



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



TWENTIETH (20TH) CONGRESS
First Regular Session
10560
HOUSE BILL NO. _____

Introduced by KAMANGGAGAWA Partylist
Representative **ELIJAH R. SAN FERNANDO**

EXPLANATORY NOTE

Article II, Section 18 of the Constitution declares that the State affirms labor as a primary social economic force and shall protect the rights of workers and promote their welfare, while Article II, Sections 9 and 10 command the State to promote a just and dynamic social order that will free the people from poverty and to advance social justice in all phases of national development. Giving these declarations concrete force, Article XIII, Section 3 requires the State to “*afford full protection to labor*” and to guarantee the rights of all workers to “*humane conditions of work*” and “*a living wage*.” Read together, these provisions establish a single premise: the benefits that the law secures for the worker are not privileges extended at the convenience of the employer but entitlements the State is duty-bound to protect.

For millions of Filipino workers, however, that protection ends at the payslip. Mandated benefits such as the 13th-month pay, holiday pay, service incentive leave, and the contributions due to the Social Security System, the Philippine Health Insurance Corporation, and the Home Development Mutual Fund are withheld, underpaid, or left unremitted year after year. What renders this practice particularly grave is that a portion of these contributions is deducted from the wages of the workers themselves. That money never belonged to the employer. It is the worker’s own earnings, taken in trust and then quietly retained. When such amounts go unremitted, the worker is not merely shortchanged but is made to finance the very violation committed against them.

The scale of the resulting delinquency confirms as much. As of October 2024, the Social Security System reported roughly ₱46 billion in uncollected contributions

involving some 420,767 delinquent employers.¹ Behind that figure stand millions of workers whose contribution records remain incomplete through no fault of their own. Compounding the injury, the recurring resort to condonation and amnesty programs, whatever short-term collection relief it affords the funds, has steadily taught delinquent employers that penalties are negotiable and that waiting will always be cheaper than complying.

Moreover, Philippine law is already familiar with the remedy this measure proposes. Since 1996, Republic Act No. 8188 has required employers who fail to comply with a prescribed wage increase to pay “*double the unpaid benefits owing to the employees.*” The anomaly lies in its narrow reach. Under present law, an employer who withholds a wage increase faces double indemnity, whereas an employer who pockets a worker’s pension and health contributions for years faces a fine that may amount to less than the sum withheld. This bill corrects that imbalance by extending the same remedy to all mandated employee benefits, ensuring that the worker is restored in full and that the employer retains no advantage whatsoever from the violation.

Where non-payment has continued for three months or more, the employer shall thereafter shoulder the employee share of the contributions for the remainder of the worker’s employment in the enterprise. Delinquency sustained across months is no longer an oversight or a lapse in bookkeeping, and the consequence attached to it must therefore be lasting rather than momentary. This direction is consistent with international practice. The United States has, since 1938, required employers who fail to pay lawful wages to answer for liquidated damages equal to the amount unpaid,² while Australia, effective 1 January 2025, has criminalized the intentional underpayment of wages and entitlements with penalties reaching three times the amount underpaid.³ Firmer consequences represent the global trajectory, not a departure from it.

For the business community, this measure is not directed against enterprise but instead promotes fair competition, as the honest employer who remits faithfully and on time has nothing to fear and a great deal to gain, for feeble enforcement has long penalized compliance by permitting violators to undercut law-abiding competitors on labor costs. The bill accordingly recognizes differences in capacity and preserves reasonable room for the genuine and good faith correction of errors by the smallest enterprises. What it withdraws is not the margin for honest mistake but the impunity that has attended deliberate and prolonged withholding.

¹ Disclosed by SSS President and CEO Robert Joseph de Claro in a Malacañang briefing. See https://pco.gov.ph/news_releases/sss-clarifies-old-coa-report/

² See the United States’ Fair Labor Standards Act (FLSA).

³ See Australia’s Fair Work Act 2009, as amended.

In the end, this bill asks nothing novel of the employer. It demands no new benefit, no additional grant, and no fresh burden, but only the payment of what the law has long required and what the worker has already earned. Hence its title, for the Filipino worker has waited long enough to be told that the wages held in trust will finally be paid and that the benefits deducted will finally be remitted. By attaching a real and unavoidable price to the violation of mandated benefits, this measure gives the constitutional promise of full protection to labor the enforceable meaning it was always intended to carry.

In solidarity with the working class, the passage of this bill is earnestly sought.



