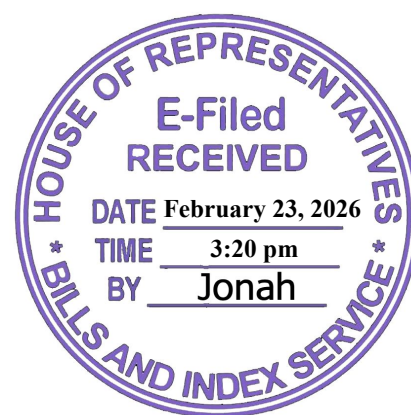


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7960



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to institutionalize a national minimum wage system by further amending Presidential Decree No. 442, otherwise known as the “*Labor Code of the Philippines*”. It replaces the existing regional wage system with a single national wage floor not lower than the prevailing minimum wage in the National Capital Region (NCR) to ensure wage equity across all regions.

The current regional wage system has created significant disparities in minimum wage levels across regions. It resulted in an unequal standard of living for workers performing substantially similar labor, as reflected in wage orders published by the National Wages and Productivity Commission (NWPC). Wage Order No. NCR-26¹, effective 18 July 2025, increased the daily minimum wage in the NCR by Fifty Pesos (P50.00), bringing the daily minimum wage for many non-agricultural workers to Six Hundred and Ninety Five pesos (P695.00). Despite this adjustment, it remains significantly lower than the amount required for a family to live decently.

In January 2026, data from IBON Foundation indicate that a family of five (5) in the NCR requires approximately One Thousand Two Hundred and Fifty Pesos (P1,250.00) daily to meet their basic needs². The current NCR minimum wage of P695.00 per day yields approximately Thirteen Thousand and Nine Hundred Pesos (P13,900.00) to Sixteen Thousand and Six Hundred Eighty Pesos (P16,680.00), depending on a 20- to 24- day work month. This is thirteen thousand pesos (P13,000.00) less than what is needed to sustain a family’s physiological, social, and developmental needs.

While the Philippine Institute for Development Studies reported that in 2023, approximately 10.9% of Filipino households lived below the poverty threshold of

¹ National Wages and Productivity Commission. *Wage Order No. NCR-26: Providing for a Minimum Wage Increase in the National Capital Region.* 2 July 2025. <https://palscon.org/public/assets/img/labor-laws-advisory/Wage%20Order%20No%20NCR%202026.pdf>

² IBON Foundation. *NCR family living wage (Jan 2026).* 14 February 2026. <https://www.ibon.org/flw-ncr-2601/?tztc=1>

Thirteen Thousand and Eight Hundred Seventy Three Pesos (P13,873.00) per month for a household of five (5), meeting this bare minimum benchmark is not enough. Although the current minimum wage exceeds the official poverty threshold, it failed to account for the broader costs of health, education, and meaningful societal participation.

The limitations of the regional wage system were further highlighted during the May 2025 Labor Day demonstrations, where workers mobilized to demand significant financial relief through substantial increase in the daily minimum wage³ rather than incremental adjustments. This highlights the limitations of a regional wage system that unevenly responds to national economic pressures.

This proposed measure recognizes that employment must provide not only survival income but the material conditions necessary for a dignified life.

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



HON. ERIC G. YAP

³ Joviland Rita. GMA Integrated News. 1 May 2025. *Labor Day protest: Groups reiterate call for wage hike*. <https://www.gmanetwork.com/news/topstories/nation/944595/labor-day-protest-groups-reiterate-call-for-wage-wake/story/>

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Introduced by **Representative ERIC G. YAP**

AN ACT
ESTABLISHING A NATIONAL MINIMUM WAGE SYSTEM, AMENDING FOR
THE PURPOSE 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. Article 99 of Presidential Decree (PD) No. 442, otherwise known as the “*Labor Code of the Philippines*”, herein referred to as the *Labor Code*, as amended, is hereby further amended to read as follows:

