

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

FOURTEENTH CONGRESS  
First Regular Session

H. B. 97

---

**Introduced by HONORABLE JUAN EDGARDO "SONNY" M. ANGARA**

---

EXPLANATORY NOTE

This bill seeks to provide a Magna Carta for the Workers in the Informal Sector.

The informal sector comprises almost half of the country's total workforce. They include among others the micro-entrepreneurs, the househelps, small farmers, illegal sidewalk vendors, hawkers, kaingeros (or the so-called - slash-and-burn dwellers), and other groups of people who live and earn their living in their own little ways

In economic parlance, "informal sector" refers to a specific sector in the economy where most of the participants are categorized as "unregistered, undocumented, untaxed, uninsured, disorganized and doing irregular economic activities." Often, they are also being referred as "small-scale (economic) units, self-employed activities (with or without hired workers with low level of organization and technology."

Largely coming from the economically-disadvantaged sector, the informal sector live in substandard conditions (in hovels even, among the many squatter colonies), earning just a pittance that is hardly enough to meet their basic needs. They include the jobless and the underemployed, out-of-school youth, housewives, and children, marginalized workers in depressed communities, the disabled, etc. - all of whom hailed from the impoverished groups who lack skills, education and access to employment. Because of their very nature, they are exposed to exploitative terms and conditions of work. Work condition is substandard, which often feature cramped workspace, improper posture, fatigue, poor work tools, poor lighting and ventilation, heat and some chemical hazards.

By their very nature and operation, workers belonging to the informal sector are excluded from the coverage of the Labor Code and other pieces of social legislation and are subject to exploitation by businesses and factories which often resort to subcontracting low wages, long hours of work, absence of fringe benefits, etc. Moreover, women and children who fall into this sector are likewise vulnerable to exploitation from wholesalers, moneylenders and corrupt police authorities through "kotong" or extortion. Furthermore, the absence of a monitoring system and regulations to protect their respective working environments have made them exposed to health and safety risks,

It cannot also be denied, on the other hand, that by sheer need to earn a living, many of the people in the informal sector who engage selling foodstuffs and drinks have often compromised sanitation, safety and quality standards of the items they sold.

A cursory look at all these activities only proves that there are just a lot of things to be pursued if indeed the government is determined to protect and promote the interest and welfare of millions of Filipinos belonging to the informal sector of the economy.

This proposed Magna Carta for the Workers in the Informal Sector, therefore, envisions to pursue realistic efforts to correct the prevailing system which, in one way or another, have denied and plunged the informal sector of the Philippine economy into deeper menace. By introducing an integrated, holistic and comprehensive policy instrument for the informal sector, it is hoped that a systematic effort towards bringing the informal sector into the mainstream of Philippine economy can be achieved.

In view of this, the early passage of this bill is earnestly sought.

**JUAN EDGARDO M. ANGARA**  
Representative  
Lone District of Aurora Province

---

Introduced By Honorable JUAN EDGARDO "SONNY" M. ANGARA

---

AN ACT  
PROVIDING FOR A MAGNA CARTA FOR THE WORKERS IN THE  
INFORMAL SECTOR, INSTITUTIONALIZING MECHANISM FOR  
IMPLEMENTATION THEREOF AND FOR OTHER PURPOSES

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

**TITLE I**  
**GENERAL PROVISIONS**

Chapter I

Framework and Principles

**SECTION 1.** Short title. This Act shall be known as the "Magna Carta for the Workers  
in the Informal Sector."

**SEC. 2.** *Declaration of Policy.* It is hereby declared the policy of the State:

(a) To promote and improve the total well-being of the poorest-of-the poor and  
the marginalized low level income earners who engaged in economic activities under  
the informal sector;

(b) To nurture and protect the interests of the informal sector by providing with  
adequate and timely social, economic and legal services, as well as mechanisms that  
shall protect their rights and promote benefits, that ensure their dignified existence  
and economic advancement;

(c) To recognize the rights of every worker in the informal sector, to protect  
them, especially women and children, from abuse,- economic exploitation and from  
performing work that is hazardous to their physical, mental and spiritual health;

Toward this end, the State shall come up with an integrated, holistic and  
comprehensive policy instrument for the informal Sector that will facilitate:

(1) the enhancement of their entrepreneurial skills and their capabilities to  
become More productive and self-reliant thereby ensuring their protection,  
assistance, support and participation in the mainstream economic activities; and

(2) a continuing process of consultation and dialogue with said sector to be  
able to maximize the, provision of a systematic package of reform Intervention  
services.

**SEC. 3.** *Framework and Principles.* The government shall pursue a minimum  
regulation and encourage the development of ingenuity and the entrepreneurial spirit  
among the citizenry. In this regard, the LGUs am their respective attached agencies  
shall see to it that procedural rules and requirements for the IS are minimized in the

1 act of registration, availment of financing, grants and. other incentives and accessing  
2 other government services and assistance.

3 In order to hasten the growth and expansion of the various business activities  
4 or enterprises under the informal sector, the private sector shall be encouraged to  
5 assist In the effective implementation of -this Act by participating In government  
6 programs for the informal sector. In this regard, the DTI, in consultation with the  
7 concerned government agencies, the LGLs and the informal sector, may recommend  
8 simplified procedure and localized incentives for the benefit of the informal sector.  
9 The government shall encourage the organization,. establishment, strengthening and  
10 expansion of the various business activities or enterprises under the informal sector  
11 in the barangay level- preferably unified under a municipal/city, provincial, regional  
12 and national federation/association.

