

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2565



INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO and
JOCELYN P. TULFO

**AN ACT PENALIZING THE ACT OF WAGE THEFT BY AMENDING FOR THIS
PURPOSE ARTICLES 87 AND 116 OF PRESIDENTIAL DECREE NO. 442,
OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES**

EXPLANATORY NOTE

Article 23(3) of the Universal Declaration of Human Rights (UDHR) provides that “everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity”. Being employed and forced to work without receiving the agreed salary effectively constitutes slavery, which is prohibited by the UDHR under Article 4.

The Migrant Forum in Asia defines wage theft as that which consists of the total or partial non-payment of a worker’s remuneration, earned through the provision of labor services, as stipulated in a written or non-written employment contract.¹

Wage theft is a common grievance among migrant workers, whether documented or undocumented, across all sectors. The COVID-19 pandemic has exacerbated the situation of migrant workers, many of whom have experienced job loss or non-payment of wages and have been forced by employers to take unpaid leaves and thus are confined to poor living conditions.

This bill seeks to establish stronger protection for employees, deter employers from engaging in exploitative practices, and provide legal remedies for victims of wage theft. Aside from defining wage theft, this bill establishes its various forms including, but not limited to, minimum wage violations, unpaid overtime, tip theft, and unlawful deductions. Aiming to create a strong deterrent against such illegal practices, stricter penalties and fines for employers are introduced in this measure.

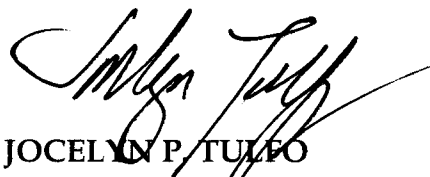
¹ Policy Brief No. 1 Justice for Migrant Workers: Creating an Effective Solution to Address Wage Theft, MIGRANT FORUM IN ASIA (July 10, 2025), <https://mfasia.org/policy-brief-no-1-justice-for-migrant-workers-creating-an-effective-solution-to-address-wage-theft/>.

By penalizing wage theft, we aim to safeguard the rights of workers and ensure they receive their fair compensation for their labor.

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



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Representative
2nd District of Quezon City



JOCELYN P. TULFO
Representative
ACT-CIS Partylist

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

SECTION 1. *Title.* - This Act shall be known as the "Wage Theft Prevention Act".

SEC. 2. *Declaration of Policy.* - It is the policy of the State to protect labor, promote full employment, and assure the rights of workers to just and humane conditions of work.

To promote and ensure full protection of a workers' wage, the State adopts and institutionalizes the penalization of the act of wage theft that can be committed against honest and hardworking workers of both the public and private sectors, locally and abroad.

SEC. 3. *Definition of Terms.* - As used in this Act:

- a) *Wage Theft* refers to the act of depriving or withholding an employee of the wages, other earnings, and other benefits to which the employee is legally entitled to as stated in the contract or agreement entered by both the employer and employee in the public and private sector, locally or abroad.

The act may be in the form of withholding total or partial wage, including minimum wage, other earnings, and other benefits, failure to pay overtime compensation, failure to pay holiday benefits, failure to award the amount of tips honestly earned by a worker, failure to pay bonuses granted to each

employee as stated in their contract or agreement, and discrimination on the classification of employees from other earnings and benefits, among others.

SEC. 4. – In line with this policy, Article 87 of the Labor Code of the Philippines is hereby amended to read as follows:

“ART. 87. Overtime Work. Work may be performed beyond eight (8) hours a day provided that the employee is paid for the overtime work, an additional compensation equivalent to his regular wage plus at least twenty-five percent (25%) thereof. Work performed beyond eight hours on a holiday of rest day shall be paid an additional compensation equivalent to the rate of the first eight hours on a holiday or rest day plus at least thirty percent (30%) thereof.

IT SHALL BE UNLAWFUL FOR ANY EMPLOYER TO DISCRIMINATE ANY EMPLOYEE BY CLASSIFYING THOSE WHO CAN EXCLUSIVELY RENDER OVERTIME WORK ON THE BASIS OF SEXUAL ORIENTATION, ETHNIC ORIGIN, RELIGIOUS BELIEF, DISABILITY, EDUCATION ATTAINMENT AND OTHER FORMS OF DISCRIMINATION.”

SEC. 5. – In line with this policy, Article 116 of the Labor Code of the Philippines is hereby amended to read as follows:

“ART. 116. Withholding of Wages and Kickbacks Prohibited. – It shall be unlawful for any person, directly or indirectly, to withhold any amount from the wages, OTHER EARNINGS AND OTHER BENEFITS SUCH AS OVERTIME COMPENSATION, TIPS, 13TH MONTH PAY, REIMBURSEMENTS DONE IN THE COURSE OF THEIR DUTY, HOLIDAY PAY, BONUSES, AMONG OTHERS ON THE AGREED RELEASE DATE OF SUCH WAGE, OTHER EARNINGS, AND BENEFITS of a worker or induce him to give any part of his wages by force, stealth, intimidation, threat or by any other means whatsoever without the workers’ consent.”

SEC. 6. *Penalty.* – Employers who fail to comply with this Act shall be criminally liable in accordance with Article 309 of the Revised Penal Code and other existing laws, rules, and regulations.

In cases where the employee who is subject of wage theft is employed by a corporation, the person criminally liable shall be the person directly responsible for the release of wages or, in the absence thereof, the beneficial owner of the corporation. In cases of partnerships, all partners shall be liable, and in the cases of a sole proprietorship, the sole proprietor shall be liable.

Furthermore, if proven that the violating entity has been withholding workers' wages, other earnings and/or other benefits, suspension or cancellation of business permits will be as follows:

- a) First Offense: suspension of three (3) months to six (6) months;
- b) Second Offense: suspension of six (6) months to 1 year; and
- c) Third Offense: cancellation of business permit.

SEC. 7. *Implementing Rules and Regulations.* - In coordination with the representatives of the public and private sectors, and other concerned government agencies, the Secretary of Labor and Employment shall promulgate the necessary rules and regulations to implement the provisions of this Act.

SEC. 8. *Separability Clause.* - If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected by such declaration shall remain in full force and effect.

SEC. 9. *Repealing Clause.* - All laws, executive orders, administrative orders, and rules and regulations inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 10. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,