“ART. 99. [Regional] **NATIONAL** *Minimum Wage*[s]. – The **NATIONAL** minimum wage [rates] for agricultural and non-agricultural employees and workers in [each and every] **ALL** regionS of the country shall be [those] **THAT** prescribed by the [Regional Tripartite] **NATIONAL** Wages and Productivity [Boards] **COMMISSION (NWPC), IN COORDINATION WITH THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE), WHICH SHALL DETERMINE THE INITIAL NATIONAL MINIMUM WAGE THROUGH A TRIPARTITE CONSULTATION AND ECONOMIC ASSESSMENT: PROVIDED, THAT, THE INITIAL NATIONAL MINIMUM WAGE SHALL NOT BE LOWER THAN THE PREVAILING MINIMUM WAGE IN THE NATIONAL CAPITAL REGION. THE NATIONAL MINIMUM WAGE SHALL BE FULLY IMPLEMENTED NOT LATER THAN THE THIRD YEAR FROM THE EFFECTIVITY OF THIS ACT.**

“**DURING THE THREE-YEAR TRANSITION PERIOD, EACH REGION SHALL INCREASE ITS PREVAILING MINIMUM WAGE:**

“(I) **ON THE FIRST YEAR, BY NOT LESS THAN THIRTY PERCENT (30%) OF THE WAGE DIFFERENCE BETWEEN THE RESPECTIVE PREVAILING REGIONAL MINIMUM**

WAGES AND THE INITIALLY SET NATIONAL MINIMUM WAGE;

“(II) ON THE SECOND YEAR, BY ANOTHER THIRTY-FIVE PERCENT (35%); AND

“(III) ON THE THIRD YEAR, BY THE ENTIRE AMOUNT OF THE REMAINING WAGE DIFFERENCE BETWEEN THE RESPECTIVE PREVAILING REGIONAL MINIMUM WAGES AND THE INITIALLY SET NATIONAL MINIMUM WAGE.

“BY THE END OF THE THIRD YEAR OF TRANSITION, THE MINIMUM WAGE IN ALL REGIONS SHALL BE EQUAL TO THE INITIALLY SET NATIONAL MINIMUM WAGE.

“AFTER THE TRANSITION PERIOD, VARIATIONS IN ACTUAL WAGES ACROSS REGIONS, INDUSTRIES, OR ENTERPRISES MAY STILL OCCUR: *PROVIDED*, THAT SUCH DIFFERENCES SHALL ARISE SOLELY FROM LEGITIMATE ECONOMIC FORCES OR VOLUNTARY EMPLOYER-EMPLOYEE AGREEMENTS, INCLUDING FACTORS SUCH AS DIFFERENCES IN LOCAL LABOR MARKET SUPPLY AND DEMAND, ENTERPRISE PROFITABILITY, SECTORAL PRODUCTIVITY, AND COLLECTIVE BARGAINING OUTCOMES. UNDER NO CIRCUMSTANCES SHALL GOVERNMENT AUTHORITIES ISSUE NEW WAGE ORDERS OR ADMINISTRATIVE MANDATES THAT WOULD ESTABLISH OR REINTRODUCE REGION-SPECIFIC WAGE FLOORS BELOW THE NATIONAL MINIMUM WAGE BEYOND THE TRANSITION PERIOD.

“WHERE WAGE VARIATIONS EMERGE AS A RESULT OF ECONOMIC FORCES, THE NWPC SHALL ISSUE REGION- OR SECTOR- SPECIFIC ADVISORY GUIDELINES THAT SHALL PROMOTE WAGE EQUITY AND LABOR MARKET STABILITY THAT MAY INCLUDE:

“(A) RECOMMENDED WAGE RANGES BASED ON PREVAILING MARKET CONDITIONS;

“(B) SECTOR-SPECIFIC PRODUCTIVITY-BASED PAY SCHEMES; AND

“(C) MECHANISMS RECOGNIZING AND SUPPORTING COLLECTIVE BARGAINING AGREEMENTS THAT GO BEYOND THE NATIONAL FLOOR.

"THE COMMISSION SHALL ALSO MONITOR THESE VARIATIONS TO ENSURE THAT THEY DO NOT LEAD TO NEW FORMS OF WAGE DISCRIMINATION OR EXPLOITATION, AND SHALL RECOMMEND CORRECTIVE POLICY MEASURES AS NECESSARY."

