



Republic of the Philippines

HOUSE OF REPRESENTATIVES

Quezon City
TWENTIETH CONGRESS
First Regular Session



House Bill No. 2604

Introduced by CIBAC Party-List Representative
EDUARDO “BRO. EDDIE” C. VILLANUEVA

EXPLANATORY NOTE

“STOP ENDO” or “STOP CONTRACTUALIZATION” is the resounding call of workers nationwide. Indeed, being caught in the cycle of intermittent ENDO or CONTRACTUAL jobs with no prospect of permanency is very oppressive and derogates the Constitutionally guaranteed rights of workers to security of tenure, humane conditions of work, organize and collectively bargain, engage in peaceful concerted activities including strike in accordance with law, receive a living wage, and participate in decision-making processes affecting their rights and benefits (Section 3, Art. XIII of the 1987 Constitution).

Among others, this bill seeks to clarify when labor-only contracting exists:

- a) when the job contractor merely supplies workers to a contractee;
- b) when the workers supplied by the contractor are performing jobs which are directly related to the principal business of the contractee;
- c) when the job contractor does not control the workers deployed to the contractee.

The proposal to include the performance of “directly related tasks” as an indicator of the existence of labor-only contracting is meant to address a situation where all functions or tasks are contracted out to a job contractor, which is clearly a circumvention of the Constitutional guarantee on the right to security of tenure.

This definition was favorably endorsed by the Department of Labor and Employment (DOLE), the primary agency in-charge of implementing the Labor Code, and who, we assume, knows the loopholes in the law that must be addressed by corrective legislation. According to DOLE, the amendment will simplify the interpretation, implementation and enforcement of the prohibition on labor-only contracting and curb practices that circumvent the prohibition. The Department also noted that most of the LOC cases pending on appeal is grounded on the argument

that the contractors are not LOC because it has substantial capitalization citing Supreme Court cases.

This bill allows industry tripartite councils to determine the jobs that are directly related to the principal business of a contractee/principal. This is in recognition of the fact that what may be directly related to the business of a contractee today, may not be directly related tomorrow due to rapidly changing technologies.

This amendment will give the labor sector the opportunity to voice their concerns in the contracting out of certain jobs or services, and at the same time, give the employers the opportunity to present the realities of the operations of their businesses and give them appropriate flexibility to adjust to changes dictated by their businesses, especially in light of rapidly changing technologies. For example, now, we can see restaurants having electronic machines where you can place your order and make your payment. At toll roads in Metro Manila and surrounding provinces, we see an aggressive push for RFIDs or easy strips and less and less toll collectors during regular days. In light of similar developments in other industries, what should be considered “directly related” to the principal business of a contractee today will likely no longer be “directly related” in a year or two.

This will also provide stability. The listing of tasks or functions that may or may not be contracted out removes the wide latitude of discretion of DOLE inspectors and contractees on what is directly related or not, including that of the labor sector. Currently, the contractee makes a self- determination of what jobs/tasks are directly related to its business. Meanwhile, the DOLE inspectors also rely on their own judgment or understanding during inspection, on what jobs/tasks being contracted out are directly related, while the DOLE directors and the Secretary of Labor and Employment also have their own separate determination on whether the jobs/tasks contracted out are directly related to the principal business of the contractee. The justices of the Court of Appeals and the Supreme Court separately determine the relatedness of the task or functions to the principal business of the contractee.

Having an industry-determined listing will also remove the litigiousness of the process and dissatisfaction from the employers and the affected workers. What will be checked during inspection is the license and the subject of determination would just be the following:

- a) whether the contracted tasks or functions is included in the industry’s positive or negative listings; or
- b) whether the job contractor is merely supplying workers; or
- c) whether the job contractor exercises direct control over the workers deployed to the contractee.

1

Compliance with substantial capital requirement or possession of tools or equipment reasonably necessary to the contracted tasks or functions will already be checked at the time of application for a license, being an administrative requirement for licensing. The license being an authority given to engage in job contracting, unlike registration, is a DOLE guarantee that the licensee has complied with the requirements

set out in the proposed measure. Hence, any non-compliance determined with finality will make the issuing DOLE officer administratively liable for the issuance of the license along with the licensee for the fraudulent authority.