ELIJAH R. SAN FERNANDO
Representative
KAMANGGAGAWA PARTYLIST



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HOUSE BILL NO. **10560**

Introduced by KAMANGGAGAWA Partylist
Representative **ELIJAH R. SAN FERNANDO**

AN ACT
IMPOSING STIFFER PENALTIES FOR THE NON-PAYMENT,
UNDERPAYMENT, AND NON-REMITTANCE OF MANDATED EMPLOYEE
BENEFITS IN THE PRIVATE SECTOR, PROVIDING FOR DOUBLE
INDEMNITY, MANDATING THE PROACTIVE ENFORCEMENT THEREOF BY
THE ADMINISTERING AGENCIES

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 “*Benepisyo Ko, Hulugan Mo Act.*”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to afford full protection to labor and to guarantee the rights of all workers to just and humane conditions of work, to a living wage, and to the security, health, and social protection benefits mandated by law.

The State recognizes that mandated employee benefits are not gratuities or acts of liberality but earned entitlements that form part of the compensation of labor and of the social protection guaranteed by law. It is therefore the policy of the State to ensure the faithful, timely, and complete payment and remittance of all mandatory employee benefits and contributions, to protect workers from the deprivation of benefits guaranteed by law, and to uphold the integrity of the country's labor and social protection system.

The State further recognizes that effective enforcement is indispensable to the protection of labor rights and the promotion of voluntary compliance with labor and

social protection laws. Accordingly, it shall be the policy of the State to establish penalties and remedies that effectively deter violations, remove any economic advantage derived from non-compliance, promote accountability among employers, and ensure that the consequences of violations are borne by those responsible.

SEC. 3. *Definition of Terms.* – For purposes of this Act, the following terms shall be defined as follows:

- (a) *Administering agency* refers to the Department of Labor and Employment, the Social Security System, the Philippine Health Insurance Corporation, the Home Development Mutual Fund, and any other government agency, office, or instrumentality charged with the administration, collection, or enforcement of a mandated employee benefit.
- (b) *Continuing violation* refers to a non-payment that subsists for two (2) or more payroll periods, contribution periods, or months, whether continuous or cumulative, in respect of the same employee or group of employees.
- (c) *Contribution* refers to the amount required to be paid or remitted to an administering agency in respect of a covered employee, comprising the employer share and the employee share.
- (d) *Deficiency* refers to the difference between the amount legally due to or for the account of an employee and the amount actually paid, granted, or remitted by the employer, computed for the entire period of non-payment.
- (e) *Employee share* refers to that portion of a contribution which the law authorizes the employer to deduct from the wages of the employee. Any amount so deducted shall be deemed held in trust for the employee and for the administering agency concerned.
- (f) *Employer share* refers to that portion of a contribution which the law requires the employer to pay from its own funds and which may not, under any circumstance, be deducted from or charged against the wages of the employee.
- (g) *Mandated employee benefit* refers to any monetary or contributory benefit that an employer is required by law to pay, grant, or remit for the account or benefit of an employee, including but not limited to the thirteenth month pay under Presidential Decree No. 851, holiday pay, service incentive leave pay, overtime pay, night shift differential, premium pay, separation pay, retirement pay under Republic Act No. 7641, wage increases and cost of living allowances mandated by law or by a wage order, and the contributions

required under Republic Act No. 11199, Republic Act No. 11223, and Republic Act No. 9679, together with the corresponding benefits payable thereunder.

- (h) *Non-payment* refers to the total or partial failure to pay, grant, or remit a mandated employee benefit within the period prescribed by law, rule, regulation, wage order, contract, collective bargaining agreement, or established company practice, and includes underpayment, delayed payment, and the payment or remittance of an amount lower than that legally due.
- (i) *Responsible officer* refers to the president, managing partner, general manager, managing head, chief executive officer, chief finance officer, treasurer, human resource head, or any other officer, director, partner, agent, or person who, by act or omission, caused, directed, consented to, or knowingly tolerated the non-payment, and includes any person who in fact exercised control over the disposition of the funds concerned regardless of designation.

SECTION 4. Coverage. – This Act shall apply to all employers in the private sector and to all their employees, regardless of the nature, form, or duration of employment, the manner of wage payment, or the designation given to the working arrangement.

This Act shall likewise apply to any person, natural or juridical, who exercises the powers of an employer over an employee, including contractors, subcontractors, manpower and service providers, cooperatives engaged in the deployment of workers, digital labor platforms, and principals or indirect employers to the extent of their solidary liability under the Labor Code.

