

SENATE

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COMMITTEE REPORT NO. 392

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Submitted by the Committee on Labor, Employment and Human Resources Development on  
MAY 29 2018

Re: Senate Bill No. 1826

Recommending its approval in substitution of Senate Bill Nos. 117, 174, 217, 302, 329, 1061, and  
1116.

Sponsor: Senator Villanueva

**MR. PRESIDENT:**

The Committee on Labor, Employment and Human Resources Development to which was referred  
Senate Bill No. 117, introduced by Senator Aquilino Koko Pimentel III, entitled:

**“AN ACT  
STRENGTHENING THE PROHIBITION AGAINST LABOR – ONLY CONTRACTING,  
AMENDING FOR THIS PURPOSE PRESIDENTIAL DECREE NO. 442, OTHERWISE  
KNOWN AS THE LABOR CODE OF THE PHILIPPINES, AS AMENDED”**

Senate Bill No. 174, introduced by Senator Paolo Benigno “Bam” Aquino IV, entitled:

**“AN ACT  
PROFESSIONALIZING THE CONTRACTING AND SUBCONTRACTING INDUSTRY,  
REQUIRING A TRANSITION SUPPORT PROGRAM, AND PROHIBITING OPPRESSIVE  
PRACTICES, AMENDING FOR THIS PURPOSE ARTICLES 106 TO 109 OF  
PRESIDENTIAL DECREEE NO. 442, OTHERWISE KNOWN AS THE LABOR CODE OF  
THE PHILIPPINES, AS AMENDED”**

Senate Bill No. 217, introduced by Senator Risa Hontiveros, entitled:

**“AN ACT  
STRENGTHENING THE SECURITY OF TENURE OR WORKERS IN THE PRIVATE  
SECTOR, AMENDING FOR THE PURPOSE ARTICLES 248, 279, 280, 281, AND 288, AND  
INTRODUCING NEW ARTICLES 106, 106-A, 106-B, 106-C, 106-D, 106-E, 280-A AND 280-B  
TO PRESIDENTIAL DECREEE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE  
LABOR CODE OF THE PHILIPPINES”**

Senate Bill No. 302, introduced by Senator Juan Miguel F. Zubiri, entitled:

**“AN ACT  
STRENGTHENING THE CONSTITUTION RIGHT TO SECURITY OF TENURE,  
AMENDING FOR THE PURPOSE THE LABOR CODE OF THE PHILIPPINES AND FOR  
OTHER PURPOSES”**

Senate Bill No. 329, introduced by Senator Joseph Victor G. Ejercito, entitled:

**“AN ACT  
STRENGTHENING THE SECURITY OF TENURE OF WORKERS IN THE PRIVATE  
SECTOR, AMENDING FOR THE PURPOSE ARTICLES 248, 279, 280, 281 AND 288, AND  
INTRODUCING NEW ARTICLES 106, 106-A, 106-B, 106-C, 106-D, 106-E, 280-A, AND 280-B  
TO PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE  
LABOR CODE OF THE PHILIPPINES”**

Senate Bill No. 1061, introduced by Senator Grace Poe, entitled:

**“AN ACT  
ERADICATING ABUSIVE CONTRACTUALIZATION PRACTICES AND PENALIZING  
EMPLOYERS AND CONTRACTORS WHO COMMIT SUCH ABUSES, BY AMENDING  
FOR THIS PURPOSE BOOK THREE, TITLE TWO AND BOOK SIX, TITLE I OF  
PRESIDENTIAL DECREE NO. 442, OTHERWISE KNOWN AS THE LABOR CODE OF  
THE PHILIPPINES, AS AMENDED”**

and Senate Bill No. 1116, introduced by Senators Joel Villanueva and Loren Legarda, entitled:

**“AN ACT  
STRENGTHENING WORKERS RIGHT TO SECURITY OF TENURE, AMENDING FOR  
THE PURPOSE ARTICLES 106-109 OF BOOK III AND ARTICLES 294 [279], 295 [280], 296  
[281], 297 [282] AND 298 [283] OF BOOK VI OF PRESIDENTIAL DECREE NO. 442,  
OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, AS AMENDED”**

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached Senate Bill No. 1826 entitled:

**“AN ACT  
STRENGTHENING WORKERS RIGHT TO SECURITY OF TENURE, AMENDING FOR  
THE PURPOSE ARTICLES 106, 107, 108, AND 109 OF BOOK III, AND ARTICLES 294  
[279], 295 [280], 296 [281], AND 297 [282] OF BOOK VI OF PRESIDENTIAL DECREE NO.  
442, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, AS  
AMENDED”**

be approved in substitution of **Senate Bill Nos. 117, 174, 217, 302, 329, 1061, and 1116**, with Senators Pimentel, Aquino IV, Hontiveros, Zubiri, Ejercito, Poe, Villanueva, and Legarda as authors thereof.