13 **SEC. 4. Definition of Terms.** As used in this Act the following terms shall  
14 mean:

15 (a) Daily Basis refers to the per day mode of paying a private worker as  
16 bilaterally agreed upon by both the employer and the worker.

17 (b) Employer refers to a natural person or group or partnership of people for  
18 which a paid worker renders productive employment or service.

19 (c) Hazardous work or condition refers to any activity or circumstance where a  
20 worker is exposed to any risk which constitutes an imminent danger to his/her health  
21 and safety.

22 (d) Kasambahay refers to any person, whether male or female, who is to be  
23 engaged, is engaged or has been engaged locally in a salaried capacity under a full  
24 time basis and paid directly by to employer, undertaking tasks ascribed as normal  
25 household chores within a specific household. The term includes maids, cooks,  
26 houseboys, family drivers and babysitters (yaya) who provide daily service to a single,  
27 specific household, either on a live-in or live-out basis. In common term, *kasambahay*  
28 Is called household helper.

29 (e) Worker of *minor* age refers to children fifteen (15) years up to seventeen  
30 (17) years of age who are engaged in productive employment under a valid contract  
31 of employment

32 (f) *Informal Sector*, which is herein otherwise referred to as IS, refers to a  
33 category of individuals or partnerships of people involved in any business activity or  
34 enterprise whose total assets value, inclusive of the capital investments, must not be  
35 more than Ten Thousand Pesos (P10,000.00) for single proprietorship and Twenty  
36 five Thousand Pesos (P25,000.00) for partnership ventures and/or whose annual  
37 Income must not exceed Thirty-five Thousand Pesos (P35,000.00) and One Hundred  
38 Fifty Thousand Pesos (P150,000.00), respectively.

39 The above definition shall be subject to review and adjustment upon the  
40 recommendation by the Regional Wage Board (RWB), in consultation with the  
31 National Economic Development Authority (NEDA) motu proprio taking into account  
42 inflation and other economic indicators.

43 (g) Monthly Basis refers to the per month mode of paying a private worker as  
44 bilaterally agreed upon by both the employer and the worker.

45 (h) Pacquiao Basis refers to the pre-contracted wholesale mode of paying a  
46 private worker as bilaterally agreed upon by both the employer and the worker.

41 (i) Self-employed worker refers to any per son, whether male or female, who is  
48 to be engaged, is engaged.or has been engaged locally and paid directly by the  
49 homeowner/employer to provide services to either a single or a number of  
50 households on a . contractual or day-to-.day basis. The term includes gardeners,

1 laundry women and household helpers hired on a day-to-day basis, provided that  
2 they do not report for work to a single household for four (4) days a week or more,  
3 else they shall be classified as *kasambahay*

4 (j) *Worker* refers to a general term to mean either or both the self-employed or  
5 paid employee covered under the provisions of this Act.

6 (k) *Working hours* refers to the period of time within which a worker is required  
7 to be on call to perform any and all tasks that may be designated, regardless of  
8 whether there are actual tasks being undertaken.

9 Chapter I[  
10 Coverage, Qualifications and Accreditation

11 **SEC. 5.** Registration; Payment. IS business activities or enterprises shall,  
12 upon registration, pay Fifty pesos (P50.00) to the municipality or city where they  
13 intend to productively employed during their initial year of operation. The said fee  
14 shall cover the cost of the issuance of the license to operate.

15 **SEC.6.** *Annual Dues.* IS business activities or enterprises shall pay the fee to  
16 the municipal or city treasurer where they are registered and accredited, starting on  
17 their second year of operations, based on the following schedule:

- 18 (a) Those with net assets before financing amounting to not more than  
19 P 2,000.00 ..... P 180.00
- 20 (b) Those with net assets before financing of more of more than P 100,000.00  
21 to  
22 P 2,000.00 to 5,000.00 . . . . . P 360.00
- 23 (C) Those with net assets before financing of more than P400,000.00 to  
24 . P 7,500.00 to 10,000.00 ..... P 720.00

25 The collected fee shall accrue exclusively to the municipality or city and shall  
26 be used. for IS development programs approved by the municipal or city council.

27 **SEC. 7.** *Revocation of Business Authority.* The authority to do business shall,  
28 after due notice and hearing, be revoked and cancelled upon the failure of the IS  
29 business activities or enterprises, without valid reasons, to commence its operations,  
30 within forty-five (45) days from receipt of the authority to operate.

31 **SEC. 8.** *Coverage.* This Act shall cover members of the informal sector who  
32 are operating, employed or working either as micro-entrepreneur, paid worker or self  
33 employed as defined herein. Provided, however, That the aforesaid micro  
34 entrepreneur, paid worker or self-employed qualifies the minimum requirements set  
35 forth in this Act.