SEC. 2. Article 121 of the Labor Code, as amended, is hereby further amended and renumbered thereafter to read as follows:

"ART. 121. Powers and Functions of the Commission. - The Commission shall have the following powers and functions:

"x x x

*"(c) To prescribe rules and guidelines for the determination of **THE** appropriate minimum wage and productivity measures at the [regional, provincial,] **NATIONAL** [or] industry **AND ENTERPRISE** levels;*

*"(d) To **DETERMINE** [review regional wage levels set by the Regional Tripartite Wages] and **PRESCRIBE** [Productivity Boards to determine if these are in accordance with the prescribed guidelines and] national **MINIMUM WAGE RATES ANNUALLY ACCORDING TO INDUSTRY AND ENTERPRISES, AND TO ISSUE CORRESPONDING WAGE ORDERS;***

*"(e) **TO ISSUE TEMPORARY WAGE ADJUSTMENT ORDERS APPLICABLE TO SPECIFIC SECTORS OR GEOGRAPHIC AREAS IN RESPONSE TO MAJOR ECONOMIC DISPLACEMENT EVENTS INCLUDING, BUT NOT LIMITED TO, WIDESPREAD RETRENCHMENTS, DISASTERS, SIGNIFICANT INCREASES IN COMMODITY OR FUEL PRICES RESULTING FROM INFLATION; OR ANY COMPARABLE CIRCUMSTANCE THAT MATERIALLY IMPAIRS THE ABILITY OF AFFECTED EMPLOYERS TO COMPLY WITH THE PRESCRIBED NATIONAL BASIC WAGE.***

*"**ANY TEMPORARY WAGE ADJUSTMENT ORDER SHALL REMAIN IN EFFECT FOR A PERIOD NOT EXCEEDING SIX (6) MONTHS, UNLESS RENEWED UPON PROPER JUSTIFICATION BASED ON CONTINUING ADVERSE CONDITIONS;***

"(F) To undertake studies, research, and surveys necessary for the attainment of its functions and objectives, and to collect and compile data and periodically disseminate information on

wages and productivity and other related information, including, but not limited to, employment, cost-of-living, labor costs, **INDUSTRY AND ENTERPRISE-LEVEL PRODUCTIVITY**, investments, and returns;

[(f) To review plans and programs of the Regional Tripartite Wages and Productivity Boards to determine whether these are consistent with national development plans;]

[(g) To exercise technical and administrative supervision over the Regional Tripartite Wages and Productivity Board;]

“(G) To [call, from time to time,] **CONVENE** a national tripartite conference of representatives of government, workers and employers for the consideration of measures to promote **HIGHER** wageS [rationalization] and [productivity] **IMPROVED STANDARDS OF LIVING. THE NATIONAL TRIPARTITE CONFERENCE ON WAGES SHALL BE CONVENED ON AN ANNUAL BASIS, OR AS THE SITUATION DEMANDS IT;** and

“(H) To exercise such powers and functions as may be necessary to implement this Act.”

“The Commission shall be composed of the Secretary of Labor and Employment as ex-officio chairman, the [Director-General] **SECRETARY** of the [National Economic and Development Authority (NEDA)] **DEPARTMENT OF ECONOMY, PLANNING, AND DEVELOPMENT (DEPDEV)** as *ex-officio* vice-chairman, and two (2) members each from workers and employers sectors who shall be appointed by the President upon recommendation of the Secretary of Labor and Employment to be made on the basis of the list of nominees submitted by the workers and employers sectors, respectively, and who shall serve for a term of five (5) years. The Executive Director of the Commission shall also be a member of the Commission.

“x x x”

SEC. 3. Article 122 of the Labor Code, as amended, is hereby repealed.

On the third year and upon the full implementation of the National Minimum Wage Act, all Regional Tripartite Wages and Productivity Boards (RTWPPBs), created under Republic Act (RA) No. 6727, otherwise known as the “*Wage Rationalization Act*”, shall be abolished.

The National Wages and Productivity Commission (NWPC) shall thereafter take over the responsibilities and shall be reorganized and strengthened to oversee

national wage policy enforcement and perform the functions stipulated under Section 1 of this Act.

Employees of the RTWPBs shall either be absorbed into other government offices, reassigned to appropriate positions, or granted separation benefits in accordance with existing civil service regulations and budgetary guidelines.

