

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

**2199**  
**HOUSE BILL NO.** \_\_\_\_\_



Introduced by: **"KUYA" JOSE ANTONIO R. SY-ALVARADO**

**AN ACT**  
**PENALIZING THE ACT OF MONEYLENDING WITH INTEREST BY SALARY**  
**DISBURSING OFFICERS IN PUBLIC OR PRIVATE ENTITIES, PROVIDING**  
**PENALTIES FOR VIOLATIONS THEREFOR, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Article II Section 18 of the Constitution provides "The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare." In this light, it is a well-settled policy of the State to give protection to labor workers and promote their rights, including for the purpose of this bill, right to a just wage.

A just wage includes the right to a full wage which allows an employee to afford basic physiological needs and security and an income for a satisfactory standard of living. This should be in accordance with contract stipulations between employer and employee, the extent of service rendered by the latter, the criterion of credentials, competence or ability, and deductions as provided by law.

However, it is now becoming a rampant practice, both in public and private establishments, for salary-disbursing officers to lend money before the actual payment of salary becomes due, most especially to workers who, in dire need or in cases of emergency, are forced to borrow from the former to be paid when the salary falls due, usually at usurious interests. Given this scenario, workers fall prey to the greed of disbursing officers, the effect of which is detrimental to the well-being of the workers. Hence, there is a need to curb this practice.

In consideration of the foregoing, the passing this bill is earnestly sought.

**"KUYA" JOSE ANTONIO R. SY-ALVARADO**

*Representative*  
*First District of Bulacan*



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

**SECTION 1. *Declaration of Policy*** - It is the policy of the State to afford protection to labor and to protect the rights of workers. Pursuant to this policy, the right of the worker to receive his full wage is hereby affirmed and protected.

**SEC 2. *Definition of Terms*** - As defined in this Act: -

a) Full-Wage - means the net take-home pay of the worker after the deduction of such charges authorized by law;

b) Salary-Disbursing Officer - refers to a treasurer, finance officer, accountant, cashier, paymaster and their subordinates or any other person who has direct or indirect control of the salary of an employee.

**SEC 3. *Prohibited Acts; Penalties*** - The following acts are prohibited:

a) Any private individual or independent money lending activity made by the salary disbursing officer with interest or any other consideration;

b) Any deduction privately, individually or independently made by the salary disbursing officer from the salary of an employee in connection with a loan;

c) The unauthorized withholding of salary by the salary-disbursing officer because of a loan; and

d) The "buying" of salary or giving or advancing to the employee an amount less than the full wage. Any salary-disbursing officer who shall commit any of the prohibited acts mentioned in this section shall suffer a fine of five times the amount of the salary due the employee and imprisonment for not less than six (6) months.

Any other person who commits similar acts in anyway whatsoever or who acts in behalf of the salary-disbursing officer shall suffer the same fine and penalty as provided in the preceding paragraph.

Loans offered by the government and private entities, including bank and company loans and cooperative credit facilities, and credit assistance by associations, are exempted from the coverage of this Act.

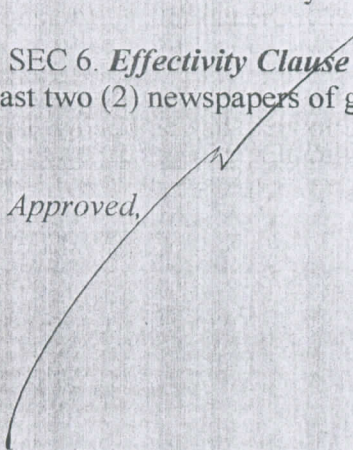


SEC 4. **Separability Clause** - If any provision, or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC 5. **Repealing Clause** - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC 6. **Effectivity Clause** - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,

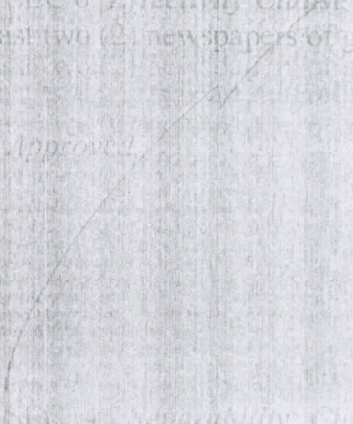


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