



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH (20TH) CONGRESS
First Regular Session

HOUSE BILL NO. **10562**



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

EXPLANATORY NOTE

The Constitution is unequivocal in its protection of the working class. Article XIII, Section 3 mandates the State to “*afford full protection to labor*” and to “*guarantee the rights of all workers*” to just and humane conditions of employment. This constitutional provision is not merely aspirational but a binding directive that must be reflected in every law, policy, and institutional arrangement governing the relationship between worker and employer. Among the most fundamental of these arrangements is the prescriptive period, the legal window within which a worker must file a claim for unpaid wages and other labor violations before the right to seek relief is permanently extinguished. When that window is too narrow, it does not merely inconvenience workers; it renders the Constitution's guarantee of full protection an empty promise.

For more than half a century, the Labor Code of the Philippines has maintained a prescriptive period of only three (3) years for money claims and a mere one (1) year for unfair labor practice cases, figures that have remained frozen in time since 1974 despite dramatic changes in the Philippine labor landscape. In stark contrast, the period for illegal dismissal has been recognized by the Supreme Court to be four (4) years under the Civil Code, creating a perverse internal inconsistency where the destruction of a worker's livelihood is given a longer legal remedy window than the unpaid wages that sustained it. This fragmented and inadequate framework leaves millions of workers without effective recourse.

The inadequacy of the prescriptive period is not merely a matter of arithmetic but a structural injustice rooted in the lived realities of Filipino workers. A laborer

who suffers wage theft or benefit denial cannot realistically file a complaint while still employed. The fear of retaliation, of being dismissed, demoted, or blacklisted, is not abstract. It is the daily calculus of workers who know that asserting their rights against a current employer may cost them their only source of income. This barrier is most acute in the informal economy, which accounts for approximately 78% of total employment in the Philippines, or roughly 38.7 million workers¹ who contend with the absence of formal contracts, legal illiteracy, and geographic distance from adjudicatory bodies. For these workers, the three-year period does not provide three full years of protection; it provides a fast-expiring window that begins running against them the moment a violation occurs, regardless of whether they are in any position to act. The problem is further compounded by the mandatory conciliation-mediation process under Republic Act No. 10396, which consumes at least thirty (30) days before a formal complaint may even be filed, yet was enacted without any corresponding extension of the prescriptive period. A mandatory government process thus becomes an inadvertent mechanism for consuming the very time that workers need to seek justice.

The international community has recognized this problem and moved decisively to address it. Japan amended its Labour Standards Act in 2020 to extend its wage claim limitation period from two (2) years toward five (5) years,² acknowledging that even a well-resourced labor force needs more time to assert its rights. Australia's Fair Work Act provides a six (6)-year prescriptive period for wage claims,³ while the United Kingdom, through the Employment Rights Act 2025, doubled its employment tribunal filing window, with the express recognition that short limitation periods enable employer delay tactics that deprive workers of their day before adjudicatory bodies.⁴ Against this global backdrop, the Philippines' three (3)-year period for money claims and one (1)-year period for unfair labor practice cases are not merely outdated but are among the least protective in the industrialized world, applied in one of the most challenging labor environments in Asia.

This bill confronts that injustice directly. By extending the prescriptive period for money claims from three (3) years to five (5) years, and the period for unfair labor practice cases from one (1) year to three (3) years, this measure provides Filipino workers with a realistic and meaningful opportunity to enforce the rights that the

¹ IBON Foundation. Rising hardship exposes deep cracks in PH policies ahead of SONA. <https://www.ibon.org/tl/hardship-exposes-policies-sona/>

² Anderson Mori & Tomotsune. Amendment of the Statute of Limitations under the Labor Standards Act. https://www.amt-law.com/asset/pdf/bulletins9_pdf/LELB50.pdf

³ See Section 544 of Australia's Fair Work Act. https://classic.austlii.edu.au/au/legis/cth/consol_act/fwa2009114/s544.html

⁴ Thompsons Solicitors. Employment Tribunal time limits extended to six months under the Employment Rights Act 2025.

<https://www.thompsonstradeunion.law/news/employment-law-review/weekly-issue-908/employment-tribunal-time-limits-extended-to-six-months-under-the-employment-rights-act-2025>

Constitution already guarantees them. It codifies the rule on accrual of the cause of action, eliminating legal uncertainty that disproportionately burdens workers without access to counsel. Moreover, it expressly suspends the prescriptive period during SEnA conciliation-mediation proceedings, ensuring that a mandatory government process is never turned into a mechanism that forecloses the very claims it was designed to settle. It further imposes upon employers a corresponding obligation to retain employment records for five (5) years, with a rebuttable presumption in the worker's favor for any period not covered by records produced, preventing employers from using the destruction of evidence to evade accountability for violations they have committed.

These proposals do not create new rights. Rather, they ensure that the rights already enshrined in the Constitution and the Labor Code are not quietly extinguished by a legal framework that was designed for a Philippines that no longer exists.

