

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



'14 DEC 17 P5:05

SENATE
S.B. NO. 2526

RECEIVED BY: *Ji*

Introduced by Senator Maria Lourdes Nancy S. Binay

AN ACT CLARIFYING THE MEANING OF FULL BACKWAGES, BY AMENDING
ARTICLE 271 OF THE LABOR CODE OF THE PHILIPPINES, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

Article 279 of the Labor Code of the Philippines explains security of tenure and provides for full backwages in favor of illegally dismissed employee.

Jurisprudence has explained that payment of backwages is a relief granted to an illegally dismissed employee.¹ However, the basis for the amount of the "full backwage" has been subject of divergent, if not conflicting, decisions of the Supreme Court.

This bill seeks to clarify the meaning of "full backwages" in light of the various decisions of the Supreme Court by amending Article 279 of the Labor Code.

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

MARIA LOURDES NANCY S. BINAY
Senator

¹ Torillo v. Leogardo, G.R. No. 77205, May 27, 1991.

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4

5 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
6 *assembled:*
7

8 SECTION 1. Article 279, Title I, Book VI of the Labor Code of the Philippines, as amended
9 is hereby amended to read:
10

11 **“Art. 279. Security of tenure.** In cases of regular employment, the employer shall
12 not terminate the services of an employee except for a just cause or when authorized
13 by this Title. An employee who is unjustly dismissed from work shall be entitled to
14 reinstatement without loss of seniority rights and other privileges and to his full
15 backwages, inclusive of allowances, and to his other benefits or their monetary
16 equivalent computed from the time his compensation was withheld from him up to
17 the time of his actual reinstatement.
18

19 AS USED IN THIS ARTICLE, THE TERM “FULL BACKWAGES” SHALL
20 MEAN WITHOUT DEDUCTION WHATSOEVER. THE BASIS FOR THE
21 AMOUNT OF FULL BACKWAGES SHALL BE THE MINIMUM WAGE OR
22 ACTUAL WAGE, WHICHEVER IS HIGHER, THAT THE EMPLOYEE SHOULD
23 HAVE RECEIVED DURING THE PERIOD THAT HIS COMPENSATION WAS
24 WITHHELD. WHEN APPROPRIATE, INFLATION SHALL BE CONSIDERED
25 IN DETERMINING THE AMOUNT OF FULL BACKWAGE.”
26

27 SECTION 2. *Implementing Rules Regulations.* The Department of Labor and Employment
28 (“DOLE”) in coordination with all relevant government agencies shall formulate the rules
29 implementing this Act within ninety (90) days from promulgation of this Act. Thereafter, the
30 DOLE may issue such relevant rules and regulations as may be necessary from time to time.
31

32 SECTION 3. *Repealing Clause.* All laws, ordinances, rules, regulations, issuances, or parts
33 thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

34 SECTION 4. *Effectivity.* This Act shall take effect fifteen (15) days after its complete
35 publication in at least two (2) newspapers of general circulation.
36

37 Approved,