In addition, this bill also requires job contractors to obtain a license from DOLE, upon showing proof that it has substantial capital, has an independent business, an employer with regular employees, complies with labor laws and payment of social security benefits, such as SSS, PhilHealth and Pag-ibig premium payments, among others.

This bill also simplifies the classification of workers to regular and probationary employees. Project and seasonal employees are regular employees for the duration of the project or season, as the case may be. All other forms of employment are strictly prohibited.

Notably, the full text of this bill was earlier certified by former President Rodrigo Duterte in 2018, but was, however, eventually vetoed. Nevertheless, we believe that the immediate passage of this bill is still necessary, and even more urgent, as our workers and industries recover from the pandemic.

Thus, the immediate passage of this bill is earnestly sought.


EDUARDO "BRO. EDDIE" C. VILLANUEVA
Representative, CIBAC Partylist



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HOUSE BILL NO. 2604

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EDUARDO “BRO. EDDIE” C. VILLANUEVA

AN ACT
STRENGTHENING WORKERS RIGHT TO SECURITY OF TENURE,
AMENDING FOR THE PURPOSE ARTICLES 106, 107, 108, AND 109
OF BOOK III, AND ARTICLES 294 [279], 295 [280], 296 [281], AND
297 [282] OF BOOK VI OF PRESIDENTIAL DECREE NO. 442,
OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES,
AS AMENDED

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

1 **SECTION 1. Short Title** - This Act shall be known as the “**Security of Tenure**
2 **and End of Endo Act**”
3

4 **SEC. 2.** Article 106, Title II, Book III of the Labor Code, as amended, is hereby
5 amended to read as follows:
6

7 **“ARTICLE 106. [Contractor or Subcontractor] PROHIBITION ON**
8 **LABOR-ONLY CONTRACTING.** – [Whenever an employer enters into
9 a contract with another person for the performance of the former’s work,
10 the employees of the contractor and of the latter’s subcontractor, if any,
11 shall be paid in accordance with the provisions of this Code.
12

13 “In the event that the contractor of subcontractor fails to pay the
14 wages of his employees in accordance with this Code, the employer
15 shall be jointly and severally liable with his contractor or subcontractor
16 to such employees to the extent of the work performed under the
17 contract, in the same manner and extent that he is liable to employees
18 directly employed by him.
19

20 “The Secretary of Labor and Employment, may by appropriate
21 regulations, restrict or prohibit the contracting-out of labor to protect the
22 rights of workers established under this Code. In so prohibiting or

1 restricting, he may make appropriate distinctions between labor-only
2 contracting and job contracting as well as differentiations within these
3 types of contracting and determine who among the parties involved shall
4 be considered the employer for the purposes of this Code, to prevent
5 any violation or circumvention of this Code.]
6

7 "LABOR-ONLY CONTRACTING IS PROHIBITED. There is
8 "labor-only" contracting where the [person supplying workers to an
9 employer does not have] JOB CONTRACTOR, WHETHER LICENSED
10 OR NOT, MERELY RECRUITS AND SUPPLIES OR PLACES
11 WORKERS TO A CONTRACTEE REGARDLESS OF WHETHER OR
12 NOT HE/SHE HAS substantial capital or investment in the form of tools,
13 equipment, machineries, work premises, among others, [and] OR the
14 workers recruited and SUPPLIED OR placed by such person are
15 performing activities which are directly related to the principal business
16 of such CONTRACTEE OR ARE UNDER THE CONTROL AND
17 SUPERVISION OF THE CONTRACTEE. In such cases, the [person or
18 intermediary] JOB CONTRACTOR shall be considered merely an agent
19 [of] AND the [employer who] CONTRACTEE shall be responsible to the
20 workers in the same manner and extent as if the latter were directly
21 employed by him/HER.
22

