

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

TWENTIETH CONGRESS
Second Regular Session

House Bill No. **11282**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to amend Articles 87 and 116 of Presidential Decree No. 442, otherwise known as the "*Labor Code of the Philippines*", and penalize the act of wage theft. It expands the prohibition against the unlawful withholding of wages and employment benefits, and imposes criminal and administrative penalties on employers who violate workers' rights.

Incidents of unpaid wages, underpayment, delayed compensation, non-payment of overtime pay, and withholding of employment benefits continue to undermine labor standards and workers' right to just compensation. It affects low-income workers who rely on timely payment of wages to meet their daily needs, and that of the daily sustenance of their families.

This bill expands existing prohibitions to cover unpaid wages, overtime pay, bonuses, tips, reimbursements, and other legally due benefits. It likewise penalizes discriminatory practices in the allocation of overtime work, imposes criminal liability on responsible employers and corporate officers, and authorizes the suspension or cancellation of business permits for repeated violations. These shall strengthen workers' rights while promoting compliance with labor standards.

The payment of lawful wages is not merely a contractual obligation but a matter of social justice. Legislation must uphold the dignity of labor and ensure that every worker receives the compensation rightfully earned.

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


HON. ERIC G. YAP

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AN ACT
PENALIZING THE ACT OF WAGE THEFT, AMENDING FOR THIS PURPOSE
ARTICLES 87 AND 116 OF 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. *Short Title.* – This Act shall be known as the “*Wage Theft Prevention Act*”.

SEC. 2. *Declaration of Policy.* – It is the policy of the State to not only ensure workers’ right to a living wage and to a humane working condition, but full protection to all the rights legally due to a worker.

To promote and ensure full protection of a workers’ wage against unlawful acts of wage theft, the State adopts and institutionalizes the legislation of penalizing the act of wage theft that can possibly be committed against honest and hardworking workers of both the public and private sectors, locally and abroad.

SEC. 3. *Definition of Terms.* – As used in this Act:

a. Wage Theft refers to the act of depriving or withholding an employee of the wages, other earnings, and benefits to which the employee is legally entitled to as stated in the contract or agreement entered by both the employer and employee of the private sector, locally or abroad.

The act may be in the form of, but is not limited to:

1. non-payment or incorrect payment of wage, including minimum wage, overtime premium, holiday/rest day pay, night shift differential, among others;

2. tip theft or failure to award the amount of tips honestly earned by a workers;

3. failure to pay bonuses granted to each employee as stated in their contract or agreement;

4. off-the-clock work, wherein employees are required to perform work-related tasks before clocking in or after clocking out, essentially working for free and losing overtime pay; and

5. discrimination on the classification of employees from other earnings and benefits.

SEC. 4. Article 87 of the Labor Code of the Philippines is hereby amended to read as follows:

“ART. 87. Overtime Work. - Work may be performed beyond eight (8) hours a day provided that the employee is paid for the overtime work, an additional compensation equivalent to his regular wage plus at least twenty-five percent (25%) thereof. Work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight hours on a holiday or rest day plus at least thirty percent (30%) thereof.

“IT SHALL BE UNLAWFUL FOR ANY EMPLOYER TO DISCRIMINATE ANY EMPLOYEE BY CLASSIFYING THOSE WHO CAN EXCLUSIVELY RENDER OVERTIME WORK ON THE BASIS OF SEXUAL ORIENTATION, ETHNIC ORIGIN, RELIGIOUS BELIEF, DISABILITY, EDUCATIONAL ATTAINMENT AND OTHER FORMS OF DISCRIMINATION.”

SEC. 5. Article 116 of the Labor Code of the Philippines is hereby amended to read as follows:

*“ART. 116. Withholding of Wages and Kickbacks Prohibited. - It shall be unlawful for any person, directly or indirectly, to withhold any amount from the wages, **OTHER EARNINGS AND BENEFITS SUCH AS OVERTIME COMPENSATION, TIPS, 13TH MONTH PAY, REIMBURSEMENTS DONE ON THE COURSE OF THEIR DUTY, HOLIDAY PAY, BONUSES, AMONG OTHERS ON THE AGREED RELEASE DATE OF SUCH WAGE, OTHER EARNINGS AND BENEFITS** of a worker or induce him to give any part of his wages by force, stealth, intimidation, threat or by any other means whatsoever without the workers’ consent.”*

SEC. 6. *Penalties.* - Employers who fail to comply with this Act shall be criminally liable in accordance with paragraphs 1 to 6 of Article 309 of the Revised Penal Code, as amended, and other existing laws, rules, and regulations.

In cases where the employee who is subject to wage theft is employed by a corporation, the person criminally liable shall be the person directly responsible for the release of wages or, in the absence thereof, the beneficial owner of the corporation. In cases of partnerships, all partners shall be liable, and in cases of sole proprietorship, the sole proprietor shall be liable.

Furthermore, if proven that the violating entity has been withholding workers' wages, other earnings and/or other benefits, suspension or cancellation of business permits will be as follows:

- a. First Offense: suspension of three (3) months to six (6) months;
- b. Second Offense: suspension of six (6) months to 1 year;
- c. Third Offense: cancellation of business permit.

SEC. 7. *Implementing Rules and Regulations.* – In coordination with the representatives of the public and private sectors, and other concerned government agencies, the Secretary of Labor and Employment shall promulgate the necessary rules and regulations to implement the provisions of this Act.

SEC. 8. *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. 9. *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. 10. *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,