SECTION 5. Prohibited Acts. – It shall be unlawful for any employer to commit any of the following acts:

- (a) To fail or refuse to pay, grant, or remit, in whole or in part, any mandated employee benefit within the period prescribed by law, rule, regulation, wage order, contract, collective bargaining agreement, or established company practice;
- (b) To deduct the employee share from the wages of an employee and thereafter fail to remit the same to the administering agency concerned within the prescribed period;
- (c) To under-declare the wage, salary, or compensation of an employee, or to report a compensation base lower than that actually received, for the purpose of reducing the contribution or benefit legally due;

- (d) To misclassify an employee as a probationary, casual, seasonal, project, fixed-term, apprentice, learner, trainee, consultant, freelancer, commission agent, partner, independent contractor, or self-employed person, or to omit an employee from the payroll or from any report required by an administering agency, for the purpose of evading the obligation to pay, grant, or remit a mandated employee benefit;
- (e) To require, induce, or allow an employee to waive, condone, offset, refund, or return any mandated employee benefit, or to make such waiver a condition of hiring, continued employment, promotion, regularization, or the release of any other benefit; and
- (f) To charge against the wages of an employee, or to recover from the employee in any form or by any device whatsoever, the employer share, any penalty, interest, indemnity, fine, or surcharge imposed under this Act or under any other law, or any cost incurred in connection with the enforcement thereof.

SECTION 6. Double Indemnity. – Any employer found to have committed any of the prohibited acts under Section 5 of this Act shall pay the affected employee, or the administering agency concerned for the account of the affected employee, the unpaid amount in full plus an additional amount equivalent thereto by way of double indemnity: *Provided*, That a micro or small enterprise which, upon its own initiative or upon notice from an administering agency, fully pays or remits a deficiency together with all interests and penalties due thereon within thirty (30) days from the discovery thereof or from the receipt of such notice, whichever comes earlier, shall be liable only for the principal amount, the interests, and the penalties, and shall be exempt from double indemnity under this Section: *Provided, further*, That such exemption may be availed of only once by the same enterprise, and shall not apply where the amount in question was deducted from the wages of an employee, where the non-payment involves under-declaration or misclassification under Section 5, where the enterprise has previously been found to have committed any prohibited act under this Act, or where the deficiency was concealed through the falsification, alteration, or suppression of any payroll, record, report, or return.

Double indemnity under this Act shall be in addition to, and shall not be deemed to replace, absorb, or be credited against, the interests, penalties, surcharges, damages, administrative fines, and criminal liabilities imposable under the Labor Code, Republic Act No. 11199, Republic Act No. 11223, Republic Act No. 9679, Republic Act No. 8188, and other applicable laws, rules, and regulations.

Double indemnity shall accrue and be payable to the affected employee: *Provided*, That where the unpaid amount pertains to a contribution, the principal amount and all interests and penalties thereon shall be remitted to the administering

agency concerned and posted to the record of the employee, while the additional amount representing double indemnity shall be paid directly to the employee, without prejudice to the right of the employee to elect that the same be posted as advance contributions to the employee's account.

The obligation to pay double indemnity shall attach upon investigation and verification by the Administering agency, and shall not require proof of malice, bad faith, or intent to defraud.

SECTION 7. *Prohibition on Recovery, Deduction, or Offsetting.* – No employer shall recover, deduct, withhold, offset, or in any manner charge against the wages, benefits, allowances, bonuses, leave credits, separation pay, or retirement pay of any employee the whole or any part of the double indemnity or fine imposed under this Act.

Any contract, waiver, quitclaim, release, payroll deduction authorization, or company policy that permits or effects such recovery, deduction, withholding, offsetting, or charging shall be void from the beginning for being contrary to law and public policy.

SECTION 8. *Non-Diminution and Prohibition Against Displacement and Retaliation.* – Nothing in this Act shall be construed to reduce, eliminate, offset, or in any manner diminish wages, benefits, allowances, or other terms and conditions of employment already enjoyed by employees under law, contract, collective bargaining agreement, company policy, or established practice.

No employee shall be dismissed, retrenched, suspended, demoted, transferred, reduced in hours or wages, refused regularization or renewal of engagement, replaced by a contractual or agency-supplied worker, harassed, or in any manner discriminated against by reason of the application of this Act, of the filing or intended filing of any complaint or report hereunder, of the giving of testimony or information, or of the exercise of any right granted herein.

Any such act committed within one (1) year from the accrual of a liability under this Act, or from the filing of a complaint or report hereunder, shall be presumed to be retaliatory, and the burden shall rest upon the employer to prove that the act was undertaken for a lawful cause wholly independent of this Act. An employee dismissed in violation of this Section shall be entitled to reinstatement without loss of seniority rights and to full backwages and other benefits computed from the time of dismissal until actual reinstatement, without prejudice to the other liabilities of the employer under this Act and under the Labor Code.

