

SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



13 OCT -3 P5:27

SENATE  
S. No. 1790

RECEIVED BY

*fi*

---

Introduced by Senator Miriam Defensor Santiago

---

EXPLANATORY NOTE

The unrestricted garnishment or deduction by employers from the compensation of employees encourages liberal extension of credit by unscrupulous parties.

Garnishment as a creditor's remedy sometimes results in loss of employment by the debtor, resulting in the disruption of employment, production, and consumption which constitutes a substantial burden on local commerce.

This bill seeks to regulate the garnishment of compensation arising from employment.\*

*mir*  
*Miriam Defensor Santiago*  
MIRIAM DEFENSOR SANTIAGO

---

\* This bill was originally filed during the Thirteenth Congress, First Regular Session.



13 OCT -3 P5:27

SENATE  
S. No. 1790

RECEIVED BY: *ji*

Introduced by Senator Miriam Defensor Santiago

1 AN ACT  
2 PROVIDING FOR RESTRICTIONS ON GARNISHMENT OF COMPENSATION  
3 DUE FOR PERSONAL SERVICES

*Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:*

4 SECTION 1. *Short Title.* – This Act may be cited as the “Restrictions on Garnishment of  
5 Compensation Act.”

6 SECTION 2. *Definition of Terms.* – For purposes of this Act, the term:

7 (A) “Earnings” means compensation paid or payable for personal services, whether  
8 denominated as wages, salary, commission, bonus, or otherwise, and includes periodic  
9 payments pursuant to a pension or retirement program;

10 (B) “Disposable earnings” means that part of the earnings of any individual remaining  
11 after the deduction from those earnings of any amounts required by law to be withheld; and

12 (C) “Garnishment” means any legal or equitable procedure through which the  
13 earnings of any individual are required to be withheld for payment of any debt.

14 SECTION 3. *Restriction on Garnishment.* –

15 (A) Except as provided in paragraph (B) of this Section, the maximum part of the  
16 aggregate disposable earnings of an individual for any workweek which is subjected to  
17 garnishment may not exceed –

18 (1) Twenty five per centum (25%) of his disposable earnings for that week, or

19 (2) The amount by which his disposable earnings for that week exceed thirty

20 (30) times the minimum hourly wage prescribed by law in effect at the

1 time the earnings are payable whichever is less. In the case of earnings for  
2 any pay period other than a week, the Secretary of Labor and Employment  
3 shall by regulation prescribe a multiple of the minimum hourly wage  
4 required by law equivalent in effect to that set forth in paragraph (B).

5 (B) The restrictions of subsection (A) of this Section do not apply in the case of

6 (1) Any order for the support of any person issued by a court of competent  
7 jurisdiction or in accordance with an administrative procedure, which is  
8 established by law, which affords substantial due process, and which is  
9 subject to judicial review.

10 (2) Any order of any court having jurisdiction over cases involving  
11 bankruptcy proceedings.

12 (3) Any debt due for any national internal revenue tax or tax imposed by a  
13 local government.

14 (4) The maximum part of the aggregate disposable earnings of an individual  
15 for any workweek which is subject to garnishment to enforce any order for  
16 the support of any person shall not exceed –

17 (a) Where such individual is supporting his spouse or dependent child  
18 other than a spouse or child with respect to whose support is used,  
19 fifty per centum (50%) of such individual's disposable earnings for  
20 that week; and

21 (b) Where such individual is not supporting such a spouse or  
22 dependent child described in subparagraph (1), sixty per centum  
23 (60%) of such individual's disposable earnings that week;

24 Except that, with respect to the disposable earnings of any individual for any workweek  
25 the fifty per centum (50%) specified in paragraph (B)(4)(a) of this Section shall be deemed to be  
26 fifty-five per centum (55%) and the sixty per centum (60%) specified in paragraph (B)(4)(b) of  
27 this Section shall be deemed to be sixty-five per centum (65%) if and to the extent that such  
28 earnings are subject to garnishment to enforce a support order with respect to a period which is  
29 prior to the twelve-week period which ends with the beginning of such workweek.

1           SECTION 4. *Execution Or Enforcement Of Garnishment Order Or Process Prohibited.* –

2 No court or administrative agency shall make, execute, or enforce any order or process in  
3 violation of this Act.

4           SECTION 5. *Restriction on Discharge from Employment by Reason of Garnishment.* –

5           (A) No employer may discharge any employee by reason of the fact that his or her  
6 earnings have been subjected to garnishment for any indebtedness.

7           (B) Whoever willfully violates paragraph (A) of this Section shall be fined not more  
8 than Thirty Thousand Pesos (P30, 000.00), or imprisoned for not more than one (1) year, or both,  
9 at the discretion of the court.

10          SECTION 6. *Enforcement by Secretary of Labor and Employment.* – The Secretary of

11 Labor and Employment shall enforce the provisions of this Act.

12          SECTION 7. *Effect on Existing Laws.* - This Act does not annul, alter, affect, or exempt

13 any person from complying with any existing law –

14           (A) Prohibiting garnishments or providing for more limited garnishments than are  
15 allowed under this Act; or

16           (B) Prohibiting the discharge of any employee by reason of the fact that his or her  
17 earnings have been subjected to garnishment for indebtedness.

18          SECTION 8. *Separability Clause.* – If any provision or part thereof is held invalid or

19 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain  
20 valid and subsisting.

21          SECTION 9. *Repealing Clause.* – Any law, presidential decree or issuance, executive

22 order, letter of instruction, administrative order, rule, or regulation contrary to or inconsistent  
23 with the provisions of this Act is hereby repealed, modified, or amended accordingly.

1           SECTION 10. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its  
2 publication in at least two (2) newspapers of general circulation.

Approved,