

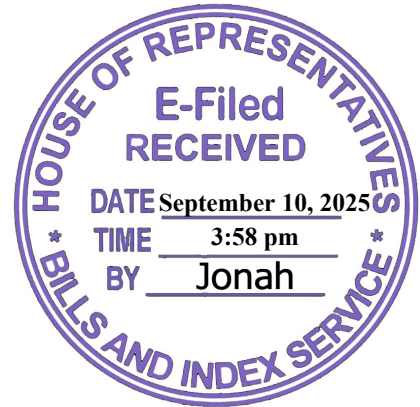


Republic of the Philippines
House of Representatives
Quezon City

TWENTIETH CONGRESS

First Regular Session

House Bill No. 4507



Introduced by Representative Jernie Jett V. Nisay

EXPLANATORY NOTE

For decades, many Filipino workers have lived with uncertainty about their jobs. Contractualization, or “endo,” has left countless employees working for years without the security and benefits that regular workers have. They serve the same companies, perform the same duties, yet remain vulnerable to sudden termination, unfair treatment, and the constant fear of losing their livelihood.

This bill aims to put an end to this cycle of insecurity. It strengthens the workers’ right to security of tenure by closing loopholes that allow abusive forms of labor-only contracting and ensuring that employees doing the regular work of a business are recognized as regular workers. It provides clear standards for job contracting, requires fair licensing and compliance from legitimate contractors, and holds employers accountable for unjust labor practices.

Through this measure, workers will have clearer paths to regularization, better protection against unjust dismissal, and access to rightful benefits and due process. It also includes transitional support programs for workers affected by the shift to more secure employment arrangements, ensuring no one is left behind.

By passing this law, we move closer to a fairer and more dignified labor system, one where workers are not treated as disposable, but as vital partners in building a stronger economy.

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


REP. JERNIE JETT V. NISAY
Pusong Pinoy Partylist



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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:

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

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

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

“In the event that the contractor or subcontractor fails to pay the wages of his employees in accordance with this Code, the employer shall be jointly and severally liable with his contractor or subcontractor to such employees to the

1 extent of the work performed under the contract, in the same manner and extent
2 that he is liable to employees directly employed by him.

3
4 “The Secretary of Labor and Employment, may by appropriate
5 regulations, restrict or prohibit the contracting-out of labor to protect the rights of
6 workers established under this Code. In so prohibiting or restricting, he may
7 make appropriate distinctions between labor-only contracting and job contracting
8 as well as differentiations within these types of contracting and determine who
9 among the parties involved shall be considered the employer for the purposes of
10 this Code, to prevent any violation or circumvention of this Code.]

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

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

1 CONSULTATION WITH THE NATIONAL TRIPARTITE INDUSTRIAL PEACE
2 COUNCIL.

3
4 "IN ALL CASES WHERE LABOR-ONLY CONTRACTING IS PRESENT,
5 THE WORKERS SHALL OUTRIGHT BE DEEMED REGULAR EMPLOYEES
6 OF THE CONTRACTEE IN ACCORDANCE WITH LAW, RETROACTIVE TO
7 THE DATE THEY WERE FIRST DEPLOYED TO SAID CONTRACTEE,
8 WITHOUT PREJUDICE TO ANY CRIMINAL, CIVIL, OR ADMINISTRATIVE
9 CASE AGAINST THE LABOR-ONLY CONTRACTOR AND THE
10 CONTRACTEE.

11
12 "COMPLIANCE ORDERS AFFIRMED BY THE SECRETARY OF LABOR
13 AND EMPLOYMENT SHALL BE IMMEDIATELY EXECUTORY UNLESS
14 RESTRAINED BY AN APPROPRIATE COURT.

15
16 "IN CASE THE COMPLIANCE ORDER INVOLVES A DIRECTIVE TO
17 REGULARIZE WORKERS, THE EMPLOYMENT OF THE LATTER SHALL NOT
18 BE TERMINATED PENDING APPEAL OF SUCH ORDER EXCEPT FOR JUST
19 OR AUTHORIZED CAUSE. ANY TERMINATION OF WORKERS PENDING
20 APPEAL SHALL RENDER THE COMPLIANCE ORDER INVOLVING THE
21 REGULARIZATION OF WORKERS EXECUTORY.

