

*Republic of the Philippines*  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**TWENTIETH CONGRESS**  
*Second Regular Session*

**HOUSE BILL NO. 11444**



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Introduced by: Hon. Keith Micah "Atty. Mike" D.L. Tan

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**AN ACT**  
**STRENGTHENING THE RIGHTS OF PIECE-RATE WORKERS, PROVIDING STRICTER**  
**REPORTORIAL REQUIREMENTS AND PENALTIES FOR VIOLATIONS THEREOF**

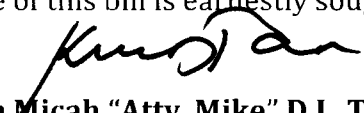
**EXPLANATORY NOTE**

The Constitution mandates that the State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all. Despite this constitutional guarantee, piece-rate workers, commonly referred to as "pakyawan" workers, remain among the most vulnerable and underprotected sectors in the Philippine labor force. These workers, who are compensated based on output or production yield rather than the standard hours worked, often face systemic underpayment, lack of statutory social benefits, and arbitrary output quotas established without proper objective standards.

This proposed measure seeks to address these systemic issues by establishing a comprehensive regulatory framework that secures the rights and welfare of piece-rate workers. Central to this bill is the mandatory requirement for time and motion studies conducted or verified by the Regional Tripartite Wages and Productivity Boards to serve as the scientific and transparent basis for establishing production standards and piece-rate orders. Furthermore, the bill explicitly guarantees that any piece-rate employee who renders eight hours of work in a day shall receive compensation not lower than the prevailing daily statutory minimum wage, reinforcing the minimum wage rate as an absolute floor rather than an output ceiling.

To guarantee effective enforcement and accountability, the proposed law imposes strict posting, recordkeeping, and reportorial requirements upon employers, alongside semi-annual mandatory inspections by the Department of Labor and Employment.

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

  
**Keith Micah "Atty. Mike" D.L. Tan**  
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*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 Pakyawar Workers Act".

SEC. 2. *Declaration of Policy.* — The State shall afford full protection to all workers, including those compensated on a piece-rate basis, consistent with the State's duty to affirm labor as a primary social economic force.

The State shall protect and promote the rights and welfare of workers paid on a piece-rate or "pakyawar" basis, who have long been neglected and subjected to abusive labor practices. To this end, the State shall ensure transparency in wage determination, enforce strict reportorial and compliance requirements, and impose appropriate and graduated penalties to deter willful violations and secure full compliance with labor standards.

SEC. 3. *Coverage.* — This Act shall apply to all employers, including micro, small, medium, and large enterprises, which adopt a piece-rate compensation system, with workers paid by result, including "pakyaw," piecework, and other non-time work pursuant to Article 101 of Presidential Decree No. 442, as amended, or the "Labor Code of the Philippines", but shall exclude enterprises where no employer-employee relationship exists.

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

- (a) Employee refers to any individual hired and is under the direct control and supervision of an employer;
- (b) Employer refers to any person, natural or juridical, acting directly or indirectly in the interest of an employer in relation to an employee;
- (c) Enterprise refers to any organized business activity, whether single proprietorship, cooperative, partnership, or corporation, and classified either as micro, small, or medium enterprise, whose total assets, inclusive of those arising

from loans but exclusive of the land where the business entity's office, plant, and equipment are situated, must have value falling under the following categories:

By Asset Size:

- 1) Micro enterprise - not more than Three million pesos (P3,000,000);
- 2) Small enterprise - more than Three million pesos (P3,000,000) up to Fifteen million pesos (P15,000,000);
- 3) Medium enterprise - more than Fifteen million pesos (P15,000,000) up to One hundred million pesos (P100,000,000.00); and
- 4) Large enterprise - more than One hundred million pesos (P100,000,000).

Alternatively, enterprises may be categorized based on the number of employees, as follows:

- 1) Micro enterprise - one (1) to nine (9) employees;
  - 2) Small enterprise - ten (10) to ninety-nine (99) employees;
  - 3) Medium enterprise one hundred (100) to one hundred ninety-nine (199) employees; and
  - 4) Large enterprise - two hundred (200) or more employees;
- (d) Establishment refers to a micro, small, medium, or large business enterprise engaged in an economic activity whose employees are paid by result, including "pakyaw," piece work, commission, or any other non-time work;
- (e) Order refers to a Piece-Rate Order or Production Standard Order issued by the Regional Tripartite Wages and Productivity Board (RTWPB), through its Chairperson, the Department of Labor and Employment (DOLE) Regional Director, based on the results and recommendations arising from a Time and Motion Study (TMS) conducted in an establishment in accordance with applicable rules and regulations of the DOLE and the National Wages and Productivity Commission (NWPC).
- (f) Piece-Rate refers to an arrangement where an employee is paid based on production or the amount or quantity of work done rather than the number of hours worked;
- (g) Time and Motion Study (TMS) refers to the systematic determination of work methods and time standards using various tools and technologies, taking into consideration local or international industry-specific standards; and
- (h) 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 for services 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. *Application for Production Standards Orders and/or Piece-Rate Orders.* — Any employer, employee, union, or duly authorized representative of an establishment intending to implement, renew, or modify a piece-rate or pakyawan compensation system shall file an application with the concerned RTWPB for the conduct of a TMS and the issuance, renewal, or updating of an Order.

