



Introduced by Honorable Ma. Alana Samantha Taliño Santos

AN ACT MANDATING SALARY OFFER TRANSPARENCY IN JOB ADVERTISEMENTS, PROHIBITING INQUIRY ON EMPLOYEE'S SALARY HISTORY, PROVIDING PENALTIES THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The 1987 Constitution puts primacy upon the rights of workers, mandating that the State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.¹

In the Philippines, discussions about salary have long been considered a sensitive and often avoided topic. Prospective employees, in many cases, submit job applications without a clear understanding of the compensation package they will be offered. This practice, while common, can inadvertently lead to discrimination and the perpetuation of unequal pay scales. Additionally, salary negotiations are not commonly practiced in the country, and job applicants frequently accept the initial offer without attempting to negotiate for better terms that align with their needs and qualifications.

Salary transparency is an important step towards salary equity. In a study, it was found that pay transparency leads to both equity and equality of pay.² This is because transparency serves as a mechanism for reducing wage disparities, ensuring that employees who are objectively underpaid based on their performance and rank receive larger pay increases.

Globally, there is a trend towards increasing pay transparency. Several countries have enacted legislation aimed at making information about pay scales, job classifications, and other compensation-related details readily accessible to employees. This shift towards transparency is part of a broader effort to rectify long-standing wage disparities and promote fairness within the labor force.

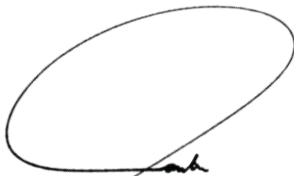
This proposed bill seeks to institute a similar mechanism in the Philippines, with the goal of introducing greater transparency in salary structures. By doing so, it aims to address the issue of wage inequality, aligning the country with international trends that promote more equitable and just compensation practices. The bill mandates covered employers, particularly private entities with ten or more employees, to disclose the minimum and maximum salary ranges for advertised job positions, promotions, or transfer opportunities. It seeks to ensure transparency in salary offers, prevent discrimination, and promote

¹ CONST. Art XIII, §6.

² Obloj, Tomasz and Zenger, Todd R., The influence of pay transparency on (gender) inequity, inequality, and the performance-basis of pay (January 5, 2022). HEC Paris Research Paper No. SPE-2020-1359, Available at SSRN: <https://ssrn.com/abstract=3523828> or <http://dx.doi.org/10.2139/ssrn.3523828>

equality in employment opportunities. The law also prohibits employers from inquiring about a job applicant's salary history unless voluntarily disclosed by the applicant during negotiations.

In essence, this legislation seeks to uphold the principles enshrined in the Constitution by promoting labor protection, equality of employment opportunities, and fair wages for all Filipino workers.



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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Second Regular Session

House Bill No. 9600

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

Section 1. **Title.** – This Act shall be known as the “*Salary Transparency Act.*”

Section 2. **Mandatory Disclosure of Compensation or Range of Compensation.**- It is the declared policy of the State to protect the rights of workers, promote their welfare, and afford full protection for the equality of employment opportunities for all regardless of sex, race, age, creed, or any other unreasonable classification. To achieve this policy, salary or salary range in job advertisements shall be transparent to eradicate any form of baseless discrimination and ensure equality in compensation for all on the basis of qualification.

Section 3. **Definition of Terms-** As used in this law, the following terms shall be understood, applied, and construed as follows:

(a) *Covered Employers* refer to private employers with ten or more employees offering work to be performed, in whole or in part, in the Philippines;

(b) *Salary* refers to the gross monthly pay, hourly wage rate, or project-based pay, whichever is applicable. Salary does not include other forms of compensation or benefits offered in connection with the advertised job, promotion, or transfer opportunity, such as health, life, or other employer-provided insurance, paid leaves, retirement or savings fund contributions, non-monetary benefits, and the like.

(c) *Salary History* refers to an employee's current or prior compensation, including base pay, incentive pay, benefits and other forms of compensation.

(d) *Salary Offer in Bad Faith* refers to an offer to a successful applicant of an advertised job, promotion, or transfer opportunity, in which the actual salary offer is outside of the advertised salary or advertised salary/ range, and is attributed to any form of discrimination or is not supported by any justifiable reason. Justifiable reasons include the skills, qualifications, or experience of the applicant or sudden change in industry standard or company economic status from the time of posting of the advertisement to the time of job offer;

(e) *Job Advertisements* refer to any written description of an available job, promotion, or transfer opportunity, whether for a position of a full- or part-time employee, intern, independent contractor, consultant, and any other work rendered for compensation, that is publicized to a pool of applications, regardless of the medium of dissemination; and

Section 4. ***Mandatory Salary Transparency.*** - Covered employers must indicate in good faith the minimum and maximum salary that they are willing to pay for successful applicants of each advertised job, promotion, or transfer opportunity, except for covered employers with fixed salary offers, in which case, the fixed salary offer must be indicated in the job advertisement.

Section 5. ***Prohibition on Salary History Inquiry.*** - During the hiring process, it is prohibited for employers to ask a job applicant about his or her salary and compensation history, unless such applicant volunteers the information in salary and benefits negotiations with the prospective employer.

Section 6. ***Penalty.*** - In case of violation of this Act, the covered employer shall:

(a) For the first offense in case of violation of Section 4, be given a notice to amend the job advertisement and be required to amend the advertisement and postings and provide notices to the existing pool of applicants within thirty (30) days from receipt of notice from the Department of Labor and Employment; and

(b) For subsequent offenses in violation of Section 4 hereof, after due notice and hearing, be fined an amount not less than Thirty Thousand Pesos (Php30,000.00) but not more than One Hundred Thousand Pesos (Php 100,000.00).

(c) In case of violation of Section 5 hereof, and after due notice and hearing, be fined an amount not less than Thirty Thousand Pesos (Php30,000.00) but not more than One Hundred Thousand Pesos (Php 100,000.00).

In case of a salary offer in bad faith, the erring covered employer shall, after due notice and hearing, be fined with an amount not less than Two Hundred Thousand Pesos (Php200,000.00) but not more than Four Hundred Thousand Pesos (Php400,000.00).

Section 7. ***Implementing Rules and Regulations.*** - Within sixty (60) days from the effectivity of this Act, the Department of Labor and Employment shall issue the necessary rules and regulations to carry out the provisions of this Act.

Section 8. ***Separability Clause.*** - If any section or part of this Act is held unconstitutional, no other section or provision shall be affected.

Section 9. ***Repealing Clause.*** - All provisions of existing laws, presidential decrees or issuances, executive orders, letters of instruction, administrative orders, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Section 10. ***Effectivity.*** - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation

Approved