36 For purposes of this Act, the term "informal sector" shall cover, the following:

- 37 (a) Micro-entrepreneurs:
  - 38 (i) sidewalk vendors, fish vendors;
  - 39 (ii) small scale farmers and fisherfolks;
- 40 (b) Employed/Self-Employed:
  - 41 (i) local domestic helpers or *kasambahay*-,
  - 42 (ii) barbers, manicurists, pedicurists;
  - 43 (iii) Pedicab/bicycle drivers;
  - 44 (iv) jeepney drivers
  - 45 (v) taxi drivers ;
  - 46 (vi)carpenters, plumbers, electrician, mason, house painters;
  - 47 (vii) welders, mechanics



1 (a) duly registered and accredited with the appropriate agency in the LGU  
2 where they are actively operating and paid the necessary fees for registration and  
3 accreditation from the office of the municipal or city treasurer-concerned;

4 (b) one hundred percent (100%) owned and capitalized by Filipino citizens, be  
5 it single proprietorship or a partnership venture; and

6 (c) fall under the above-mentioned sub-categories of IS;

7 **SEC. 14.** Exclusivity of Government Programs. The government shall ensure  
8 that programs of financing, grants and other similar incentives shall be exclusively  
9 extended to an accredited IS worker and business activity or enterprise.

10 **SEC. 15.** *Entitlement of Government Procurements.* The government shall  
11 work for a mechanism to ensure that duly accredited IS worker or business activity or  
12 enterprise for an entitlement of a share of at least ten percent (10%) of total  
13 procurement value of goods and services supplied to the government, its bureaus,  
14 offices and agencies annually: Provided, That prices and quality of goods offered by  
15 the above-mentioned accredited IS worker or business activity or enterprise are  
16 competitive.

17 **SEC. 16.** *Coordination with LGUs.* Pursuant to the provisions of Republic Act  
18 No. 7160, the local chief executives in coordination with IS representatives and  
19 appropriate agencies shall formulate specific plans that will address the socio  
20 economic needs of the IS and incorporate them in their respective provincial, city and  
21 municipal development plans.

22 **SEC. 17.** *Tax Exemption.* A duly accredited IS worker or business activity or  
23 enterprise shall be exempted from all taxes, national or local, license and building  
24 permit fees and other business taxes, except real property and capital gains taxes,  
25 import duties and other taxes on imported articles. In addition, any and all income,  
26 receipts and Proceeds derived from their business operations shall be excluded for  
27 the computation of gross income for purposes of computing the individual income tax  
28 of the members thereof.

29 It shall be exempted from any and all government rules and regulations in  
30 respect of assets, income, and other activities indispensably and directly utilized in,  
31 Proceeding from or connected with the IS business or the enterprise.

32 **SEC. 18.** *Forfeiture of Benefits.* All the exemptions and other benefits herein  
33 Provided shall, after due notice and hearing, be forfeited in case of any violation of the  
34 Provisions of this Act by any IS member or partnership venture.

35 **SEC. 19.** *Inclusivity of Benefits.* The exemptions and other benefits provided  
36 in, this Act shall apply for, a period not exceeding five (5) years from the date of the  
37 registration, provided such IS worker or business activity or enterprise is registered  
38 and accredited within five (5) years from the effectivity of this Act.

39 Chapter IV

40 Informal Sector Development Council

41 **SEC. 20.** *Creation of an Informal Sector Development Council; Mandate.*  
42 There is hereby created an Informal Sector Development Council, herein otherwise  
43 referred to as the Council, which shall be attached to the DTI and shall be constituted  
44 within sixty (60) days after approval of this Act.

45 The Council shall be the primary agency responsible for the promotion, growth  
46 and development of the IS in the country by way of facilitating and closely  
47 Coordinating national efforts to promote the sector's viability and growth, including the  
48 provision of an integrated program for skills enhancement, literacy and education,

1 health services, social welfare and services, assistance in the tapping of local as well  
2 as foreign funds, and other functions relative to the attainment of the objectives and  
3 policy of this Act.

4 **SEC. 21.** Composition. The Council shall be headed by the Secretary of the  
5 DTI as Chairman, and may elect from among themselves a Vice-Chairman to preside  
6 over the Council meetings in the absence of the Chairman. The members shall be  
7 the following:

- 8 (a) Director General of the NEDA;
- 9 (b) Secretary of DA,
- 10 (c) Secretary of DOLE;
- 11 (d) Secretary of DSWD);
- 12 (e) Secretary of the DOH
- 13 (f) Secretary of DOT;
- 14 (g) Administrator of the NHA;
- 15 (h) Administrator of the CDA;
- 16 (i) Chairman of Small Business Guarantee and Finance Corporation;
- 17 (j) Three (3) representatives from the private sector at large, all Filipino  
18 citizens, to represent Luzon, Visayas and Mindanao; and
- 19 (k) One (1) representative from the informal sector to be appointed by the  
20 President

21 An ex officio member of the Council who possesses a cabinet-rank shall  
22 designate an undersecretary or assistant secretary as his/her permanent alternate  
23 representative in case he/she fails to attend meetings in the exigency of his/her,  
24 official function in the department

25 The private sector members of the Council shall be entitled to receive per  
26 diem of Two Thousand Pesos (P2,000.00) per meeting. The Council shall meet once  
27 every two months or it may call for special meetings as the need may arise: Provided,  
28 That the frequency of such special meetings shall not exceed four (4) times annually.

