

**TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)**



HOUSE OF REPRESENTATIVES

House Bill No. 9041

Introduced by Hon. Antonio B. Legarda Jr.

AN ACT

AMENDING PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, TO DEFINE AND REGULATE FLOATING STATUS, AND PROVIDING SAFEGUARDS IN CASES OF BUSINESS OR TECHNOLOGICAL DISPLACEMENT, INCLUDING ARTIFICIAL INTELLIGENCE, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

In today's changing economy, more workers are being placed on "floating status" or temporary "off detail", where employers suspend work for legitimate business reasons, such as market downturn, equipment failure, or the cancellation of a client contract, without terminating the employment relationship.¹ Under Article 301 [previously 286] of the Labor Code, this is a valid exercise of management prerogative², provided that it is strictly limited to a maximum of six (6) months.³

While once confined to specific industries like security agency services, seasonal work, and project-based employment⁴, the use of floating status has expanded. During the COVID-19 pandemic, over 600,000 workers were placed under temporary work suspension⁵, and the practice has continued as businesses adjust to fluctuating demand. At the same time, automation and artificial intelligence (AI) are reshaping labor markets, increasing job displacement and reliance on temporary work arrangements.⁶ This trend is evident in the IT-BPM sector, which employs around 1.9

¹ Respicio & Co., *Overview of Floating Status under Philippine Labor Law*, January 25, 2025, <https://www.respicio.ph/dear-attorney/overview-of-floating-status-under-philippine-labor-law>

² Soliman Security Services, Inc. v. Sarmiento, G.R. No. 194649, August 10, 2016.

³ Hamid v. Gervasio Security and Investigation Agency, Inc., G.R. No. 230968, July 27, 2022.

⁴ Respicio & Co., *Overview of Floating Status under Philippine Labor Law*, January 25, 2025, <https://www.respicio.ph/dear-attorney/overview-of-floating-status-under-philippine-labor-law>

⁵ Philippine News Agency, *Over 2M workers on floating status: DOLE*, December 9, 2020, <http://www.pna.gov.ph/articles/1124259>

⁶ Kashaka, Nyiramukama Diana, *The Future of Work: Automation and Job Displacement*, Eurasian Experiment Journal of Arts and Management, Vol. 7, No. 1 (2025), pp. 37-40.

million Filipinos and generating over \$40 billion in revenue in 2025.⁷ As AI adoption accelerates, workforce needs continue to shift, increasing the likelihood of temporary displacement and resort to floating status.⁸

Despite its growing use, the legal framework governing floating status remains loosely defined, which has led to inconsistent application. This bill seeks to address these gaps by establishing clear and enforceable parameters. It affirms that floating status is strictly temporary and requires employers to either reinstate the employee or formally terminate employment upon the lapse of the six-month period. To prevent abuse, the measure requires prior notice to both the employee and the Department of Labor and Employment (DOLE) ensuring that the arrangement is not used to circumvent security of tenure and other labor rights.

Importantly, the bill supports affected workers by allowing them to seek temporary employment elsewhere without prejudice to their status or seniority in their primary workplace. It likewise directs DOLE and Technical Education and Skills Development Authority (TESDA) to provide reskilling, upskilling, and job-matching support, particularly for those displaced by new technology.

Ultimately, this measure balances the need for business flexibility and worker protections, ensuring that floating status is applied fairly, transparently, and within clear legal boundaries.

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


HON. ANTONIO B. LEGARDA, JR.

⁷ Philippine Daily Inquirer, *The Race Against AI-driven Job Disruption*, March 19, 2026, <https://opinion.inquirer.net/190520/the-race-against-ai-driven-job-disruption>

⁸ *Id.*

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BUSINESS OR TECHNOLOGICAL DISPLACEMENT, INCLUDING ARTIFICIAL
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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 “Floating Workers Regulation
2 and Protection Act.”
3

4 Section 2. Article 301 [previously 286] of Presidential Decree No. 442, as amended⁹,
5 is hereby further amended to read as follows:

6 “**ART. 301.** *When Employment not Deemed Terminated.* — The bona fide
7 suspension of the operation of a business or undertaking for a period not
8 exceeding six (6) months, **OR THE PLACEMENT OF AN EMPLOYEE UNDER**
9 **FLOATING STATUS AS DEFINED HEREIN**, or the fulfillment by the
10 employee of a military or civic duty shall not terminate employment.

11 **FOR PURPOSES OF THIS CODE, “FLOATING STATUS” REFERS TO A**
12 **TEMPORARY SUSPENSION OF WORK BY THE EMPLOYER WITHOUT**
13 **TERMINATION OF EMPLOYMENT, ARISING FROM A BONA FIDE**
14 **BUSINESS NECESSITY, INCLUDING BUT NOT LIMITED TO**
15 **TEMPORARY LACK OF AVAILABLE WORK, SUSPENSION OF**
16 **OPERATIONS, OR TECHNOLOGICAL DISPLACEMENT DUE TO**

⁹ Labor Code of the Philippines Renumbered, DOLE Edition, 2022
<https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/15242/PH-15242%20C-22.pdf>

AUTOMATION, DIGITALIZATION, OR ARTIFICIAL INTELLIGENCE (AI).

PLACEMENT UNDER FLOATING STATUS SHALL NOT TERMINATE THE EMPLOYER-EMPLOYEE RELATIONSHIP, AND THE EMPLOYEE SHALL BE DEEMED CONTINUOUSLY EMPLOYED.