22
23 "ADDITIONALLY, THE SECRETARY OF LABOR AND EMPLOYMENT
24 SHALL IMPOSE A FINE OF UP TO FIVE MILLION PESOS (PHP5,000,000.00)
25 AGAINST ANY LABOR-ONLY CONTRACTOR. THE SECRETARY OF LABOR
26 AND EMPLOYMENT SHALL ALSO HAVE THE POWER TO PREVENTIVELY
27 OR PERMANENTLY CLOSE THE OPERATIONS OF ANY LABOR-ONLY
28 CONTRACTOR."

29
30 **SEC. 3.** Article 107, Title II, Book III of the Labor Code, as amended, is hereby
31 repealed, and in lieu thereof, a new Article 107 is inserted to read as follows:
32
33

1 **“ARTICLE 107. LICENSING OF JOB CONTRACTORS.** – IT SHALL BE
2 MANDATORY FOR ALL PERSONS OR ENTITIES ACTING AS JOB
3 CONTRACTOR TO OBTAIN A LICENSE FROM THE DOLE THROUGH ITS
4 REGIONAL OFFICES. FOR PURPOSES OF ARTICLES 106-109, “JOB
5 CONTRACTOR” REFERS TO A SOLE PROPRIETORSHIP, CORPORATION,
6 ASSOCIATION, COOPERATIVE OR OTHER ORGANIZATION THAT
7 PERFORMS A SPECIFIC WORK, JOB OR SERVICE TO A CONTRACTEE.
8 “CONTRACTEE” REFERS TO THE PERSON OR ENTITY, WHICH SHALL
9 INCLUDE THE GOVERNMENT, THAT CONTRACTED OUT A SPECIFIC
10 WORK, JOB OR SERVICE.

11
12 “THE LICENSE SHALL BE ISSUED TO QUALIFIED JOB
13 CONTRACTORS UPON COMPLIANCE WITH THE FOLLOWING REQUIREMENTS:
14 HAVE AN INDEPENDENT BUSINESS, SEPARATE AND DISTINCT FROM THE
15 CONTRACTEE;

16 (A) HAVE AN INDEPENDENT BUSINESS, SEPARATE AND DISTINCT
17 FROM THE CONTRACTEE;

18 (B) HAVE A PAID-UP CAPITAL OR NET WORTH OF AT LEAST FIVE
19 MILLION PESOS (PHP5,000,000.00), WHICH MAY BE INCREASED AS
20 DEEMED APPROPRIATE THROUGH TRIPARTITE CONSULTATION;

21 (C) BE AN EXPERT OR SPECIALIST IN THE JOB, WORK OR SERVICE
22 BEING CONTRACTED THAT SHALL NOT BE DIRECTLY RELATED TO
23 THE PRINCIPAL BUSINESS OF THE CONTRACTEE. FOR THIS
24 PURPOSE, EXPERTISE OR SPECIALIZATION SHALL BE
25 ESTABLISHED BY SHOWING, AMONG OTHERS, A CORE OF
26 COMPETENT PROFESSIONALS OR SKILLED WORKERS
27 ESPECIALLY TRAINED TO CARRY OUT THE JOB, WORK OR
28 SERVICE OR TRACK RECORD IN SUCH FIELD OF SPECIALIZATION;

29 (D) BE AN EMPLOYER WITH REGULAR EMPLOYEES AND HAVE
30 EQUIPMENT, MACHINERIES OR TOOLS NECESSARY TO PERFORM
31 OR COMPLETE THE JOB, WORK OR SERVICE CONTRACTED OUT;

32 (E) EXERCISE CONTROL OVER THE PERFORMANCE AND
33 COMPLETION OF THE JOB, WORK OR SERVICE CONTRACTED
34 OUT;

1 (F) CERTIFICATION OF COMPLIANCE WITH LABOR AND SOCIAL
2 WELFARE LAWS INCLUDING PROOF OF PAYMENT OF SOCIAL
3 SECURITY, PHILIPPINE HEALTH INSURANCE CORPORATION, AND
4 HOME DEVELOPMENT MUTUAL FUND (PAG-IBIG) CONTRIBUTIONS;
5 AND