The RTWPB shall conduct or cause the conduct of the TMS to determine appropriate production standards or piece rates, which shall serve as the basis for the issuance of the corresponding Order. Employers implementing piece-rate systems shall ensure compliance with approved production standards and applicable minimum wage laws.

SEC. 6. *Application of Time-Rated or Output-Rated Wage Payment.* — An employee compensated under a piece-rate, "pakyawan," or other output-based wage system who has rendered work for eight (8) hours or more in a day shall receive a total compensation not lower than the applicable minimum wage rate pursuant to Republic Act No. 6727 or the "Wage Rationalization Act," as amended.

The applicable time-rated minimum wage shall serve only as the statutory floor and such shall not be construed as establishing the standard rate or basis for determining compensation under a piece-rate or "pakyawan" system.

Piece-rate compensation shall be based on approved production standards established through a TMS and the corresponding Piece-Rate Orders.

SEC. 7. *Mandatory Posting, Recordkeeping, and Reportorial Requirements.* — Upon the issuance of a duly-approved Piece-Rate Order following the conduct of a valid and actual TMS, the employer, the employee, and the employee's union, if any, 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 employee perform their tasks. A certification to this effect shall be subsequently submitted to the concerned RTWPB and a copy shall be submitted to the DOLE Regional Office.

The RTWPB shall maintain a database of all Piece-Rate Orders issued within its area of jurisdiction, and shall share the same with the DOLE-Regional Office.

Within ten (10) working days after the reference month, the RTWPBs shall submit a monthly report on the conduct of TMS to the NWPC for program monitoring and evaluation.

All Orders and their corresponding TMS documentation shall be filed with the RTWPB. One (1) complete copy of the Orders shall be furnished to the NWPC, which shall maintain a complete database and conduct random documentation and/or site audits of TMS and conduct on TMS. A copy of the audit results shall be furnished to the concerned Board Chairperson.

Whenever a new Wage Order is issued, the DOLE Regional Office shall require all employers implementing an Order within its jurisdiction to submit a sworn certification

stating whether: (a) the establishment is affected by the newly issued Wage Order; and (b) its existing Order complies with the applicable minimum wage, and if not, (c) that the employer shall undertake the necessary adjustments to ensure compliance and apply for the amendment of its Order with the concerned RTWPB. To verify compliance, the DOLE Regional Office shall exercise its visitorial and enforcement powers pursuant to Article 128 of the Labor Code, as amended, and may conduct inspection of the employer's records, as necessary, and shall thereafter advise the RTWPB to issue the amended Order. The employer shall ensure that all affected employees are duly informed of resulting adjustments in compensation.

SEC. 8. *Enforcement.* — Pursuant to its powers under Articles 128 and 129 of the Labor Code, as amended, and Section 129 of Republic Act No. 6727 or the "Wage Rationalization Act", as amended, the DOLE shall adopt measures to monitor compliance with the provisions of this Act, including the conduct of on-site inspections, and shall investigate, prosecute, and decide on any violation.

The DOLE, through its labor inspectors, shall conduct random inspections at least twice a year to ensure compliance. The refusal or failure of any labor inspector to exercise this mandatory function shall subject the offending labor inspector to administrative sanctions under pertinent and applicable civil service laws, including suspension or removal from office.

An employee representative shall always be present during inspections. In unionized companies, labor inspectors shall be accompanied by the president or other officer of the recognized bargaining unit or interested union. In non-unionized companies, establishments, or businesses, the inspections must be conducted in the presence of an employees' representative. The employees' representative may submit their own findings to DOLE and testify on the same in case of disagreement with the labor inspector's findings.

SEC. 9. *Grievance Mechanism.* — In the absence of an existing collective bargaining agreement or company policy prescribing procedures for handling grievances, an aggrieved employee may directly file a complaint for violations of this Act with the DOLE Regional or Field Office having jurisdiction over the workplace of the employee, pursuant to the provisions of the Labor Code on compulsory arbitration.

