THE *PROBATION LAW OF 1976*."

SEC. 4. Article 106 of the Labor Code is hereby amended, to read as follows:

"Art. 106. *Contractor or subcontractor*. - Whenever a[n] **PRINCIPAL** employer enters into a contract with another person for the performance of the former's work, the employees of the contractor and of the latter's subcontractor, if any, shall be paid in accordance with the provision of this Code.

In the event that the contractor or subcontractor fails to pay the wages **AND WAGE-RELATED BENEFITS, INCLUDING THE PREMIUMS FOR SOCIAL SECURITY AND WELFARE BENEFITS**, of his employees in accordance with this Code, the **PRINCIPAL** employer shall be jointly and severally liable with the contractor or subcontractor to such employees to the extent of the

work performed under the contract, in the same manner and extent that he is liable to employees directly employed by him.

There is 'labor-only' contracting where the person supplying workers to an employer does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such persons are performing activities which are directly related to the principal business of such employer. In such cases, the person or intermediary shall be considered merely as an agent of the employer who shall be responsible to the works in the same manner and extent as if the latter were directly employed by him."

SEC. 5. *Implementing Rules and Regulation.* - The Secretary of Labor and Employment shall promulgate the necessary implementing rules and regulations within one hundred and twenty (120) days from the effectivity of this Act.

SEC. 5. *Separability Clause.* - If any provision of this law or the application thereof to any person or circumstance is held invalid, the remainder of this law or the application of such provision or part to other persons or circumstances shall not be affected thereby.

SEC. 5. *Repealing Clause.* - All laws, decrees, rules, and regulations or parts thereof, which are contrary to or inconsistent with this Act, are hereby repealed or modified accordingly.

SEC. 8. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,