29 The DTI shall allocate Ten million pesos (P10,000,000.00) out of its savings  
30 for the initial operating expenses of the Council, after which the Council's budget shall  
31 be included in the departments annual appropriation.

32 **SEC.22.** Mandate of the Council. The Council shall have the following  
33 mandate:

- 34 (a) Prepare and establish a System of Accreditation for the IS in accordance  
35 with the standards and provisions of this Act;
- 36 (b) Provide guidelines for the implementation by the LGUs of a fair and  
37 credible system of evaluation, accreditation, review and assessment merit promotion,  
38 rendering of grants and incentive awards and other policies relative to the effective  
39 implementation of this Act
- 40 (c) Prepare a Program of training for human resource development, including  
41 the specific areas of entrepreneurship and business management;

1 (d) Coordinate with LGUs for the development land implementation of periodic  
2 evaluation of all accredited IS numbers - taking into account their accomplishments,  
3 capabilities and potentials - which results of shall be used as bases for evaluation,  
4 accreditation, the grant of awards and incentives, training and retraining;

5 (e) Establish a performance appraisal system for all accredited IS members  
6 which shall be the basis f or incentives, rewards and recognition, training and  
7 development, including adequate mechanisms that shall ensure their active  
8 participation and involvement; and

9 (f) Establish the criteria and process for the accreditation and renewal of such  
10 eligibility for development assistance, support and grants.

11 **SEC. 23. Authority of the Council to Solicit Assistance from Various Agencies.**  
12 The Council may, from time to tine, call upon the participation of any government  
13 agency or bureaucracy in its deliberations especially when such agency is directly or  
14 indirectly concerned with and/or affecting the growth and development of the IS in  
15 any particular area or manner.

16 The Council, further, may create an Executive Committee of five (5) members  
17 elected by the Council from among themselves or their duly designated alternate  
18 representatives, with at least two (2) members representing the private sector, and  
19 with authority to act for and on behalf of the Council during intervals of meetings, and  
20 within the specific authority granted by the Council.

21 **SEC. 24. Council Secretariat.** *The Council*, through the Chairman shall  
22 designate, in his capacity as secretary of the D71, any division or bureau within the  
23 DTI to act as the Council Secretariat and shall have the following duties and  
24 functions:

25 (a) To prepare, in coordination with LGUs and other local government  
26 agencies, and recommend. annual as well as medium-term IS Enterprise  
27 Development Plans for the approval of Council;

28 (b) To coordinate the preparation of position papers and, background  
materials for discussion or approval during Council meetings;

30 (c) To assist the Council in coordinating and monitoring the policies, programs  
31 and activities of all government agencies with respect to the  
32 implementation of this Act;

33 (d) To -prepare, collate, integrate all inputs to the Council's yearly report on. the  
status of the IS business activities or-enterprises, in the country;

34 (e) To submit periodic reports to the Council on the progress and  
35 accomplishment of its work programs; and.

37 (f) To perform ad hoc functions as authorized by the Council.

38 **SEC. 25. Rationalization of Programs.** ..... The Council shall conduct continuing  
39 review of government programs for the poorest-of-the-poor and the IS and submit to  
40 Congress and the President a , report thereon together with its policy  
41 recommendations.

42 The President is hereby empowered to establish, within ninety (90) days upon  
43 the effectivity of this Act, an informal sector enterprise promotion body which shall be  
44 the principal government agency that will, formulate, implement, coordinate and  
45 monitor , all non-financing government programs, including fee-based services, to  
46 support and promote entrepreneurial spirit among the poorest-of-the-poor. The  
47 informal sector enterprise promotion body shall be attached to the DTI and shall be  
48 under the policy, program and administrative supervision of the Informal Sector  
49 Development Council. The said office shall be allocated the amount of Ten million

1 pesos, (P10,000,000.00) for its first year of operation which shall be appropriated from  
2 the special fund of the office of the President, and thereafter its annual appropriation  
3 shall be included in the General Appropriations Act.

4 Heads of LGUs in the provincial, city and municipal levels are further  
5 empowered to establish in their respective, jurisdiction an Informal Sector Division or  
6 Bureau, under the office of the Provincial Governor or City/Municipal Mayor,  
7 whichever is applicable to implement, coordinate and monitor all business activities  
8 or enterprises and intervene on IS-related problems and concerns under their  
9 respective jurisdictions.

## 10 Chapter V

### IS Livelihood Resource Center

12 **SEC. 26. IS Livelihood Resource Center.** The IS Livelihood Resource Center,  
13 shall be established in every city/municipality to enhance access of assistance and  
support to disadvantaged members particularly in remote rural areas.