6 (G) PAYMENT OF LICENSE FEE, WHICH SHALL NOT BE LOWER THAN
7 ONE HUNDRED THOUSAND PESOS (PHP100,000.00).
8

9 "THE LICENSE SHALL BE VALID FOR A PERIOD OF THREE (3)
10 YEARS AND MAY BE RENEWED UPON COMPLIANCE WITH THE REQUIREMENTS
11 PRESCRIBED BY THE DOLE. IN ALL CASES, THE JOB CONTRACTOR SHALL
12 DEMONSTRATE THAT IT HAS FINANCIAL CAPACITY TO CARRY ON ITS
13 BUSINESS BASED ON FACTORS SUCH AS, BUT NOT LIMITED, TO THE NUMBER
14 OF ITS EMPLOYEES AND THE NATURE OF ITS BUSINESS.
15

16 "ANY LEGITIMATE LABOR ORGANIZATION SHALL HAVE ACCESS
17 TO COPIES OF LICENSES ISSUED TO JOB CONTRACTORS AND ANY AND ALL
18 SUBMISSIONS MADE IN CONNECTION WITH SUCH LICENSE.
19

20 "FOR THIS PURPOSE, THE SECRETARY OF LABOR AND
21 EMPLOYMENT, IN CONSULTATION WITH THE NATIONAL
22 TRIPARTITE INDUSTRIAL PEACE COUNCIL (NTIPC), SHALL ISSUE THE
23 APPROPRIATE REGULATIONS FOR THE LICENSING, RENEWAL, SUSPENSION,
24 AND REVOCATION OF LICENSES OF JOB CONTRACTORS, INCLUDING THE
25 ACCOUNTABILITIES OF THE LICENSING OFFICER IN CASE THE LICENSE IS
26 ISSUED IN VIOLATION OF, OR IN SIMULATION OF ANY OF THE REQUIREMENT
27 FOR LICENSING UNDER PARAGRAPHS (A) TO (G) ABOVE, OR UPON FINDING
28 OF LABOR-ONLY CONTRACTING COMMITTED BY A DULY-LICENSED JOB
29 CONTRACTOR.
30

31 "IN NO CASE SHALL PRIVATE RECRUITMENT AND PLACEMENT
32 AGENCIES (PRPA) OR PRIVATE EMPLOYMENT AGENCIES (PEA) UNDER
33 ARTICLE 25 OF THE LABOR CODE, AS AMENDED, BE ALLOWED TO ENGAGE IN
34 JOB CONTRACTING AND/OR THE PROHIBITED LABOR-ONLY CONTRACTING."

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

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

8
9 **SEC. 5.** Article 108, Title II, Book III of the Labor Code, as amended, is hereby
10 amended to read as follows:

11
12 **“ARTICLE 108. Posting of Bond. –** [An employer or indirect employer]
13 THE CONTRACTEE may require the contractor to furnish a bond equal
14 to the cost of labor under contract, on condition that the bond will answer for the
15 wages due the employees should the contractor fail to the pay the same.”

16
17 **SECTION 6.** A new Article 108-A, Title II, Book III of the Labor Code, as
18 amended, is hereby provided to read as follows:

19
20 **“ARTICLE 108-A. TRANSITION SUPPORT PROGRAM (TSP) – A**
21 TRANSITION SUPPORT PROGRAM FOR JOB CONTRACTING SHALL BE
22 ESTABLISHED BY THE DOLE WHICH:

- 23
24 (A) HAVE AN INDEPENDENT BUSINESS, SEPARATE AND DISTINCT
25 FROM THE CONTRACTEE;
26 (B) THE AMOUNT OF FINANCIAL SUPPORT SHALL NOT BE LOWER
27 THAN THE APPROPRIATE MINIMUM WAGE AND SHALL BE
28 RELEASED AT THE END OF EVERY MONTH; AND
29 (C) SHALL BE MANAGED BY THE APPROPRIATE BUREAU OF THE
30 DEPARTMENT OF LABOR AND EMPLOYMENT, WHICH SHALL
31 REPORT TO THE NATIONAL TRIPARTITE INDUSTRIAL PEACE
32 COUNCIL.