SEC. 4. Article 123 of the Labor Code, as amended, is hereby further amended and renumbered thereafter to read as follows:

“ART. [123] **122. Wage Order.** – Whenever conditions in the [region] **COUNTRY** so warrant, the [Regional Board] **COMMISSION** shall investigate and study all pertinent facts; and based on the standards and criteria herein prescribed, shall proceed to determine whether a Wage Order should be issued. Any such Wage Order shall take effect after fifteen (15) days from its complete publication in at least [one (1)] **TWO (2)** newspaperS of general circulation [in the region].

“In the performance of its wage-determining functions, the [Regional Board] **COMMISSION** shall conduct public hearings/consultations, giving notices to employees' and employers' groups, provincial, city, municipal officials, and other interested parties.

“Any party aggrieved by the Wage Order issued by the [Regional Board] **COMMISSION** may [appeal] **SEEK A RECONSIDERATION OF** such order [to the Commission] within ten (10) calendar days from the publication of such order. It shall be mandatory for the Commission to decide such [appeal] **MOTION FOR RECONSIDERATION** within sixty (60) calendar days from the filing thereof.

“The filing of the [appeal] **MOTION FOR RECONSIDERATION** does not stay the order unless the person appealing such order shall file with the Commission, an undertaking with a surety or sureties satisfactory to the Commission for the payment to the employees affected by the order of the corresponding increase, in the event such order is affirmed.”

SEC. 5. Article 124 of the Labor Code, as amended, is hereby further amended and renumbered to read as follows:

“ART. [124] **123. Standards/Criteria for Minimum Wage Fixing.** – The [regional] **NATIONAL** minimum wage[s] to be established by the [Regional Board] **COMMISSION** shall be [as nearly adequate as is economically feasible to maintain the minimum standards of living necessary for the health, efficiency and general well-being of the

employees within the framework of the national economic and social development program] **THAT WAGE RATE NECESSARY FOR RAISING A FAMILY AND MAINTAINING ITS DECENT EXISTENCE. IT SHALL BE OF SUCH AMOUNT WHICH IS SUFFICIENT FOR A WORKER TO PROVIDE FOR THE AGGREGATE ESSENTIAL EXPENDITURES OF A FAMILY, FACTORING IN ALL PHYSIOLOGICAL, SOCIAL, AND DEVELOPMENTAL REQUIREMENTS AS DETERMINED BY CURRENT SOCIO-ECONOMIC INDICATORS, SO AS TO ENABLE THEM TO LIVE AND MAINTAIN A DECENT STANDARD OF LIVING BEYOND MERE SUBSISTENCE, WITH ADEQUATE ALLOWANCE FOR SOCIAL SECURITY.** In the determination of such [regional] minimum wage, the [Regional Board] **COMMISSION** shall, among other relevant factors, consider the following:

“(a) The [demand] **WORKERS’ RIGHT TO A** [for] living wage[s];

“x x x

“(e) [The need to induce industries to invest in the countryside;]

(f)] Improvements in standards of living;

[(g) The prevailing wage levels;

(h)] **(F)** Fair return of the capital invested and capacity to pay of employers;

[(i) Effects on employment generation and family income;]
and

“[(j)] **(G)** The equitable distribution of income and wealth along the imperatives of economic and social development.”

“The wage[s] prescribed in accordance with the provisions of this Title shall be the standard prevailing **NATIONAL** minimum wage[s in every region]. [These wages] **THIS** shall include wages varying within industries, [provinces or localities] if in the judgment of the [Regional Board] **COMMISSION**, conditions make such [local] differentiation proper and necessary to effectuate the purpose of this Title.

“Any person, company, corporation, partnership or any other entity engaged in business shall file and register annually with the [appropriate Regional Board] **COMMISSION** and the [National

Statistics Office] **PHILIPPINE STATISTICS AUTHORITY (PSA)**, an itemized listing of their labor component, specifying the names of their workers and employees below the managerial level, including learners, apprentices and [disabled/handicapped] workers **WITH DISABILITIES** who were hired under the terms prescribed in the employment contracts, and their corresponding salaries and wages.