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. **10562**

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

AN ACT
EXTENDING THE PRESCRIPTIVE PERIODS FOR MONEY CLAIMS AND
UNFAIR LABOR PRACTICE CASES UNDER THE LABOR CODE OF THE
PHILIPPINES, IMPOSING CORRESPONDING EMPLOYER RECORD-
KEEPING OBLIGATIONS, AMENDING FOR THIS PURPOSE ARTICLES 305
AND 306 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE
KNOWN AS THE LABOR CODE OF THE PHILIPPINES

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 “*Labor Case Prescription Extension Act.*”

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to afford full protection to labor, promote social justice, and ensure that every Filipino worker has a meaningful, realistic, and effective opportunity to seek redress for violations of labor rights.

Consistent with the Constitution and the Labor Code of the Philippines, the State shall ensure that prescriptive periods governing labor cases are sufficient to account for the structural barriers to timely claim-filing faced by workers, including the fear of employer retaliation, limited access to legal assistance, the mandatory pre-filing conciliation-mediation process, and the prevalence of informal employment arrangements.

Towards this end, the State shall extend the prescriptive periods for money claims and unfair labor practice cases, impose upon employers corresponding

record-keeping obligations, and provide for the tolling of prescriptive periods during mandatory conciliation-mediation proceedings.

SECTION 3. *Amendment to Article 305 [290] of Presidential Decree No. 442.* – Article 305 [290] of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, is hereby amended to read as follows:

“ART. 305. [290] *Offenses.* – Offenses penalized under this Code and the rules and regulations issued pursuant thereto shall prescribe in three (3) years.

“All unfair labor practice arising from Book V shall be filed with the appropriate agency within [~~one (1) year~~] **THREE (3) YEARS** from accrual of such unfair labor practice; otherwise, they shall be forever barred.

“IN CASES INVOLVING A CONTINUING UNFAIR LABOR PRACTICE, THE PRESCRIPTIVE PERIOD SHALL RUN FROM THE DATE OF THE LAST ACT CONSTITUTING THE CONTINUING UNFAIR LABOR PRACTICE.”

SECTION 4. *Amendment to Article 306 [291] of Presidential Decree No. 442.* – Article 306 of Presidential Decree No. 442, as amended and renumbered, otherwise known as the Labor Code of the Philippines, is hereby further amended to read as follows:

“ART. 306. [291] *Money Claims.* – All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within [~~three (3) years~~] **FIVE (5) YEARS** from the time the cause of action accrued; otherwise they shall be forever barred.

“FOR PURPOSES OF THIS ARTICLE, THE CAUSE OF ACTION SHALL BE DEEMED TO ACCRUE FROM THE DATE THE EMPLOYER REFUSES, EXPRESSLY OR IMPLIEDLY, TO SATISFY THE CLAIM AFTER DEMAND BY THE EMPLOYEE, OR FROM THE DATE OF THE EMPLOYEE’S SEPARATION FROM EMPLOYMENT, WHICHEVER IS LATER.

“THE RUNNING OF THE PRESCRIPTIVE PERIOD UNDER THIS ARTICLE SHALL BE SUSPENDED DURING THE PENDENCY OF ANY CONCILIATION-MEDIATION PROCEEDING INITIATED PURSUANT TO REPUBLIC ACT NO. 10396. THE PRESCRIPTIVE PERIOD SHALL LIKEWISE BE INTERRUPTED IN ACCORDANCE WITH ARTICLE 1155 OF REPUBLIC ACT NO. 386, OTHERWISE KNOWN AS THE CIVIL CODE OF THE PHILIPPINES.

“x x x.”

SECTION 5. *Employer Record-Keeping Obligation.* – All employers covered under Presidential Decree No. 442, as amended, shall retain payroll records, time and attendance records, employment contracts, benefit payment records, and all other employment records material to the determination of money claims filed under Article 306 of the Labor Code, for a period of not less than five (5) years from the date of each such record: *Provided*, That upon the filing of a money claim before the National Labor Relations Commission (NLRC), National Conciliation and Mediation Board (NCMB), or any other body of competent jurisdiction, the employer's obligation to retain all records pertinent to that claim shall subsist until the final resolution of the case, including all appeals: *Provided, further*, That the failure or refusal of an employer to produce any record required to be retained under this Section upon lawful demand by the employee, the Department of Labor and Employment (DOLE), the NLRC, the NCMB, or any other body of competent jurisdiction, shall give rise to a rebuttable presumption in favor of the employee's claim with respect to the period and subject matter covered by the missing or unproduced record: *Provided, finally*, That the willful failure to comply with the record-keeping obligation established under this Section shall constitute an offense penalized under Article 303 of the Labor Code.

SECTION 6. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the DOLE, in coordination with the NLRC, the NCMB, 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.

SECTION 8. *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 9. *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 10. *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,