23 FOR THE PURPOSES OF THIS ARTICLE, THE SPECIFIC JOB,
24 WORK OR SERVICE THAT ARE DEEMED DIRECTLY RELATED TO
25 THE PRINCIPAL BUSINESS OF A CONTRACTEE SHALL BE
26 DETERMINED BY THE APPROPRIATE INDUSTRY TRIPARTITE
27 COUNCIL WHICH SHALL BE ISSUED THROUGH REGULATIONS BY
28 THE SECRETARY OF LABOR AND EMPLOYMENT. IN THE
29 ABSENCE OF A DETERMINATION BY THE APPROPRIATE
30 INDUSTRY COUNCIL, THE SECRETARY OF LABOR AND
31 EMPLOYMENT SHALL DETERMINE THE STANDARD CRITERIA
32 AFTER CONSULTATION WITH THE NATIONAL TRIPARTITE
33 INDUSTRIAL PEACE COUNCIL.
34

35 "IN ALL CASES WHERE LABOR-ONLY CONTRACTING IS
36 PRESENT, THE WORKERS SHALL OUTRIGHT BE DEEMED
37 REGULAR EMPLOYEES OF THE CONTRACTEE IN ACCORDANCE
38 WITH LAW, RETROACTIVE TO THE DATE THEY WERE FIRST
39 DEPLOYED TO SAID CONTRACTEE, WITHOUT PREJUDICE TO
40 ANY CRIMINAL, CIVIL, OR ADMINISTRATIVE CASE AGAINST THE
41 LABOR-ONLY CONTRACTOR AND THE CONTRACTEE.
42

43 "COMPLIANCE ORDERS AFFIRMED BY THE SECRETARY
44 OF LABOR AND EMPLOYMENT SHALL BE IMMEDIATELY
45 EXECUTORY UNLESS RESTRAINED BY AN APPROPRIATE
46 COURT.
47

48 "IN CASE THE COMPLIANCE ORDER INVOLVES A
49 DIRECTIVE TO REGULARIZE WORKERS, THE EMPLOYMENT OF
50 THE LATTER SHALL NOT BE TERMINATED PENDING APPEAL OF

1 SUCH ORDER EXCEPT FOR JUST OR AUTHORIZED CAUSE. ANY
2 TERMINATION OF WORKERS PENDING APPEAL SHALL RENDER
3 THE COMPLIANCE ORDER INVOLVING THE REGULARIZATION OF
4 WORKERS EXECUTORY.

5
6 "ADDITIONALLY, THE SECRETARY OF LABOR AND
7 EMPLOYMENT SHALL IMPOSE A FINE OF UP TO FIVE MILLION
8 PESOS (PHP5,000,000.00) AGAINST ANY LABOR-ONLY
9 CONTRACTOR. THE SECRETARY OF LABOR AND EMPLOYMENT
10 SHALL ALSO HAVE THE POWER TO PREVENTIVELY OR
11 PERMANENTLY CLOSE THE OPERATIONS OF ANY LABOR-ONLY
12 CONTRACTOR."

13
14 **SEC. 3.** Article 107, Title II, Book III of the Labor Code, as amended, is hereby
15 repealed, and in lieu thereof, a new Article 107 is inserted to read as follows:

16
17 **"ARTICLE 107. LICENSING OF JOB CONTRACTORS.** – IT
18 SHALL BE MANDATORY FOR ALL PERSONS OR ENTITIES ACTING
19 AS JOB CONTRACTOR TO OBTAIN A LICENSE FROM THE DOLE
20 THROUGH ITS REGIONAL OFFICES. FOR PURPOSES OF
21 ARTICLES 106-109, "JOB CONTRACTOR" REFERS TO A SOLE
22 PROPRIETORSHIP, CORPORATION, ASSOCIATION,
23 COOPERATIVE OR OTHER ORGANIZATION THAT PERFORMS A
24 SPECIFIC WORK, JOB OR SERVICE TO A CONTRACTEE.
25 "CONTRACTEE" REFERS TO THE PERSON OR ENTITY, WHICH
26 SHALL INCLUDE THE GOVERNMENT, THAT CONTRACTED OUT A
27 SPECIFIC WORK, JOB OR SERVICE.