SECTION 9. *Administrative Fines.* – Without prejudice to the liabilities imposed under Section 6 of this Act, any employer who commits any of the prohibited acts under Section 5 shall be subject to an administrative fine for each affected employee, to be determined by the administering agency concerned taking into account the amount involved, the duration of the non-payment, the number of employees affected, the size and financial capacity of the enterprise, and the existence of prior violations, within the following range:

- (a) Micro enterprise: not less than One thousand pesos (₱1,000) but not more than Ten thousand pesos (₱10,000) per affected employee;
- (b) Small enterprise: not less than Ten thousand pesos (₱10,000) but not more than fifty thousand pesos (₱50,000) per affected employee;
- (c) Medium enterprise: not less than Fifty thousand and one pesos (₱50,000) but not more than One hundred thousand pesos (₱100,000.00) per affected employee; and
- (d) Large enterprise: not less than One hundred thousand pesos (₱100,000) but not more than One million pesos (₱1,000,000) per affected employee.

SECTION 10. *Continuity of Employer Liability.* – The dissolution, cessation of operations, insolvency, or change in the name, ownership, or corporate structure of the employer shall not extinguish any liability under this Act. Where a successor entity continues substantially the same business, at substantially the same location, with substantially the same assets, management, ownership, or workforce, such entity shall be solidarily liable for the obligations of the predecessor under this Act.

SECTION 11. *Benefits Not Forfeited by Reason of Employer's Failure to Pay.* – No employee shall be denied, reduced, delayed, or disqualified from receiving any benefit administered by an administering agency by reason of the failure of the employer to pay or remit the required contribution or to report the employee for coverage.

The administering agency concerned shall credit the benefit due to the employee or to the beneficiaries thereof as though all contributions had been duly and timely remitted, and shall thereafter proceed against the employer for the recovery of the full amount so paid, together with all contributions, interests, penalties, damages, and the double indemnity due under this Act.

SECTION 12. *Cumulative Nature of Remedies.* – The rights, liabilities, and remedies provided under this Act shall be in addition to, and shall not preclude, suspend, limit, or supersede, any other right, liability, or remedy available under the Labor

Code, the Civil Code, the Revised Penal Code, Republic Act No. 11199, Republic Act No. 11223, Republic Act No. 9679, Republic Act No. 8188, Republic Act No. 11058, and other applicable laws.

The institution, pendency, or resolution of an administrative, civil, or criminal proceeding under this Act shall not bar the institution or continuation of any other proceeding arising from the same acts or omissions.

SECTION 13. *Enforcement, Jurisdiction, and Summary Computation.* – The Secretary of Labor and Employment or a duly authorized representative shall, in the exercise of the visitatorial and enforcement power under Article 128 of the Labor Code, determine and issue compliance orders for the payment of the unpaid amount and the double indemnity under this Act, regardless of the amount involved and notwithstanding the existence of an employer-employee relationship issue that is not genuinely contested.

Where the employer fails to produce payrolls, records, reports, returns, or other documents required by law to be kept and maintained, or where the documents produced are incomplete, irregular, or unreliable, the deficiency shall be computed on the basis of the credible evidence available, including the declaration of the affected employee, and the burden shall rest upon the employer to disprove the computation so arrived at.

An order issued under this Act shall be immediately executory upon the lapse of the period to appeal. No appeal shall be perfected unless the employer posts a cash or surety bond equivalent to the total monetary award, and no temporary restraining order or writ of injunction shall be issued against the collection or enforcement thereof except by the appellate courts in accordance with the Rules of Court.

SECTION 14. *Prescription.* – All actions arising from a violation of this Act shall prescribe in ten (10) years. In the case of a continuing violation, the period shall be reckoned from the date of the last act of non-payment, or from the discovery thereof by the affected employee or by the administering agency concerned where the non-payment was concealed through under-declaration, misclassification, falsification, or the suppression of records, whichever comes later.

SECTION 15. *Registry of Delinquent Employers and Disqualification.* – The Department of Labor and Employment (DOLE), in coordination with the administering agencies, shall establish and maintain a publicly accessible registry of employers found liable under this Act by an executory order, indicating the nature of the violation, the number of employees affected, the amount involved, and the status of compliance.

An employer whose name appears in the registry shall, until full satisfaction of its liabilities under this Act, be disqualified from participating in government procurement, from availing of fiscal and non-fiscal incentives granted by any investment promotion agency, from obtaining or renewing any license, permit, accreditation, or registration issued by the DOLE, and from deploying workers under any contracting or subcontracting arrangement.