14 For this purpose, the DTI, Technical Education and Skills Development  
15 Authority (TESDA) and Technology and Livelihood Resource Center (TLRC) shall  
16 develop livelihood programs which will harness the skills of the IS members.  
17

18 The aforesaid agencies shall conduct human resource development program  
19 and management in the following areas:

20 (a) Adequate facilities and resources to render quality social service;

21 (b) Opportunities for IS workers to grow and develop, their potentials and  
22 experience a sense of worth, and dignity in their work;

23 (c) Mechanisms for democratic consultations;

24 (d) Upgrading of working conditions;

25 (e) Allocation of funds for the participation of IS workers in skills training and  
26 workshops and other similar activities as part of their continuing advancement; and

27 **SEC. 27. Functions of IS Livelihood Resource, Center.** The IS Livelihood  
28 Resource Center shall have the following functions:

29 (a) Conduct training program which will provide new ideas to IS players and  
29 upgrade the technical and entrepreneurial skills of others who are already in the field;

30 (b) Implement consciousness-raising capability building and leadership  
31 training;

32 (c) Provide technical support and access credit to the informal sector engaged  
33 in micro-entrepreneurship, and cottage industries or other productive work;

34 (a) Monitor the performance of the IS in the area

35 (e) Give advise and recommendations as to the strengthening and expansion of the IS  
36 activities; and

37 (f) Provide services, to include but not limited to counseling, legal assistance  
38 credit assistance, and-other services necessary for the furtherance of this Act.  
39

40 The LGUs shall allocate at least P 100, 000.00 annually for the operation and  
41 maintenance of the Center. The local chief executives shall act as the primary  
42 overseers to the overall operation of the Center.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28,  
29.  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41

Chapter VI

IS Comprehensive and Integrated Plan  
and Inter-Agency Networking

**SEC. 28. Comprehensive Plan.** The NEDA shall be tasked to formulate a Ten-Year Comprehensive and Integrated Plan on the impact of globalization to the IS. It shall determine and recommend the necessary safety nets needed by the IS to prepare them for the possible effects of globalization.

**SEC. 29. Inter-Agency Networking.** The DOLE shall provide for and lead the inter-agency networking system among the different departments and instrumentalities of government should the same be required in the continuing efforts to protect the interests, rights and privileges of IS workers.

The Council, in coordination with the DECS and CHED, shall design a comprehensive and integrated program for IS members to give them opportunity pursue free education.

The cooperatives through the help of the DTI, TESDA and TLRC shall inform IS in the rural of opportunities for market and technology access and the availability of livelihood training and seminars to respond to IS needs and potentials.

The DSWD shall, within a period of one (1) year from the date of effectivity of this Act, institute a program designed specifically to provide emergency services specifically to women and-the minor-aged IS workers who are in need of custody, shelter, healing, or medical, psychological, legal and rehabilitative services.

The DSWD shall, upon the recommendation of the DOLE, effect the repatriation of minor-aged IS workers who either voluntarily seek government protection against abuse and exploitation 'or upon report or discovery of the same. The cost of such repatriation shall be borne by the DSWD. The DOLE shall formulate the rules and regulations governing the emergency repatriation of the same.

For this purpose, a Repatriation Fund is hereby created and established under the administration and control of the DSWD in the amount of Five million pesos (P5,000,000-00) to be taken-from -the President's Social Fund.

Chapter VII

General Rights

**SEC. 30. Basic Rights.** Every member of the IS have the right to:

- a) Participate in all spheres of society including the decision-making processes to fully realize their role as agents and beneficiaries of people-centered development;
- b) Be treated equally before the law;
- c) Be Provided with safe and healthful conditions in the workplace;
- d) Be given equal access to education, skills training, and economic resources to develop their self-reliance;
- e) Be Property informed of the issues and concerns affecting the welfare and interests of their sector;

1 f) Be protected from any *form of* discrimination, violence, sexual exploitation  
2 and abuse.

3 **SEC. 31. *Right to Medical Care and Human Treatment.*** Every worker has a  
4 right to good quality health care, without any discrimination and within the limits of the  
5 resources available for health, and medical care. In the course of such care, his  
6 human dignity, culture, convictions and integrity shall be respected.

7 The employer or any member of the household or institution shall, at all times,  
8 treat his/her worker in a just and humane manner. In no instance shall abusive  
9 language, physical violence or any act which debases, degrades or demeans the  
10 intrinsic worth and dignity of the worker as a human being be used upon the latter.

11 **SEC. 32. *Right to Organize,*** The State recognizes the right of IS workers to  
12 organize themselves to promote their welfare and advance or safeguard their  
13 interests. Towards this end, the government shall assist IS especially in the rural  
14 areas in establishing self-help organizations.

15 IS engaged in agricultural, manufacturing and service sector are encouraged  
16 to form women's cooperatives in every city/municipality to enable members to avail of  
17 credit assistance and skills training which will help improve their quality of life.

18

## Chapter VIII

19

### Benefits and Incentives

20 **SEC. 33. *Medical/ Health Insurance.*** A worker, regardless of age and  
21 compensation levels, shall be covered by a free medical/health insurance under the  
22 Philippine Health Insurance Corporation (PHILHEALTH), and be entitled to all the  
23 benefits provided for under the law: Provided, **however,** That the worker has rendered  
24 at least one (1) year of continuous service in the employment he/she is currently in:  
25 Provided, **further,** That if the worker intends to have a medical head insurance  
26 during his/her the initial months of his/her employment, he/she shall shoulder all the  
27 necessary premiums due him/her until the seventh (7th) month when the employer  
28 shares fifty (50%) percent of the monthly required premiums.

29 For Purposes of this Section, The PHILHEALTH shall, within ninety (90) days  
30 from the effectivity of this Act promulgate guidelines for the mechanism of collecting  
31 the aforesaid contributions especially for those contracted workers who are employed  
32 on daily, Monthly or pacquiao basis. The PHILHEALTH is hereby mandated to  
33 implement an outreach program that will facilitate the remittance of premiums by  
34 either the employer or the worker by whatever means deemed feasible.

