

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Diliman, Quezon City

20th CONGRESS
First Regular Session

House Bill No. **7003**



Introduced by: **HON. MARK ANTHONY G. SANTOS**

EXPLANATORY NOTE

In line with the Constitution's mandate to afford full protection to labor and guarantee workers' right to security of tenure, this bill seeks to address the persistent problem of labor-only contracting and other employment arrangements that undermine stable and dignified work. Despite existing laws and regulations, contractualization remains widespread, resulting in insecure employment, unequal treatment of workers, and weakened labor standards. There is rampant contractualization not only in the private sector but also in the public sector. According to studies in 2016, there are approximately 1.2 million to as many as 20 million contractual workers or non-regular workers.

The bill aims to prohibit labor-only contracting, which has consistently been used as a mechanism to evade the employer's responsibilities under the Labor Code, including the obligation to provide regular employment, lawful wages, social protection, and work benefits. Workers engaged under such arrangements are often subjected to repeated short-term engagements, limited benefits, and constant threat of termination, effectively denying them the protections guaranteed by law.

This measure strengthens the prohibition against labor-only contracting by clearly defining its elements and affirming that workers supplied under such arrangements are employees of the principal employer. It establishes stricter standards for legitimate job contracting through enhanced licensing requirements, capitalization thresholds, and proof of independent business operations.

To ensure accountability, the bill reinforces the solidary liability of principals and contractors for violations of labor laws, provides for the posting of bonds to secure payment of wages, and clarifies the burden of proof in termination cases. It also strengthens the statutory guarantee of security of tenure by affirming regular employment as the general rule, expressly including project and seasonal workers, and strictly regulating probationary employment.

By promoting direct employment and eliminating abusive labor practices, this bill aims to restore balance in labor relations, protect workers' dignity, uplift Filipino families, and contribute to sustainable and inclusive economic development.

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

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish.

MARK ANTHONY G. SANTOS

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Introduced by: **HON. MARK ANTHONY G. SANTOS**

**AN ACT PROHIBITING LABOR-ONLY CONTRACTING STRENGTHENING THE
WORKERS' RIGHT TO SECURITY OF TENURE**

*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 “Anti- Endo Act of 2025.”

SECTION 2. *Prohibition on Labor-only Contracting.* — Article 106, Book III of the Labor Code is hereby amended to read as follows:

“ARTICLE 106. Prohibition on Labor-only Contracting.

There is labor-only contracting where the person supplying workers to an employer:

1. Does not have substantial capital or investment in the form of tools, equipment, machineries, supervision, work premises, among others;
2. Merely supplies workers to perform activities directly related to the principal or main business operation of the employer or principal.
3. Does not exercise control over the performance of the work of the employee;

Workers supplied under labor-only contracting shall be considered employees of the principal employer.

In all cases where labor-only contracting exists, the principal employer shall be deemed the direct employer of the workers.

The Secretary of Labor and Employment may determine prohibited forms of contracting and enforce the prohibition against labor-only contracting.”

SECTION 3. *Licensing of Job Contractors* — The same Article 106 of the Labor Code is further amended as follows:

"A legitimate job contractor must:

- (a) Have an independent business separate and distinct from the contractee;
- (b) Possess paid-up capital or net worth of at least Five Million Pesos (P5,000,000), subject to tripartite adjustment;
- (c) Demonstrate expertise or specialization related to the job to be contracted;
- (d) Show financial capacity to meet all obligations to its employees;
- (e) Ensure compliance with labor, safety, health, and social welfare standards; and
- (f) Submit the required certifications and documents supporting such compliance.

The Department of Labor and Employment shall issue regulations governing licensing, renewal, suspension, and revocation, including grounds for violations."

SECTION 4. *Rights of Employees of the Contractor.* — A new Article 107-A, Book III of the Labor Code is inserted to read as follows:

"ARTICLE 107-A. Rights of Employees of Job Contractors.

The terms and conditions of employment of the employees of job contractors shall not be less than the minimum standards provided by law and related regulations. They are entitled to all benefits, wages, social protection, and other rights under existing labor laws, and enjoy equal rights and benefits as comparable employees of the contractee."

SECTION 5. *Posting of Bond.* — Article 108, Book III of the Labor Code is now amended to read as follows:

"An employer, indirect employer or the contractee may require the contractor or subcontractor to furnish a bond equal to the cost of labor under contract, on condition that the bond will answer for the wages due the employees should the contractor or subcontractor, as the case may be, fail to pay the same."

SECTION 6. *Solidary Liability.* — Article 109, Book III of the Labor Code is now amended to read as follows:

"ARTICLE 109. Solidary Liability.

The contractee shall be held solidarily liable with the job contractor for any violation of the Labor Code or related regulations. Both are considered direct employers for purposes of determining civil liability under this Code."

SECTION 7. *Security of Tenure.* — Article 294 [279], Book VI of the Labor Code shall be amended to read as follows:

"ARTICLE 294 [279]. Security of Tenure.

The services of an employee, irrespective of employment status or position, shall not be terminated except for just cause or when authorized under this Title. An employee who is unjustly dismissed shall be entitled to reinstatement without loss of seniority rights and other privileges, and to full back wages, inclusive of allowances, and other benefits or their monetary equivalent from the time compensation was withheld up to actual reinstatement. The employer shall have the burden of proving that termination was for cause and after due

process.”

SECTION 8. *Status of Employment.* — Article 195 [280], Book VI of the Labor Code shall be replaced to now read as follows:

“ARTICLE 295 [280]. Status of Employment.

All employees, except those under probationary employment, are deemed regular, including project and seasonal employees. Project employment means employment for an existing project or undertaking whose completion or termination was determined and made known to the employee at the time of engagement; seasonal employment means employment based on established seasons in agricultural work or on established periods of increased work demand or industry fluctuations. In project and seasonal employment, workers may be temporarily laid off between project/season periods but remain in the pool of employees in ‘leave with or without pay’ status as provided by law or regulation.

All other forms of employment arrangements are prohibited and workers under such arrangements are considered regular employees from first day of employment. For clarity, an employer-employee relationship exists when a worker is engaged to render work or services under the control of the employer, not only as to the result to be achieved but also the manner, means, and method of working.”

SECTION 9. *Probationary Employment* — Article 296 [281], Book VI of the Labor Code shall be amended to read as follows:

“ARTICLE 296 [281]. Probationary Employment.

Probationary employment shall not exceed six (6) months from the first day of service, regardless of the nature of work. The job description and qualification standards for eventual regular employment shall be made known by the employer to the employee at the time of engagement. If the employer fails to provide these standards, or if the employee continues working beyond the probationary period, the employee shall be considered regular.”

SECTION 10. *Separability Clause.* — If any provision of this Act or its application to any person or circumstance is held invalid, the remainder of this Act or application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 11. *Repealing Clause.* — All laws, decrees, rules, regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 12. *Effectivity Clause.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.