28
29 "THE LICENSE SHALL BE ISSUED TO QUALIFIED JOB
30 CONTRACTORS UPON COMPLIANCE WITH THE FOLLOWING
31 REQUIREMENTS:

- 32
33 (A) HAVE AN INDEPENDENT BUSINESS, SEPARATE AND
34 DISTINCT FROM THE CONTRACTEE;
35
36 (B) HAVE A PAID-UP CAPITAL OR NET WORTH OF AT LEAST FIVE
37 MILLION PESOS (PHP5,000,000.00), WHICH MAY BE
38 INCREASED AS DEEMED APPROPRIATE THROUGH
39 TRIPARTITE CONSULTATION;
40
41 (C) BE AN EXPERT OR SPECIALIST IN THE JOB, WORK OR
42 SERVICE BEING CONTRACTED THAT SHALL NOT BE
43 DIRECTLY RELATED TO THE PRINCIPAL BUSINESS OF THE
44 CONTRACTEE. FOR THIS PURPOSE, EXPERTISE OR
45 SPECIALIZATION SHALL BE ESTABLISHED BY SHOWING,
46 AMONG OTHERS, A CORE OF COMPETENT PROFESSIONALS
47 OR SKILLED WORKERS ESPECIALLY TRAINED TO CARRY
48 OUT THE JOB, WORK OR SERVICE OR TRACK RECORD IN
49 SUCH FIELD OF SPECIALIZATION;
50

1 (D) BE AN EMPLOYER WITH REGULAR EMPLOYEES AND HAVE
2 EQUIPMENT, MACHINERIES OR TOOLS NECESSARY TO
3 PERFORM OR COMPLETE THE JOB, WORK OR SERVICE
4 CONTRACTED OUT;

5
6 (E) EXERCISE CONTROL OVER THE PERFORMANCE AND
7 COMPLETION OF THE JOB, WORK OR SERVICE
8 CONTRACTED OUT;

9
10 (F) CERTIFICATION OF COMPLIANCE WITH LABOR AND SOCIAL
11 WELFARE LAWS INCLUDING PROOF OF PAYMENT OF SOCIAL
12 SECURITY, PHILIPPINE HEALTH INSURANCE CORPORATION,
13 AND HOME DEVELOPMENT MUTUAL FUND (PAG-IBIG)
14 CONTRIBUTIONS; AND

15
16 (G) PAYMENT OF LICENSE FEE, WHICH SHALL NOT BE LOWER
17 THAN ONE HUNDRED THOUSAND PESOS (PHP100,000.00).

18
19 "THE LICENSE SHALL BE VALID FOR A PERIOD OF THREE (3)
20 YEARS AND MAY BE RENEWED UPON COMPLIANCE WITH THE
21 REQUIREMENTS PRESCRIBED BY THE DOLE. IN ALL CASES, THE
22 JOB CONTRACTOR SHALL DEMONSTRATE THAT IT HAS
23 FINANCIAL CAPACITY TO CARRY ON ITS BUSINESS BASED ON
24 FACTORS SUCH AS, BUT NOT LIMITED, TO THE NUMBER OF ITS
25 EMPLOYEES AND THE NATURE OF ITS BUSINESS.

26
27 "ANY LEGITIMATE LABOR ORGANIZATION SHALL HAVE
28 ACCESS TO COPIES OF LICENSES ISSUED TO JOB
29 CONTRACTORS AND ANY AND ALL SUBMISSIONS MADE IN
30 CONNECTION WITH SUCH LICENSE.

31
32 "FOR THIS PURPOSE, THE SECRETARY OF LABOR AND
33 EMPLOYMENT, IN CONSULTATION WITH THE NATIONAL
34 TRIPARTITE INDUSTRIAL PEACE COUNCIL (NTIPC), SHALL ISSUE
35 THE APPROPRIATE REGULATIONS FOR THE LICENSING,
36 RENEWAL, SUSPENSION, AND REVOCATION OF LICENSES OF
37 JOB CONTRACTORS, INCLUDING THE ACCOUNTABILITIES OF
38 THE LICENSING OFFICER IN CASE THE LICENSE IS ISSUED IN
39 VIOLATION OF, OR IN SIMULATION OF ANY OF THE
40 REQUIREMENT FOR LICENSING UNDER PARAGRAPHS (A) TO (G)
41 ABOVE, OR UPON FINDING OF LABOR-ONLY CONTRACTING
42 COMMITTED BY A DULY-LICENSED JOB CONTRACTOR.