35 Pending the promulgation of pertinent implementing rules and regulations to  
36 this effect, the employee shall receive the employers' share or Counterpart  
37 contribution and may remit said amount together with his/her own share to the SSS.

38 **SEC. 34. *Social Security Coverage.*** A worker, regardless of age and  
39 compensation levels, shall be covered by social security and be entitled to all the  
40 benefits provided under Republic Act No. 8282: Provide, **however,** That the worker  
41 has rendered at least one (1) year of continuous service in the employment he/s . he is  
42 *currently in: Provided, further,* That if the worker intends to become a member of the  
43 SSS or intends to continue his/her social security contribution during his/her the initial  
44 months of his/her employment, he/she shall shoulder all the necessary premiums due  
45 him/her until the seventh (7th) month when the employer shares fifty (50%) percent of  
46 the monthly required contribution.

47 For purposes Of this Section, The SSS shall, within ninety (9p) days from the  
48 effectivity of this Act, promulgate guidelines for the mechanism of collecting the  
aforesaid premiums especially for those contracted workers who are employed on  
49 daily, monthly or Pacquiao basis. The SSS is hereby mandated to implement an  
50

1 outreach program that will, facilitate the remittance of premiums by either the  
2 employer or the worker by whatever means deemed feasible.

3 Pending the promulgation of pertinent implementing rules and regulations to  
4 this effect, the employee shall receive the employers' share or counterpart  
5 contribution and may, remit said amount together with his/her own share to the SSS.

6

Chapter IX

7

Institutional Mechanisms

8 **SEC. 35.** Consultations *with IS Organizations.* The Informal Sector  
9 Development (ISD) Council, in coordination with other concerned agencies and  
10 LGUs, shall conduct annual national, regional and provincial consultations among the  
11 IS organizations to determine the specific issues and problems affecting the their  
12 sector. The Council *shall* channel IS concerns to the appropriate agencies and  
13 provide the necessary recommendations. to the executive and legislative  
14 departments.

15 **SEC.36.** *Establishment of IS Database.* The Council shall establish and  
16 develop a centralized database system to effectively work policy formulation and  
17 policy concerns relative to the IS. The databank shall include but not limited to  
18 following:

- 19 a) List of government and non-governmental organizations which provide
- 20 educational, socio-economic and legal services to the IS;
- 21 b) Inventory of upheld and pending cases involving the IS activities,
- 22 c) Statistical profile of the various IS classified according to activities,
- 23 involvement and other statistical information;
- 24 d) Database of the needs and problems of women and children in the IS
- 25 nationwide
- 26 e) Compilation of existing laws and programs affecting the interest and welfare
- 27 of the IS.

28 The public *shall* be allowed to have access to the said data provided that *they*  
29 shall abide with the regulations that will be set by the inter-agency committee

30

Chapter X

31

Benefits to Participating Private Sector

32 **SEC. 37.** Incentives to Private Sector. The national government shall  
33 implement a mechanism which shall give incentives and benefit to private sector  
34 organizations participating in a national effort to advance the interest and *welfare of*  
35 the IS.

36 The Department of Finance in Coordination with the Bureau of Internal  
37 Revenue shall promulgate guidelines for the effective implementation of this Section.

38

**TITLE II**

39

**IS WORKERS ENTERING INTO CONTRACTED EMPLOYMENT**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

Chapter I

Requisites for Contracting Employment

**SEC. 38. Employment Contract.** All working arrangements entered into by IS workers, shall be covered by a written employment contract, in a language or dialect understood by both employer and worker, . duly signed by both the employer and the worker. Under this Act, the employer and the worker may enter into either one of the following three (3) working arrangements: *Daily Basis, Monthly Basis, or Pacquiao Basis.*

In every contract entered into each contracting party shall be provided with a full set of the. duly signed employment contract, the basic provisions of which shall include the following:

- (a) working arrangement/mode;
- (b) period/duration of employment;
- (c). compensation and mode of payment;::
- (d) computation of contributions for social security and medical insurance;
- (e) computation of leave deductions;
- (f)duties and responsibilities
- (g) working hours and day-off schedule;
- (h) living quarters or sleeping arrangements (for live-in workers)

In cases wherein employment of a worker of minor age are allowed, the said employment contract shall be signed on his/her behalf...by either parent or legal guardian, with the expressed written consent of said minor.

In cases wherein employment of illiterate worker are allowed, the said employment contract shall be explained to the\* worker concerned and attested to by a representative from the LGU or an elected Barangay, official in-the city or municipality where the worker is designated to work.

**SEC. 39. Medical Certificate as Pre-requisite of Worker for Employment.** A medical certificate attesting to the physical and mental fitness of an applicant for work must be secured from a licensed physician as a pre-requisite for employment, the cost of which shall be for the, account of the employer.

-Chapter 11

IS Workers of Minor Age

**SEC. 40. Allowable Employment of Worker of Minor Age.** Children below sixteen (16~ years of ago may be employed: Provided, That a parental consent be presented and attested by any representative from the LGU, or, duly elected barangay official where the productive employment is to be done: Provided, further, That the provisions of the UN Convention on the Worst Forms of Child Labor be taken into consideration in the course of employing. such children.