THE PERIOD OF FLOATING STATUS SHALL NOT EXCEED SIX (6) MONTHS. UPON LAPSE THEREOF, THE EMPLOYER SHALL REINSTATE THE EMPLOYEE TO THE SAME OR EQUIVALENT POSITION WITHOUT LOSS OF SENIORITY RIGHTS AND OTHER PRIVILEGES, OR TERMINATE THE EMPLOYMENT IN ACCORDANCE WITH THIS CODE.

In all such cases, the employer shall reinstate the employee to his former position without loss of seniority rights if he indicates his desire to resume his work not later than one (1) month from the resumption of operations of his employer or from his relief from the military or civic duty."

Section 3. Article 294 [previously 279] of Presidential Decree No. 442, as amended, is hereby further amended by adding a new paragraph to read as follows:

"ART. 294. *Security of tenure.* - In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement.

FAILURE OF THE EMPLOYER TO REINSTATE THE EMPLOYEE OR TO VALIDLY TERMINATE EMPLOYMENT AFTER THE LAPSE OF THE SIX (6)-MONTH FLOATING PERIOD UNDER ARTICLE 301 SHALL CONSTITUTE CONSTRUCTIVE DISMISSAL.

AN EMPLOYEE PLACED UNDER FLOATING STATUS SHALL RETAIN SENIORITY RIGHTS AND CONTINUITY OF SERVICE, AND SHALL BE DEEMED CONTINUOUSLY EMPLOYED FOR ALL LEGAL PURPOSES UNDER THIS CODE. THE EMPLOYEE SHALL CONTINUE TO BE COVERED BY MANDATORY SOCIAL LEGISLATION, SUBJECT TO EXISTING LAWS. SUCH PLACEMENT SHALL NOT BE USED TO DEFEAT OR CIRCUMVENT AN EMPLOYEE'S RIGHT TO SECURITY OF TENURE.

AN EMPLOYEE UNDER FLOATING STATUS MAY SEEK AND ACCEPT TEMPORARY OR ALTERNATIVE EMPLOYMENT WITHOUT SUCH ACT BEING DEEMED ABANDONMENT OF EMPLOYMENT, AND SHALL BE GIVEN PRIORITY IN REASSIGNMENT, REDEPLOYMENT, OR RESKILLING AND UPSKILLING PROGRAMS."

Section 4. Article 292 [previously 277] of Presidential Decree No. 442, as amended, is hereby further amended by adding a new paragraph to read as follows:

"ART. 292. *Miscellaneous provisions.* - All unions are authorized to collect reasonable membership fees, union dues, assessments and fines and other contributions for labor education and research, mutual death and hospitalization benefits, welfare fund, strike fund and credit and cooperative undertakings. (As amended by Republic Act No. 6715)

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Despite the expiration of the applicable mandatory period, the aforesaid officials shall, without prejudice to any liability which may have been incurred as a consequence thereof, see to it that the case or matter shall be decided or resolved without any further delay. (As amended by Republic Act No. 6715)

PLACEMENT OF AN EMPLOYEE UNDER FLOATING STATUS PURSUANT TO ARTICLE 301 SHALL REQUIRE PRIOR WRITTEN NOTICE TO THE EMPLOYEE AND TO THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) AT LEAST THIRTY (30) DAYS BEFORE ITS EFFECTIVITY, AND MUST BE BASED ON BONA FIDE BUSINESS OR TECHNOLOGICAL NECESSITY, INCLUDING BUT NOT LIMITED TO TEMPORARY LACK OF AVAILABLE WORK, SUSPENSION OF OPERATIONS, OR TECHNOLOGICAL DISPLACEMENT DUE TO AUTOMATION, DIGITALIZATION, OR ARTIFICIAL INTELLIGENCE (AI). IT SHALL BE UNLAWFUL FOR ANY EMPLOYER TO:

- A. PLACE AN EMPLOYEE UNDER FLOATING STATUS WITHOUT BONA FIDE JUSTIFICATION;**
- B. EXTEND FLOATING STATUS BEYOND SIX (6) MONTHS;**
- C. REPEATEDLY PLACE EMPLOYEES UNDER FLOATING STATUS TO AVOID REGULARIZATION OR COMPLIANCE WITH LABOR LAWS; OR**
- D. USE FLOATING STATUS AS A SUBSTITUTE FOR TERMINATION WITHOUT COMPLYING WITH DUE PROCESS AND PAYMENT OF SEPARATION BENEFITS.**

Section 5. ***Inter-Agency Support Mechanism.*** – The DOLE, in coordination with TESDA and other relevant agencies, shall facilitate access of affected workers to reskilling and upskilling programs, provide job matching and employment assistance services, and ensure access to existing social protection mechanisms and training support programs.

Section 6. ***Implementing Rules and Regulations.*** – The DOLE shall promulgate the necessary rules and regulations within ninety (90) days from the effectivity of this Act.

Section 7. ***Separability Clause.*** – If any part or provision of this Act is held invalid or unconstitutional, the other provisions not affected shall remain in full force and effect.

1 Section 8. ***Repealing Clause.*** – All laws, executive orders, issuances, decrees, rules
2 and regulations or any part thereof which are inconsistent with or contrary to the
3 provisions of this Act are deemed amended, modified, or repealed accordingly.

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5 Section 9. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
6 in the *Official Gazette* or in a newspaper of general circulation.

Approved,