



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

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **5018**



Introduced by Representative Pantaleon D. Alvarez

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 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 P481 per day.

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

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

Labor workers are "a company's greatest asset," according to businesswoman Anne Mulcahy, and these assets should receive the right wages and benefits they so rightfully 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 payment of prescribed minimum wage rates by unjust employers.

The approval of this bill is earnestly sought.



PANTALEON D. ALVAREZ



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

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

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

5
6 **"ARTICLE 97-A. SOCIAL SECURITY AND WELFARE**
7 **BENEFITS - UPON EMPLOYMENT, EVERY EMPLOYEE**
8 **SHALL BE COVERED BY THE SOCIAL SECURITY SYSTEM**
9 **(SSS), THE PHILIPPINE HEALTH INSURANCE**
10 **CORPORATION (PHILHEALTH), THE HOME**
11 **DEVELOPMENT MUTUAL FUND (PAG-IBIG), AND OTHER**
12 **SOCIAL SECURITY AND WELFARE BENEFITS.**

1 NOTWITHSTANDING ANY PROVISION OF LAW TO THE
2 CONTRARY, ALL PREMIUM PAYMENTS OR
3 CONTRIBUTIONS FOR SUCH BENEFITS OF MINIMUM
4 WAGE EARNERS SHALL BE SHOULDERED BY THE
5 EMPLOYER."

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

8 "Art. 102. *Forms of payment.* - No employer shall pay the
9 wages AND WAGE-RELATED BENEFITS of an employee by
10 means of promissory notes, vouchers, coupons, tokens, tickets,
11 chits, or any object other than legal tender, even when expressly
12 requested by the employee.

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

17
18 SEC. 3. A new article, denominated as Article 105-A, is hereby
19 inserted after Article 105 of the Labor Code, to read as follows:

20
21 "ART. 105-A. *NON-PAYMENT OF WAGES AND*
22 *BENEFITS; PENALTIES - NON-PAYMENT OF THE WAGES OF*
23 *EMPLOYEES, INCLUDING WAGE-RELATED BENEFITS, IS*
24 *HEREBY DECLARED UNLAWFUL."*

25 "ANY PERSON, CORPORATION, TRUST, FIRM,
26 PARTNERSHIP, ASSOCIATION OR ENTITY THAT REFUSES
27 OR FAILS TO PAY THE WAGES OF AN EMPLOYEE FOR
28 SERVICE RENDERED, OR REFUSES OR FAILS TO PAY ANY
29 OF THE PRESCRIBED INCREASES OR ADJUSTMENTS IN
30 THE WAGE RATES MADE IN ACCORDANCE WITH
31 PREVAILING LAWS SHALL BE PUNISHED BY A FINE OF

1 NOT LESS THAN TWO HUNDRED THOUSAND PESOS
2 (P200,000.00) NOR MORE THAN FIVE HUNDRED
3 THOUSAND PESOS (P500,000.00) AND/OR IMPRISONMENT
4 OF NOT LESS THAN FOUR (4) YEARS NOR MORE THAN SIX
5 (6) YEARS OR BOTH SUCH FINE AND IMPRISONMENT AT
6 THE DISCRETION OF THE COURT."

7 "THE EMPLOYER CONCERNED SHALL BE ORDERED
8 TO PAY AN AMOUNT EQUIVALENT TO DOUBLE THE
9 UNPAID WAGES OWING THE EMPLOYEE: *PROVIDED,*
10 THAT THE PAYMENT OF INDEMNITY SHALL NOT
11 ABSOLVE THE EMPLOYER FROM THE CRIMINAL
12 LIABILITY IMPOSABLE UNDER THIS ARTICLE."

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

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

27 "ANY PERSON CONVICTED UNDER THIS ACT SHALL
28 NOT BE ENTITLED TO THE BENEFITS PROVIDED FOR
29 UNDER PRESIDENTIAL DECREE NO. 968, OTHERWISE
30 KNOWN AS THE *PROBATION LAW OF 1976.*"
31

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

3
4 “Art. 106. *Contractor or subcontractor.* - Whenever a[n]
5 **PRINCIPAL** employer enters into a contract with another person
6 for the performance of the former’s work, the employees of the
7 contractor and of the latter’s subcontractor, if any, shall be paid in
8 accordance with the provisions of this Code.

9 “In the event that the contractor or subcontractor fails to pay
10 the wages **AND WAGE-RELATED BENEFITS, INCLUDING**
11 **THE PREMIUMS FOR SOCIAL SECURITY AND WELFARE**
12 **BENEFITS**, of his employees in accordance with this Code, the
13 **PRINCIPAL** employer shall be jointly and severally liable with his
14 contractor or subcontractor to such employees to the extent of the
15 work performed under the contract, in the same manner and
16 extent that he is liable to employees directly employed by him.

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

27
28 **SEC. 5. *Implementing Rules and Regulations.*** - The Secretary of
29 Labor and Employment shall promulgate the necessary implementing
30 rules and regulations within one hundred and twenty (120) days from
31 the effectivity of this Act, .

1 **SEC. 6. *Separability Clause.*** - If any provision of this law or the
2 application thereof to any person or circumstance is held invalid, the
3 remainder of this law or the application of such provision or part to
4 other persons of circumstances shall not be affected thereby.

5
6 **SEC. 7. *Repealing Clause.*** - All laws, decrees, rules, and
7 regulations or parts thereof, which are contrary to or inconsistent with
8 this Act, are hereby repealed or modified accordingly.

9
10 **SEC. 8. *Effectivity.*** - This Act shall take effect fifteen (15) days
11 after its publication in the *Official Gazette* or in a newspaper of national
12 circulation.

Approved,