In no instance, however, shall. children below fifteen (15) years of age be engaged in whatever form of productive service.

Unless expressly employed as kasambahay with duly executed contract of employment, children who live with their parents at the employers' residence or those whose sustenance or education is being provided for by the homeowner, shall not be considered as kasambahay.

Workers of minor age shall not be allowed to render work for more than ten (10) hours a day, five (5) days per week, exclusive of one (1) hour breaks each for breakfast, lunch and dinner.



1           **SEC. 45. Prohibition Against Work to be Undertaken.** Worker of minor age  
2 shall not be allowed to render work beyond their mental and physical capabilities.

3           **SEC. 46. Prohibition Against Bonded Labor** A worker shall not be allowed to  
4 use his/her future services as collateral for any loan or advances made or to be made  
5 by said worker with the employer. Likewise, no employer shall be allowed to bind the  
6 worker to his/her continued employ as a form of payment for any loan or advances  
7 which he/she may have made with the employer. Should there be an outstanding  
8 loan incur and he/she decides to unilaterally terminate the contract of employment,  
9 said loan or advance shall be paid. by him/her to the employer under terms and  
10 conditions specified in a duty executed promissory note between parties.  
barinaga@barinaga.com.ph

11           **SEC. 47. Prohibition Against Labor Sub-Contracting.** In no instance shall  
12 the employer sub-contract the services of a worker to any third party, unless such  
13 activity falls within the purview of, an employment arrangement for which the  
14 necessary permits , and licenses had been priorly secured.

15           **SEC. 48. Prohibition Against Recruitment and Finders Fees.** Regardless  
16 of whether the worker was sourced either through an employment agency or a third  
17 party, said worker shall neither be charged nor levied a share in the recruitment fees  
18 or finder's fees by the aforementioned employment agency or third party.

19           **SEC. 49. Prohibition Against Hazardous Work and Conditions.** Worker of  
20 minor age shall not be employed in any hazardous work, activity or undertaking, and  
21 neither shall he/she be exposed to hazardous working conditions.

22           For purposes of this Section, hazardous work or conditions shall include, but  
23 not limited to the following:

- 24           (a) any work, employment or activity which exposes the worker to physical,  
25 emotional or sexual abuse;
- 26           (b) any work which involves manual handling or transport of heavy loads;
- 27           (c) any work in an unhealthy environment which exposes household helpers to  
28 hazardous substances, agents or processes, or to temperatures, noise levels, or  
29 vibrations damaging to their health;
- 30           (d) any work which requires the household helper to render services for long  
31 periods of time or during late nights;
- 32           (e) any or all forms of slavery or practices similar to slavery, such as the sale  
33 and trafficking of household helpers, forced or compulsory labor, debt bondage and  
34 serfdom;
- 35           (f) any use, procuring or offering of the household helper for prostitution or  
36 pornography;
- 37           (g) any use, procuring or offering of the household helper for the commission  
38 of any offense or crime, particularly for the production and trafficking of narcotic drugs  
39 and substances as defined in the Dangerous Drugs Act;
- 40           (h) any other type of worker activity which, by its nature or the circumstances  
41 in which it is carried out is likely to jeopardize the health, safety or morals of the  
42 household helper **and**
- 43           (i) any other type of work; activity, -condition or undertaking that may be  
44 hereinafter be defined as hazardous by the Department of Labor and Employment.



1 The DECS or CHED, whichever office is applicable, shall extend its services  
2 of Study-Now, Pay-Later Program to the worker in the informal sector,

3' The employer may also extend scholarship programs to a worker and be  
4 reimbursed out of deductions from the worker's monthly compensation which shall, at  
5 all. times, be no greater than fifty (50.0%) percent of the worker's monthly  
6 compensation. The time spent by a worker during the conduct of the said education  
7 or training, including the time spent going to and coming **from the** training shall be  
8 counted as part of the worker's hours of work.

9 **SEC. 54. Access to Lawful Third-Party Mediation.** The employer shall  
10 provide all worker the names, addresses and telephone numbers of the designated  
11 liaison offices of the following:

- 12 (a) DTI;  
13 (b) DOLE;  
14 (c) the Barangay office where he/she is productively working; and,  
15 (d) duly registered non-government organizations accredited to mediate in  
16 disputes of their sector,

17 The employer shall further guarantee the worker access to. all means of  
18 communication for the purpose of contacting any of the above-enumerated  
19 institutions.

20 **SEC. 55. Provision of Basic Necessities.** The employer shall provide for the  
21 **basic** necessities of a live-in worker which shall include:

- 22 (a) A minimum of three (3) full meals per day;  
23 (b) Humane, private and safe sleeping quarter;  
24 (c) Emergency medical support and assistance;  
25 (d) A safe and non-health hazard workplace;

26 In no instance shall the employer be allowed to withdraw or hold in abeyance  
27 the provision of these basic necessities as punishment or disciplinary action to be  
28 meted out to the worker.

29 **SEC. 56. Normal Hours of Work.** Cognizant of the peculiarities of the  
30 relationship between the employer and the IS worker, the normal hours of work shall  
31 be set at ten (10) hours per day, exclusive of one (1) hour breaks each for breakfast,  
32 lunch and dinner. The worker shall be allowed at least eight (8) hours of continuous  
33 rest per day otherwise any work done by him/her beyond the normal hours of work  
34 per day shall be duly compensated.