43
44 "IN NO CASE SHALL PRIVATE RECRUITMENT AND
45 PLACEMENT AGENCIES (PRPA) OR PRIVATE EMPLOYMENT
46 AGENCIES (PEA) UNDER ARTICLE 25 OF THE LABOR CODE, AS
47 AMENDED, BE ALLOWED TO ENGAGE IN JOB CONTRACTING
48 AND/OR THE PROHIBITED LABOR-ONLY CONTRACTING."
49

1 **SEC. 4.** A new Article 107-A, Title II, Book III of the Labor Code, as amended,
2 is hereby provided to read as follows:

3
4 **“ARTICLE 107-A. RIGHTS OF EMPLOYEES OF JOB**
5 **CONTRACTORS.** THE TERMS AND CONDITIONS OF
6 EMPLOYMENT OF THE EMPLOYEES OF JOB CONTRACTORS
7 SHALL NOT BE LOWER THAN THE MINIMUM STANDARDS SET BY
8 LAW AND REGULATIONS.”

9
10 **SEC. 5.** Article 108, Title II, Book III of the Labor Code, as amended, is hereby
11 amended to read as follows:

12
13 **“ARTICLE 108. Posting of Bond.** – [An employer or indirect
14 employer] THE CONTRACTEE may require the contractor to furnish a
15 bond equal to the cost of labor under contract, on condition that the bond
16 will answer for the wages due the employees should the contractor fail
17 to the pay the same.”

18
19 **SECTION 6.** A new Article 108-A, Title II, Book III of the Labor Code, as
20 amended, is hereby provided to read as follows:

21
22 **“ARTICLE 108-A. TRANSITION SUPPORT PROGRAM (TSP) – A**
23 **TRANSITION SUPPORT PROGRAM FOR JOB CONTRACTING**
24 **SHALL BE ESTABLISHED BY THE DOLE WHICH:**

- 25
26 (A) SHALL PROVIDE A THREE-MONTH FINANCIAL SUPPORT FOR
27 EMPLOYEES IN BETWEEN JOB PERIODS AND IS
28 CONDITIONED ON UNDERGOING SKILLS TRAINING OR
29 UPGRADING UNDER TESDA OR TESDA ACCREDITED
30 TRAINING INSTITUTION DURING THE PERIOD OF
31 UNEMPLOYMENT, PROVIDED THAT THE FREQUENCY OF
32 AVAILMENT SHALL NOT BE MORE THAN ONCE A YEAR;
33
34 (B) THE AMOUNT OF FINANCIAL SUPPORT SHALL NOT BE LOWER
35 THAN THE APPROPRIATE MINIMUM WAGE AND SHALL BE
36 RELEASED AT THE END OF EVERY MONTH; AND
37
38 (C) SHALL BE MANAGED BY THE APPROPRIATE BUREAU OF THE
39 DEPARTMENT OF LABOR AND EMPLOYMENT, WHICH SHALL
40 REPORT TO THE NATIONAL TRIPARTITE INDUSTRIAL PEACE
41 COUNCIL.

42
43 **“THE FUNDS FOR THE IMPLEMENTATION OF THE**
44 **PROGRAM SHALL BE SOURCED FROM THE FOLLOWING:**

- 45
46 (A) ONE HUNDRED PERCENT (100%) OF THE REGISTRATION/
47 RENEWAL FEES PAID BY CONTRACTORS;
48
49 (B) ALL FINES COLLECTED UNDER ARTICLE 106 OF THIS CODE;
50 AND

1 (C) FUNDS FROM THE ADJUSTMENT MEASURE PROGRAM OF
2 THE DEPARTMENT OF LABOR AND EMPLOYMENT.”
3

4 **SECTION 7.** Article 109, Title II, Book III of the Labor Code, as amended, is
5 hereby amended to read as follows:
6

7 “**ARTICLE 109.** Solidary Liability. – The provisions of existing laws
8 to the contrary notwithstanding, every [employer or indirect employer]
9 CONTRACTEE shall be held [responsible] SOLIDARILY LIABLE with
10 [his] THE JOB contractor [or subcontractor] for any violation of any
11 provision of this Code. For purposes of determining the extent of their
12 civil liability under this Chapter, they shall be considered as direct
13 employers.”
14

