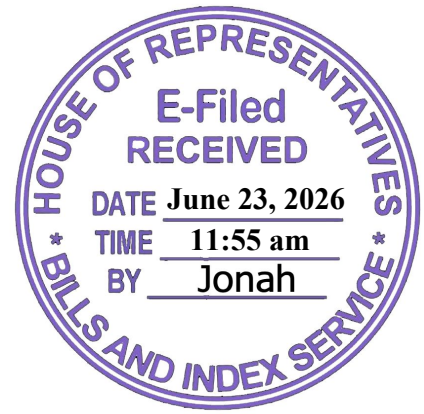


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9922**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to ensure the fair and lawful implementation of piece-rate compensation systems. It requires approved production standards, enhances regulatory oversight, and imposes penalties for violations of labor laws affecting piece-rate employees, commonly known as “*pakyawan*” workers.

While Article 101 of Presidential Decree No. 442, otherwise known as “*The Labor Code of the Philippines*”, recognizes result-based compensation schemes, the absence of an updated framework leaves “*pakyawan*” workers highly susceptible to economic exploitation. Many businesses bypass traditional payroll tracking mechanisms and this oftentimes result in the underpayment of wages and the denial of mandatory statutory benefits like holiday pay and service incentive leaves.

This measure transitions piece-rate adjustments from an optional company practice into a strictly regulated administrative process. It requires employers to duly adopt Piece-Rate Orders duly approved by the Regional Tripartite Wages and Productivity Board supported by valid Time and Motion Studies, maintain transparent compensation records, and comply with mandatory reportorial requirements. This ensures that baseline productivity quotas reflect humanly attainable metrics that mathematically correspond to the current minimum wage.

The vital piece of legislation safeguards the rights of piece-rate workers and transforms state labor policies from passive guidelines into an active, self-executing shield for the working class. It ensures that piece-rate workers receive fair wages, lawful benefits, and adequate protection from exploitative labor practices.

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


HON. ERIC G. YAP

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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TWENTIETH CONGRESS
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House Bill No. **9922**

Introduced by **Representative ERIC G. YAP**

AN ACT
STRENGTHENING THE RIGHTS OF PIECE-RATE WORKERS, PROVIDING FOR
STRICTER REPORTORIAL REQUIREMENTS AND PENALTIES FOR
VIOLATIONS THERETO, AND FOR OTHER PURPOSES

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-Abuse of Pakyawan Workers Act*”.

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to afford full protection to labor including those who are compensated on a piece-rate basis. The State shall endeavor to protect the rights and promote the welfare of piece-rate workers, otherwise known as “*pakyawan*” who have long been neglected and subjected to abusive labor practices. Towards this end, the State shall enforce transparency and compliance with strict reportorial requirements to deter willful violations by employers and impose stiffer penalties to ensure compliance.

SEC. 3. *Coverage.* — This Act shall apply to all employers, including Micro, Small, and Medium Enterprises (MSMEs), who adopt a piece-rate compensation system, regardless of industry, and to all workers engaged under such compensation system, as defined by Article 82 and Article 101 of Presidential Decree 442, otherwise known as the “*Labor Code of the Philippines*”, as amended.

SEC. 4. *Definition of Terms.* — As used in this Act:

- a. Employee refers to any individual employed by an employer;
- b. Employer refers to any person acting directly or indirectly in the interest of an employer in relation to an employee;
- c. Establishment refers to micro, small and medium business entities engaged in any economic activity whose workers are paid by result including “*pakyaw*”, piece work, commission or any other non-time work;

d. Micro, small, and medium enterprises (MSMEs) refers to any business activity/enterprise engaged in industry, agri-business/services, whether single proprietorship, cooperative, partnership, or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:

1. By Asset Size:

- i. Micro : Up to P3,000,000
- ii. Small : P3,000,001 – P15,000,000
- iii. Medium: P15,000,001 – P100,000,000
- iv. Large : above P100,000,000

2. Alternatively, they may also be categorized based on the number of employees:

- i. Micro : 1 – 9 employees
- ii. Small : 10 – 99 employees
- iii. Medium: 100 – 199 employees
- iv. Large : More than 200 employees

e. NWPC refers to the National Wages and Productivity Commission;

f. Order refers to Piece Rate Order or Production Standard Order issued by the Department of Labor and Employment (DOLE) Regional Director, in his capacity as DOLE Chairperson based on the recommendation of the Board's Secretariat as a result of TMS conducted in an applicant-firm;

g. Piece-Rate refers to the mode of payment whereby an employee is paid on the basis of his production, i.e. on the amount or quantity of work done rather than time employed;

h. Time and Motion Study refers to the systematic determination of work methods and time standards using various tools/technologies; and

i. Wages refer to remuneration or earnings, however designated, capable of being expressed in terms of money, whether fixed or ascertained on a time, task, piece or commission basis or other method of calculating the same, which is payable by an employer to an employee under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered and includes the fair and reasonable value, as determined by the Secretary of Labor and Employment, of board, lodging or other facilities customarily furnished by the employer to the employee.