SEC. 10. *Prohibited Acts.* — The following are deemed violations of this Act:

- (a) Underpayment - payment of wages below the applicable minimum wage, below the prescribed amount agreed upon by the employer and the employee, or refusal by the employer to pay mandatory statutory benefits, including 13th-month pay, when applicable, overtime pay, holiday pay, and service incentive leave pay;
- (b) Nonpayment below a duly approved Piece-Rate Order;
- (c) Non-compliance with an Order - failure of the employer to comply with the terms and conditions of an Order duly-issued by the RTWPB and approved by the NWPC;
- (d) Non-submission of an updated Order - failure of the employer to submit an updated Order to the RTWPB having jurisdiction over the employer and to the NWPC after the

issuance of a new Wage Order in the area where the employer operates and conducts business; and

- (e) Failure to conduct a TMS when the establishment, the employer, or its duly-authorized representative, the employee, or the employee's union fails or refuses to apply for and conduct a TMS prior to the issuance of a valid Order.

SEC. 11. *Administrative Liabilities and Fines.* — An employer who is proven to have engaged in the prohibited acts, after due notice and hearing, shall be imposed the following administrative fines:

(a) First offense

- 1) Micro enterprise - Twenty-Five Thousand Pesos (P25,000.00) to Fifty Thousand Pesos (P50,000.00);
- 2) Small enterprise - Fifty Thousand Pesos (P50,000.00) to One Hundred Thousand Pesos (P100,000.00);
- 3) Medium enterprise - One Hundred Thousand Pesos (P100,000.00) to Three Hundred Thousand Pesos (P300,000.00); and
- 4) Large enterprise - Five Hundred Thousand Pesos (P500,000.00) to One Million Pesos (P1,000,000.00);

In addition thereto, the employer shall pay full backwages and all other applicable statutory benefits under existing labor laws. Upon a finding of willful violation or violation committed with bad faith, a penalty of suspension of business operations for a period not exceeding fifteen (15) days may be imposed. Such suspension shall not automatically apply to micro and small enterprises for first-time or technical violations.

(b) Second offense

- 1) Micro enterprise - Seventy-Five Thousand Pesos (P75,000.00);
- 2) Small enterprise - Two Hundred Thousand Pesos (P200,000.00);
- 3) Medium enterprise - Five Hundred Thousand Pesos (P500,000.00); and
- 4) Large enterprise - Two Million Pesos (P2,000,000.00);

The employer shall likewise pay full backwages and other applicable statutory benefits under labor laws. Suspension of business operations for a period of at least thirty (30) days but not exceeding sixty (60) days may be imposed upon a finding of repeated and willful violation.

(c) Third or subsequent offense

- 1) Micro enterprise - One Hundred Fifty Thousand Pesos (P150,000.00);
- 2) Small enterprise - Five Hundred Thousand Pesos (P500,000.00);
- 3) Medium enterprise - One Million Pesos (P1,000,000.00); and
- 4) Large enterprise - Five Million Pesos (P5,000,000.00);

The employer shall likewise pay full backwages and other applicable statutory benefits under labor laws. Closure of business shall not be automatic and may be imposed only upon clear proof of systematic, large-scale, and intentional wage theft, after exhaustion of lesser administrative penalties and full observance of due process.

(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 Article 109 of the Labor Code, as amended.

In the imposition of the appropriate penalty within the prescribed range, the DOLE shall consider the nature and gravity of the violation, the number of affected workers, the duration and frequency of the violation, whether the violation was committed with willful intent or done under justifiable circumstances, the extent of damage or prejudice to the employees, the size and capacity of the enterprise, and the employer's history of compliance with labor laws.

In no case shall penalties be imposed in a manner that is arbitrary or disproportionate to the violation committed. For first-time or technical violations, particularly involving micro and small enterprises, the DOLE may consider the imposition of corrective compliance measures in lieu of, or in addition to, monetary penalties, consistent with the objectives of this Act.

For purposes of this Section, technical violations refer to non-compliance with procedural or reportorial requirements that do not result in underpayment of wages or deprivation of statutory benefits.

*SEC. 12. Implementing Rules and Regulations.* — The rules and regulations necessary for the effective and efficient enforcement of the provisions of this Act shall be formulated by the DOLE, in consultation with the NWPC, the RTWPBs, the Department of Justice, the Department of the Interior and Local Government and concerned stakeholders from the business sector, workers' groups, and private enterprises, and shall be implemented within sixty (60) days from the effectivity of this Act.

*SEC. 13. Separability Clause.* — If any provision of this Act is declared unconstitutional, the remainder hereof not otherwise affected shall remain in full force and effect.

*SEC. 14. Repealing Clause.* — All laws, presidential decrees, executive orders, letters of instruction, proclamations, administrative orders, issuances, rules, or regulations that are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

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

*Approved,*