SECTION 16. *Non-Condonation of Double Indemnity.* – The double indemnity due to an employee under Section 6 of this Act shall not be the subject of any condonation, waiver, compromise, amnesty, restructuring, or write-off program, whether granted by administrative issuance, or by the governing board of any administering agency.

Any such program hereafter enacted or issued shall be construed to apply only to interests, penalties, and surcharges accruing in favor of the government, and shall in no case impair, reduce, or extinguish any amount payable to or for the account of an employee under this Act.

SECTION 17. *Proactive Enforcement.* – Administering agencies shall not wait for the filing of a complaint before taking action to detect and remedy violations of this Act. To this end, each administering agency shall:

- (a) Conduct regular, risk-based, and random inspections or audits of employers within its jurisdiction to detect non-payment, underpayment, non-remittance, under-declaration, and misclassification, with particular attention to industries and enterprises with a history of non-compliance or a high incidence of labor violations;
- (b) Monitor, on a continuing basis, contribution records, employer registration data, payroll reports, tax filings, and such other data sources as may be available, including information shared by other government agencies under Section 18 of this Act, and act on discrepancies or red flags indicative of a violation without waiting for a complaint from an affected employee;
- (c) Upon detecting indicators of non-payment or non-remittance, immediately initiate an investigation or conduct a compliance visit, and issue the appropriate notice, order, or compliance directive within the period prescribed by its own rules and regulations;
- (d) Issue periodic compliance alerts or advisories to employers to remind them of upcoming deadlines, recent changes in rates or coverage, and the consequences of non-compliance; and

- (e) Establish and maintain a dedicated unit or office responsible for proactive enforcement, with adequate personnel, resources, and authority to carry out its mandate under this Section.

The failure of an employee to file a complaint shall not in any way diminish the duty of the administering agency to enforce this Act on the employee's behalf. No administering agency shall adopt or maintain any policy, practice, or procedure that conditions the initiation of enforcement action upon the receipt of a complaint from an affected employee.

Each administering agency shall include in its annual report to Congress a section detailing the proactive enforcement activities conducted during the year, the number of inspections and audits undertaken, the violations detected, the orders issued, and the amounts recovered, disaggregated by region, industry, and enterprise size.

SECTION 18. *Interagency Coordination and Information Sharing.* – The DOLE, the Social Security System (SSS), the Philippine Health Insurance Corporation (PhilHealth), the Home Development Mutual (Pag-IBIG) Fund, the Bureau of Internal Revenue, the Securities and Exchange Commission, the Department of Trade and Industry, and the local government units shall establish an integrated and interoperable system for the sharing of employer registration, payroll, contribution, and tax data for the detection of non-payment, under-declaration, and misclassification under this Act.

Each administering agency shall furnish every covered employee, at no cost and at least once every year and upon request at any time, a statement of the contributions actually remitted for the account of the employee, and shall issue a notice to the employee whenever a contribution is not received within the prescribed period.

SECTION 19. *Remittance Facilitation Program.* – Each administering agency shall, with the assistance of the Department of Labor and Employment, design and implement a Remittance Facilitation Program aimed at reducing compliance burdens and making it easier for employers, particularly micro, small, and medium enterprises, to fulfill their obligations to pay and remit mandated employee benefits and contributions. The program shall include, but shall not be limited to, the following measures:

- (a) The establishment of a unified or interoperable electronic remittance platform that enables employers to pay and remit contributions to all administering agencies through a single transaction or portal;

- (b) The simplification of registration, reporting, and remittance forms and procedures, including the elimination of redundant or duplicative documentary requirements;
- (c) The conduct of free, regular, and accessible information and compliance assistance programs for employers, with particular attention to first-time employers and micro and small enterprises; and
- (d) The provision of dedicated compliance helpdesks, whether in person, by telephone, or through digital channels, to assist employers in resolving remittance-related concerns.

SECTION 20. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Secretary of Labor and Employment, in coordination with the SSS, the PhilHealth, the Pag-IBIG Fund, and such other concerned agencies as may be necessary, and after due consultation with representatives of labor and employers, shall promulgate the implementing rules and regulations for the effective implementation of this Act.

The failure to promulgate the implementing rules and regulations within the period herein provided shall not suspend, delay, or otherwise affect the effectivity and enforceability of this Act.

SECTION 21. *Repealing Clause.* – All laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 22. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining parts or provisions hereof not affected thereby shall remain in full force and effect.

SECTION 23. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication, in English and Filipino, in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,