35 **SEC. 57. Regular Working Days.** No worker shall render work for more than  
36 six (6) days per week. While the specific day of the week set aside as rest day for the  
37 worker may be stipulated in the employment contract, the same may be changed for  
38 another day of the week upon the mutual agreement of the employer and the worker  
39 as the exigencies of the work may dictate

40 **SEC. 58. Longevity pay.** A longevity pay equivalent to five *per centum* (5%) of  
41 his/her latest monthly basic pay shall be paid to a worker for every two (2) years of  
42 continuous and satisfactory service rendered.

43 **SEC. 59. Clothing Allowance.** A worker shall be entitled to a minimum of One  
44 Thousand pesos (P1 000,00) clothing allowance annually, Provided, That the worker  
45 has rendered at least one (1) year of continuously service in the employment he/she  
46 is currently in.

47 **SEC. 60. Vacation Leaves.** A worker *who is employed for one (1) year shall*  
48 *be entitled*, to a fourteen (14) day vacation leave with pay, in addition to the one (1)

1 day per week designated as the rest day. Said leave may only commence at the end  
2 of the first year of employment, and shall not cumulate from year to year.

3 SEC. 61. Maternity Benefits. A female worker who is employed for one (1)  
4 year shall be entitled to maternity benefits.

5 SEC. 62. 13<sup>th</sup> Month Pay. A worker shall be entitled to a I month pay  
6 equivalent to one (1) months basic salary which shall be paid to the worker not later  
7 than the 16<sup>th</sup> of December of every year: *Provided, however,* That the worker has  
8 reached the required minimum residency. Otherwise, the worker shall be entitled to  
9 receive a 13<sup>th</sup> Month Pay on pro-rated basis.

10 SEC. 63. Allowing subcontracting. A worker may enter into sub-contractual  
11 employment or may accept subcontractual jobs from any other enterprise or firm  
12 joining or may join productive employment through a cooperative or consortium:  
13 *Provided however, That* the enterprise or firm or cooperative or consortium shall be  
14 mandated to implement the specific provisions of this Act in regard to worker's  
15 benefits: *Provided, further,* That where a worker subcontracts jobs between and  
16 among other worker providing for the benefits due him/her shall not be obligated upon  
17 the party who contracted the job.

18 SEC. 64. *Pre-Termination of Contract.* The employer may, at his/her own  
19 discretion, terminate the services of the worker: *Provided, however,* That said  
20 employer provides the worker with at least fifteen (15) days notice of termination and  
21 termination pay equivalent to at least one half (1/2) month's salary. In lieu of the  
22 fifteen (15) day notice of termination, the employer may immediately terminate the  
23 services of the worker, *Provided,* That said employer provides the worker termination  
24 pay equivalent to one (1) month's salary

25 The employer may, for valid or just cause of *loss* of confidence, terminate the  
26 services of the worker prior to the expiration of the contract without indemnifying the  
27 latter with termination pay.

28 Should the worker decide, on his/her own volition, to unilaterally leave the  
29 workplace prior to the expiration of the contract period, said worker shall forfeit any  
30 separation pay that may be due him/her,

31 SEC. 65. *Extent of Duty.* The employer shall not require worker to perform  
32 any task or work outside the assigned workplace for the service or benefit of another  
without the latter's consent and payment of just compensation.

34 SEC. 66., *Automatic Salary Increase.* The contract of employment  
35 executed by and between the employer and the worker shall provide for an annual  
36 salary increase, the amount of which shall be determined by mutual agreement of the  
37 parties.

38 SEC. 67. **Deployment Expenses.** Deployment expenses of a worker,  
39 including transportation and agency fees shall be shouldered by the employer.

40 TITLE III

41 FINAL PROVISIONS

42 SEC. 68. Penal Provision. Any person who shall willfully interfere with, restrain  
43 or coerce a social worker in the exercise of his/her rights or shall in any manner  
44 commit any act in violation of any of the provision of this Act shall, upon conviction,  
45 be punished by a fine of not less than Ten thousand pesos (P10,000.00) but not more  
46 than Twenty thousand pesos (P20,000.00) or imprisonment of one (1) year to six (6)  
47 years or both fine and imprisonment at the discretion of the court.

48 If the offender is a public official, the court in addition to the penalties provided  
49 in the preceding paragraph, may impose the additional penalty of disqualification from  
50 public office.

1 In the case of a private institution/company found to be violating any provision  
2 of this Act, it shall be subject to a penalty ranging from suspension of license to  
3 revocation of such, at the discretion of the court.

4 SEC. 69. Separability Clause. If any provision of this Act is declared  
5 unconstitutional or invalid, the provisions not affected shall continue to be in full force  
6 and effect.

7 SEC. 70. *Repealing Clause.* All laws, decrees, orders, rules and regulations or  
8 other issuances inconsistent with the provisions of this Act are hereby repealed,  
9 amended or modified accordingly.

10 SEC. 71. Effectivity. This Act shall take effect fifteen (15) days after its  
11 publication in at least two (2) newspapers of general circulation or the Official  
12 Gazette, whichever comes first.

Approved.