1 “THE FUNDS FOR THE IMPLEMENTATION OF THE PROGRAM
2 SHALL BE SOURCED FROM THE FOLLOWING:

- 3
4 (A) ONE HUNDRED PERCENT (100%) OF THE
5 REGISTRATION/RENEWAL FEES PAID BY CONTRACTORS;
6 (B) ALL FINES COLLECTED UNDER ARTICLE 106 OF THIS CODE; AND
7 (C) FUNDS FROM THE ADJUSTMENT MEASURE PROGRAM OF THE
8 DEPARTMENT OF LABOR AND EMPLOYMENT.”
9

10 **SECTION 7.** Article 109, Title II, Book III of the Labor Code, as amended, is
11 hereby amended to read as follows:
12

13 “**ARTICLE 109.** Solidary Liability. – The provisions of existing laws to the
14 contrary notwithstanding, every [employer or indirect employer] CONTRACTEE
15 shall be held [responsible] SOLIDARILY LIABLE with [his] THE JOB contractor
16 [or subcontractor] for any violation of any provision of this Code. For purposes
17 of determining the extent of their civil liability under this Chapter, they shall be
18 considered as direct employers.”
19

20 **SECTION 8.** Article 294 [279], Title I, Book VI of the Labor Code, as amended,
21 is hereby further amended to read as follows:
22

23 “ARTICLE 294 [279]. Security of Tenure. – [In case or regular
24 employment, the employer shall not terminate] [t]The services of an employee,
25 IRRESPECTIVE OF EMPLOYMENT STATUS OR POSITION, SHALL NOT BE
26 TERMINATED except for a just cause or when authorized by this Title. An
27 employee who is unjustly dismissed from work shall be entitled to reinstatement
28 without loss of seniority rights and other privileges and to his/HER full
29 backwages, inclusive of allowances, and to his/HER other benefits or their
30 monetary equivalent computed from the time his/HER compensation was
31 withheld from him/HER up to the time of his/HER actual reinstatement.
32

33 “THE EMPLOYER SHALL HAVE THE BURDEN OF PROVING THAT
34 THE TERMINATION IS WITH CAUSE AND DUE PROCESS.”

1 **SECTION 9.** Article 295 [280] Title I, Book VI of the Labor Code, as amended, is
2 hereby repealed, and in lieu thereof, a new Article 295 is provided to read as follows:
3

4 **“ARTICLE 295. STATUS OF EMPLOYMENT. -** ALL EMPLOYEES,
5 EXCEPT THOSE UNDER PROBATIONARY EMPLOYMENT, ARE DEEMED
6 REGULAR, INCLUDING PROJECT AND SEASONAL EMPLOYEES.
7

8 “PROJECT AND SEASONAL EMPLOYEES ARE REGULAR FOR THE
9 DURATION OF THE PROJECT OR SEASON, AS THE CASE MAY BE. FOR
10 THIS PURPOSE, PROJECT EMPLOYMENT IS EMPLOYMENT IN AN
11 EXISTING PROJECT OR UNDERTAKING THE COMPLETION OR
12 TERMINATION OF WHICH HAS BEEN DETERMINED AND MADE KNOWN
13 TO THE EMPLOYEE AT THE TIME OF THE ENGAGEMENT WHILE
14 SEASONAL IS AN EMPLOYMENT BASED ON THE EXISTENCE OF A
15 SEASON IN AGRICULTURAL WORK OR ESTABLISHED PERIODS OF
16 INCREASED WORK DEMANDS AND/OR INHERENT INDUSTRY
17 FLUCTUATIONS. IN PROJECT AND SEASONAL EMPLOYMENT, WORKERS
18 ARE CALLED TO WORK FROM TIME TO TIME AND TEMPORARILY LAID-
19 OFF DURING THE COMPLETION OF THE PROJECT OR OFF-SEASON BUT
20 ARE IN THE WORK POOL ON LEAVE WITH OR WITHOUT PAY STATUS IN
21 BETWEEN PROJECTS OR SEASONS.
22

23 “ALL OTHER FORMS OF EMPLOYMENT ARE PROHIBITED AND
24 WORKERS UNDER SUCH ARRANGEMENTS ARE DEEMED REGULAR
25 EMPLOYEES RECKONED FROM THE FIRST DAY OF EMPLOYMENT.
26
27

28 “FOR THE AVOIDANCE OF DOUBT, AN EMPLOYER-EMPLOYEE
29 RELATIONSHIP EXISTS WHEN THE WORKER IS ENGAGED TO RENDER
30 WORK OR SERVICE UNDER THE CONTROL OF THE EMPLOYER, NOT
31 ONLY AS TO THE END TO BE ACHIEVED, BUT ALSO THE MANNER, MEANS
32 AND METHOD IN REACHING THE END.”
33