15 **SECTION 8.** Article 294 [279], Title I, Book VI of the Labor Code, as
16 amended, is hereby further amended to read as follows:
17

18 “**ARTICLE 294 [279].** Security of Tenure. – [In case or regular
19 employment, the employer shall not terminate] [t]The services of an
20 employee, IRRESPECTIVE OF EMPLOYMENT STATUS OR
21 POSITION, SHALL NOT BE TERMINATED except for a just cause or
22 when authorized by this Title. An employee who is unjustly dismissed
23 from work shall be entitled to reinstatement without loss of seniority
24 rights and other privileges and to his/HER full backwages, inclusive of
25 allowances, and to his/HER other benefits or their monetary equivalent
26 computed from the time his/HER compensation was withheld from
27 him/HER up to the time of his/HER actual reinstatement.
28

29 “THE EMPLOYER SHALL HAVE THE BURDEN OF PROVING
30 THAT THE TERMINATION IS WITH CAUSE AND DUE PROCESS.”
31

32 **SECTION 9.** Article 295 [280] Title I, Book VI of the Labor Code, as amended,
33 is hereby repealed, and in lieu thereof, a new Article 295 is provided to read as follows:
34

35 “**ARTICLE 295. STATUS OF EMPLOYMENT.** - ALL
36 EMPLOYEES, EXCEPT THOSE UNDER PROBATIONARY
37 EMPLOYMENT, ARE DEEMED REGULAR, INCLUDING PROJECT
38 AND SEASONAL EMPLOYEES.
39

40 “PROJECT AND SEASONAL EMPLOYEES ARE REGULAR
41 FOR THE DURATION OF THE PROJECT OR SEASON, AS THE CASE
42 MAY BE. FOR THIS PURPOSE, PROJECT EMPLOYMENT IS
43 EMPLOYMENT IN AN EXISTING PROJECT OR UNDERTAKING THE
44 COMPLETION OR TERMINATION OF WHICH HAS BEEN
45 DETERMINED AND MADE KNOWN TO THE EMPLOYEE AT THE
46 TIME OF THE ENGAGEMENT WHILE SEASONAL IS AN
47 EMPLOYMENT BASED ON THE EXISTENCE OF A SEASON IN
48 AGRICULTURAL WORK OR ESTABLISHED PERIODS OF
49 INCREASED WORK DEMANDS AND/OR INHERENT INDUSTRY
50 FLUCTUATIONS. IN PROJECT AND SEASONAL EMPLOYMENT,

1 WORKERS ARE CALLED TO WORK FROM TIME TO TIME AND
2 TEMPORARILY LAID-OFF DURING THE COMPLETION OF THE
3 PROJECT OR OFF-SEASON BUT ARE IN THE WORK POOL ON
4 LEAVE WITH OR WITHOUT PAY STATUS IN BETWEEN PROJECTS
5 OR SEASONS.
6

7 "ALL OTHER FORMS OF EMPLOYMENT ARE PROHIBITED
8 AND WORKERS UNDER SUCH ARRANGEMENTS ARE DEEMED
9 REGULAR EMPLOYEES RECKONED FROM THE FIRST DAY OF
10 EMPLOYMENT.
11

12 "FOR THE AVOIDANCE OF DOUBT, AN EMPLOYER-
13 EMPLOYEE RELATIONSHIP EXISTS WHEN THE WORKER IS
14 ENGAGED TO RENDER WORK OR SERVICE UNDER THE
15 CONTROL OF THE EMPLOYER, NOT ONLY AS TO THE END TO BE
16 ACHIEVED, BUT ALSO THE MANNER, MEANS AND METHOD IN
17 REACHING THE END."
18

19 **SECTION 10.** Article 296 [281], Title I, Book VI of the Labor Code, as amended,
20 is hereby amended to read as follows:
21