SEC. 5. *Prohibited Acts.* — The following are deemed violations of this Act:

a. Underpayment – payment of wages below the applicable minimum wage or below the prescribed amount agreed upon by the employer and the employee pursuant to a duly approved Piece-Rate Order;

b. Nonpayment – refusal to pay by the employer of mandatory statutory benefits, such as but not limited to thirteenth (13th) pay, if applicable, overtime pay, holiday pay and service incentive leave pay;

c. Non-compliance with a Piece-Rate Order – failure by the employer to comply with the terms and conditions of a Piece-rate Order duly-issued by the Regional Tripartite and Wages Productivity Board (RTWPB) and as approved by the National Wages and Tripartite Commission (NWPC).

d. Non-submission of a Piece-Rate Order which has been updated, with the RTWPB which has jurisdiction over the employer and NWPC, following a new wage order applicable to the area where the employer operates and conducts business.

e. Failure to apply for and conduct a Time and Motion Study by the establishment, or employer or its duly-authorized representative, or the employee or the employee's union, prior to the issuance of a valid Piece-Rate Order, pursuant to DOLE Department Order No. 125-13, dated April 01, 2013.

SEC. 6. *Mandatory Posting, Recordkeeping and Reportorial Requirements.* — Upon the issuance of a duly-approved Piece-Rate Order following the conduct of a valid and actual Time and Motion Study, the employer and the employee or the employee's union, shall each be furnished a copy of the Order. The employer shall post a copy of the Order in a bulletin board or in a conspicuous place in the establishment where the affected workers perform their tasks. A certification to this effect shall be subsequently submitted to the RTWPB concerned and a copy to be submitted likewise to the Department of Labor and Employment Regional Office (DOLE-RO).

The RTWPB shall maintain a database of all Piece-Rate Orders issued within its area of jurisdiction, and the same shall be shared with the DOLE-RO. In instances where a new Wage Order is issued, the DOLE-RO shall, within its jurisdiction, require all employers implementing a Piece-Rate Order to submit a Sworn Certification if their respective establishment is affected. Should any adjustments be applicable, the DOLE-RO shall conduct an onsite inspection of the books of the employer concerned to ensure compliance with a new Wage Order, and thereafter issue an amended Piece-Rate Order reflecting the adjustments. Correspondingly, the employer is mandated to issue a written notice to all its affected employees regarding the newly adjusted compensation rates under the amended Piece Rate Order.

SEC. 7. *Penalties.* —

a. For a first offense, an employer shall be meted a fine of One million pesos (Php 1,000,000.00), plus payment of full backwages and other applicable statutory

benefits under labor laws and the suspension of business operations for not more than fifteen (15) days;

b. For a second offense, the employer shall be meted a fine of Two million pesos (Php 2,000,000.00), plus payment of full backwages and other applicable statutory benefits under labor laws, the suspension of business operations for not more than sixty (60) days and a perpetual ban on the employer to implement a piece-rate compensation scheme;

c. For any subsequent offense, the employer shall be meted a fine of Five million pesos (Php 5,000,000.00) plus the payment of full backwages and other applicable statutory benefits under labor laws and the closure of business of the employer; and

d. In cases where an employee is covered by a validly existing contractual agreement, the liability of the employer and the contractor under this Act shall be solidary in nature, in accordance with the provisions of Article 109 of the Presidential Decree 442, otherwise known as the "*Labor Code of the Philippines*", as amended.

SEC. 8. *Enforcement.* — Pursuant to its powers under Articles 128 and 129 of the Presidential Decree 442, otherwise known as the "*Labor Code of the Philippines*", as amended, and the provisions of Section 129 of Republic Act No. 6727, otherwise known as the "*Wage Rationalization Act*", the DOLE shall conduct monitoring and inspection to ensure compliance with the provisions of this Act and to investigate, prosecute and decide upon cases of violations herein.

The DOLE, through its RTWPB-RO, shall conduct random inspections on a quarterly basis to ensure compliance with the provisions of this Act. The refusal or failure of an officer to exercise this mandatory function shall be subject to administrative sanctions under pertinent and applicable civil service laws, including but not limited to suspension or removal from office.

SEC. 9. *Implementing Rules and Regulations.* — Within sixty (60) days from the approval of this Act, the Secretary of the DOLE shall, in consultation with the NWPC, the RTWPB per region, the Secretary of the DOJ, the Secretary of the DILG and all stakeholders from the business sector, workers' groups, and private enterprises promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 10. *Separability Clause.* — If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 11. *Repealing Clause.* — All laws, presidential decrees, executive orders, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 12. *Effectivity.* — This Act shall take effect fifteen days (15) after its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,