“Where the application of any prescribed wage increase pursuant to law or wage order issued by [any] **THE [Regional Board] COMMISSION** results in distortions of the wage structure within an establishment, the employer and the union shall negotiate to correct the distortions. x x x”

“In cases where there are no collective agreements or recognized labor unions, the employers and workers shall endeavor to correct such distortions. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board and, if it remains unresolved after ten (10) calendar days of conciliation, shall be referred to the [appropriate branch of the National Labor Relations Commission (NLRC)] **SECRETARY OF THE DEPARTMENT OF LABOR AND EMPLOYMENT**. It shall be mandatory for the [NLRC] **DOLE SECRETARY** to conduct continuous hearings and decide the dispute within twenty (20) calendar days from the time said dispute is submitted for compulsory arbitration.

“x x x”

SEC. 6. Article 127 of the Labor Code, as amended, is hereby further amended and renumbered to read as follows:

“ART. [127] **126. Non-diminution of Benefits.** – No wage order issued by [any Regional Board] **THE COMMISSION** shall provide for wage rates lower than the statutory minimum wage rates prescribed by Congress.”

SEC. 7. *Exemptions.* – Exempted from the provisions of this Act are businesses belonging to the micro category based on the criteria provided by the Department of Trade and Industry (DTI): *Provided, That* the enterprise is registered and has an updated Barangay Micro Business Enterprise (BMBE) Certification pursuant to RA No. 9178, otherwise known as the “*Barangay Micro Business Enterprises (BMBE’s) Act of 2002*”.

Daily basic wage increases enforced within three (3) months before the effectivity of this Act, which have been explicitly stated and agreed upon in collective bargaining agreements (CBAs), and excluding wage adjustments due to anniversaries, merit-based increases, or those resulting from employee regularization or promotion, shall be counted as compliance with the wage increases mandated by

this Act: *Provided*, That the employer shall pay the employees of the difference in wage increases that is less than what is mandated under this Act.

Disputes resulting from wage distortions, defined as significant changes in wage relationships within the same establishment, upon the implementation of the mandated wage increase under this Act, shall first be resolved voluntarily between the employer and employees, and, when settlement cannot be reached, thereafter be referred to the Secretary of Labor and Employment for compulsory arbitration. It shall be mandatory for the DOLE Secretary to conduct continuous hearings and issue a decision on any such dispute within twenty (20) calendar days from its filing.

The existence of a wage distortion dispute shall not delay the implementation of the wage increases prescribed under this Act.

SEC. 8. *Monitoring.* – The Department of Labor and Employment (DOLE) shall, as far as practicable, conduct inspections of company payrolls and other financial records to verify compliance with the prescribed minimum wage rates and other legally mandated benefits, including those under any Wage Order: *Provided*, That, when conducting inspections in companies with existing union/s, the DOLE inspectors shall be accompanied by the president, or any responsible officer of the recognized bargaining unit, or by a representative of any concerned labor union; *Provided, further*, That, inspections in companies without union/s shall be conducted in the presence of a worker representative chosen from within the workforce. The worker representative has the right to submit their own findings to DOLE and, should the findings not agree with the labor inspector's report, may provide testimony to support their position.

SEC. 9. *Penalties.* – Any individual, corporation, trust, firm, partnership, association, or other entity that refuses or fails to pay the mandated wage increases or adjustments under this Act shall be subjected to a fine that is equivalent to double the unpaid wages owed to the affected workers, but not less than One hundred fifty thousand pesos (P150,000.00), or face imprisonment of not less than one (1) year but not more than two (2) years, or both.

Any person or persons convicted under this Act shall not be eligible for probation under Presidential Decree 968, otherwise known as the “*Probation Law*”, as amended.

If the violation is committed by a corporation, trust, firm, partnership, association, or other similar entity, the penalty of imprisonment shall be imposed on the responsible officers of the organization, including, but not limited to, the president, vice president, chief executive officer, general manager, managing director, or partner.

SEC. 10. *Implementing Rules and Regulations.* – Within sixty (60) days upon the effectivity of this Act, DOLE, in coordination with the NWPC, shall promulgate the necessary rules and regulations to implement the provisions of this Act.

SEC. 11. *Separability Clause.* – If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 12. *Repealing Clause.* – RA No. 6727, otherwise known as the “*Wage Rationalization Act*”, is hereby expressly repealed. All other laws, presidential decrees, executive orders, rules and regulations, or parts thereof that are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 13. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette and at least two (2) newspapers of national circulation.

Approved,