22 **"ARTICLE 296 [281]. Probationary Employment. –**
23 Probationary employment shall not exceed six (6) months from the [date
24 the employee started working, unless it is covered by an apprenticeship
25 agreement stipulating by a longer period.] FIRST DAY OF SERVICE
26 REGARDLESS OF THE NATURE OF WORK TO BE PERFORMED.
27 THE JOB DESCRIPTION AND QUALIFICATION STANDARDS TO
28 QUALIFY FOR REGULAR EMPLOYMENT SHALL BE MADE KNOWN
29 BY THE EMPLOYER TO THE EMPLOYEE AT THE TIME OF HIS/HER
30 ENGAGEMENT.
31

32 "The services of [an] A PROBATIONARY employee [who has
33 been engaged on a probationary basis] may be terminated for [a] just
34 OR AUTHORIZED causes UNDER ARTICLES 297 [282] AND 298 [283]
35 OF THE LABOR CODE, AS AMENDED, or when he/SHE fails to qualify
36 as a regular employee [in accordance with reasonable standards made
37 known by the employer at the time of his engagement. An employee who
38 is allowed to work after a probationary period shall be considered a
39 regular employee]."
40

41 **SECTION 11.** Article 297 [282], Title I, Book VI of the Labor Code, as amended,
42 is hereby amended to read as follows:
43

44 **"ARTICLE 297 [282]. JUST CAUSES OF Termination [by**
45 **employer]. -** An employer may terminate an employment for any of the
46 following causes:
47

48 (a) Serious misconduct or willful disobedience by the employee of the
49 lawful orders of his/HER employer or representative in connection
50 with his/HER work;

- 1
2 (b) Gross and habitual neglect by the employee of his/HER duties;
3
4 (c) Fraud or willful breach by the employee of the trust reposed in
5 him/HER by his/HER employer or duly authorized representative;
6
7 (d) Commission of a crime or offense by the employee against the
8 person of his/HER employer or any immediate member of his/HER
9 family or his/HER duly authorized representatives; and
10
11 (e) [Other causes] ACT OR OMISSION analogous to the foregoing,
12 EXPRESSLY SPECIFIED AS GROUND FOR DISMISSAL IN THE
13 COMPANY RULES AND REGULATIONS FORMULATED IN
14 OBSERVANCE OF WORKERS RIGHT TO PARTICIPATE IN
15 POLICY AND DECISION-MAKING PROCESSES AFFECTING
16 THEIR RIGHTS AND BENEFITS, OR AS PROVIDED IN THE
17 DULY REGISTERED COLLECTIVE BARGAINING AGREEMENT.”
18

19 **SECTION 12.** A new Article 298-A, Title I, Book VI of the Labor Code, as
20 amended, is hereby provided to read as follows:
21

22 **“ARTICLE 298-A. PROOF OF AUTHORIZED CAUSE AND**
23 **PAYMENT OF SEPARATION PAY. – WITHIN THE PRESCRIBED**
24 **ONE (1) MONTH PERIOD REQUIRED UNDER ARTICLE 298, THE**
25 **EMPLOYER SHALL SUBMIT TO THE DOLE FOR VALIDATION**
26 **PROOF AND UNDERTAKING ON THE EXISTENCE OF THE**
27 **AUTHORIZED CAUSE IN ACCORDANCE WITH THE RULES AND**
28 **REGULATIONS AS MAY BE SET BY THE SECRETARY OF LABOR**
29 **AND EMPLOYMENT.**
30

31 **SECTION 13. Implementing Rules and Regulations.** The Secretary of Labor
32 and Employment shall promulgate the necessary implementing rules and regulations
33 within one hundred and twenty (120) days from the effectivity of this Act.
34

35 **SECTION 14. Separability Clause.** - If any provision of this law or the
36 application thereof to any person or circumstance, is held invalid, the remainder of this
37 law, or the application of such provision or part to other persons of circumstances,
38 shall not be affected thereby.
39

40 **SECTION 15. Repealing Clause.** - All laws, decrees, rules, and regulations or
41 parts thereof, which are contrary to or inconsistent with this Act are hereby repealed
42 or modified accordingly.
43

44 **SECTION 16. Effectivity Clause.** - This Act shall take effect fifteen (15) days
45 after its publication in the Official Gazette or in at least two (2) newspapers of general
46 circulation.
47

48 Approved,