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

3
4 **“ARTICLE 296 [281]. Probationary Employment.** – Probationary
5 employment shall not exceed six (6) months from the [date the employee started
6 working, unless it is covered by an apprenticeship agreement stipulating by a
7 longer period.] FIRST DAY OF SERVICE REGARDLESS OF THE NATURE OF
8 WORK TO BE PERFORMED. THE JOB DESCRIPTION AND QUALIFICATION
9 STANDARDS TO QUALIFY FOR REGULAR EMPLOYMENT SHALL BE MADE
10 KNOWN BY THE EMPLOYER TO THE EMPLOYEE AT THE TIME OF HIS/HER
11 ENGAGEMENT.

12
13 “The services of [an] A PROBATIONARY employee [who has been
14 engaged on a probationary basis] may be terminated for [a] just OR
15 AUTHORIZED causes UNDER ARTICLES 297 [282] AND 298 [283] OF THE
16 LABOR CODE, AS AMENDED, or when he/SHE fails to qualify as a regular
17 employee [in accordance with reasonable standards made known by the
18 employer at the time of his engagement. An employee who is allowed to work
19 after a probationary period shall be considered a regular employee].”

20
21 **SECTION 11.** Article 297 [282], Title I, Book VI of the Labor Code, as amended,
22 is hereby amended to read as follows:

23
24 **“ARTICLE 297 [282]. JUST CAUSES OF Termination [by employer]. -**
25 An employer may terminate an employment for any of the following causes:

- 26
27 (a) Serious misconduct or willful disobedience by the employee of the lawful
28 orders of his/HER employer or representative in connection with his/HER
29 work;
30 (b) Gross and habitual neglect by the employee of his/HER duties;
31 (c) Fraud or willful breach by the employee of the trust reposed in him/HER
32 by his/HER employer or duly authorized representative;

1 (d) Commission of a crime or offense by the employee against the person of
2 his/HER employer or any immediate member of his/HER family or
3 his/HER duly authorized representatives; and

4 (e) [Other causes] ACT OR OMISSION analogous to the foregoing,
5 EXPRESSLY SPECIFIED AS GROUND FOR DISMISSAL IN THE
6 COMPANY RULES AND REGULATIONS FORMULATED IN
7 OBSERVANCE OF WORKERS RIGHT TO PARTICIPATE IN POLICY
8 AND DECISION-MAKING PROCESSES AFFECTING THEIR RIGHTS
9 AND BENEFITS, OR AS PROVIDED IN THE DULY REGISTERED
10 COLLECTIVE BARGAINING AGREEMENT.”
11

12 **SECTION 12.** A new Article 298-A, Title I, Book VI of the Labor Code, as
13 amended, is hereby provided to read as follows:
14

15 **“ARTICLE 298-A. PROOF OF AUTHORIZED CAUSE AND PAYMENT**
16 **OF SEPARATION PAY.** – WITHIN THE PRESCRIBED ONE (1) MONTH
17 PERIOD REQUIRED UNDER ARTICLE 298, THE EMPLOYER SHALL SUBMIT
18 TO THE DOLE FOR VALIDATION PROOF AND UNDERTAKING ON THE
19 EXISTENCE OF THE AUTHORIZED CAUSE IN ACCORDANCE WITH THE
20 RULES AND REGULATIONS AS MAY BE SET BY THE SECRETARY OF
21 LABOR AND EMPLOYMENT.
22

23 **SECTION 13. Implementing Rules and Regulations.** The Secretary of Labor
24 and Employment shall promulgate the necessary implementing rules and regulations
25 within one hundred and twenty (120) days from the effectivity of this Act.
26

27 **SECTION 14. Separability Clause.** - If any provision of this law or the
28 application thereof to any person or circumstance, is held invalid, the remainder of this
29 law, or the application of such provision or part to other persons or circumstances, shall
30 not be affected thereby.
31

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

1

2

SECTION 16. Effectivity Clause. - This Act shall take effect fifteen (15) days

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after its publication in the Official Gazette or in at least two (2) newspapers of general

4

circulation.

5

6

Approved,