Respectfully submitted:



**JOEL VILLANUEVA**

*Chairman*

*Committee on Labor, Employment and  
Human Resources Development*



**SONNY ANGARA**

*Vice Chairman*

*Committee on Labor, Employment and  
Human Resources Development*

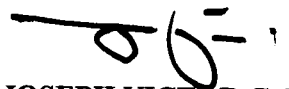
**MEMBERS:**

**CYNTHIA A. VILLAR**



**MARIA LOURDES NANCY S. BINAY**

**EMMANUEL "MANNY" D. PACQUIAO**



**JOSEPH VICTOR G. EJERCITO**

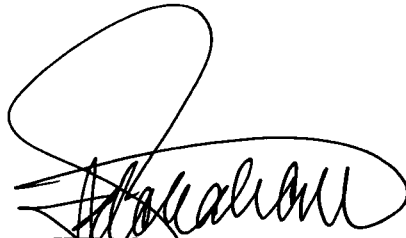
**PANFILO M. LACSON**



**LOREN LEGARDA**



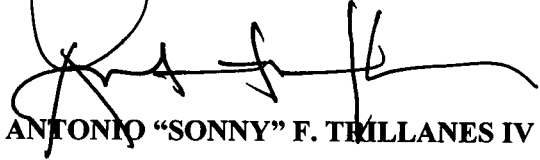
**FRANCIS "CHIZ" G. ESCUDERO**



**WEN GATCHALIAN**



**PAOLO BENIGNO "BAM" AQUINO IV**




**ANTONIO "SONNY" F. TRILLANES IV**



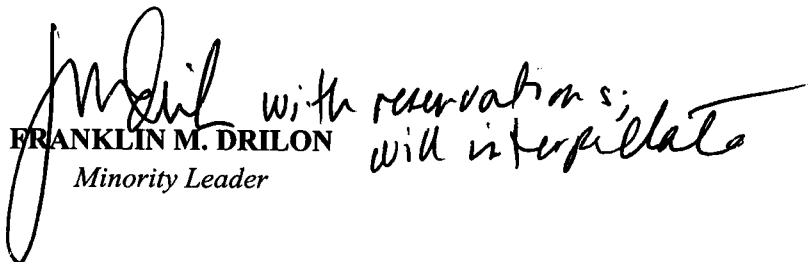
**RISA HONTIVEROS**

**EX-OFFICIO MEMBERS:**



**RALPH G. RECTO**  
*President Pro-Tempore*

**JUAN MIGUEL "MIGZ" F. ZUBIRI**  
*Majority Leader*



**FRANKLIN M. DRILON**  
*Minority Leader*

*with reservations;  
will interpellate*

**Hon. VICENTE C. SOTTO III**  
*President*  
*Senate of the Philippines*

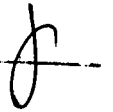
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SENATE

S.B. No. 1826

(In substitution of Senate Bill Nos. 117, 174, 217, 302, 329, 1061, and 1116)

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Prepared by the Committee on Labor, Employment and Human Resources Development with Senators Pimentel, Aquino IV, Hontiveros, Zubiri, Ejercito, Poe, Villanueva, and Legarda as authors

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AN ACT

**STRENGTHENING WORKERS RIGHT TO SECURITY OF TENURE, AMENDING FOR THE PURPOSE ARTICLES 106, 107, 108, AND 109 OF BOOK III, AND ARTICLES 294 [279], 295 [280], 296 [281], AND 297 [282] OF BOOK VI OF PRESIDENTIAL DECREE NO. 442, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, AS AMENDED**

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

1           **SECTION 1. Title.** This Act shall be known as the "Security of Tenure and End  
2 of Endo Act of 2018."

3           **SEC. 2.** Article 106, Title II, Book III of the Labor Code, as amended, is hereby  
4 amended to read as follows:

5           **"ARTICLE 106. [Contractor or Subcontractor] PROHIBITION ON LABOR-**  
6 **ONLY CONTRACTING.** – [Whenever an employer enters into a contract with another  
7 person for the performance of the former's work, the employees of the contractor and  
8 of the latter's subcontractor, if any, shall be paid in accordance with the provisions of  
9 this Code.

10            "In the event that the contractor of subcontractor fails to pay the wages of his  
11 employees in accordance with this Code, the employer shall be jointly and severally  
12 liable with his contractor or subcontractor to such employees to the extent of the work  
13 performed under the contract, in the same manner and extent that he is liable to  
14 employees directly employed by him.

15            "The Secretary of Labor and Employment, may by appropriate regulations,  
16 restrict or prohibit the contracting-out of labor to protect the rights of workers  
17 established under this Code. In so prohibiting or restricting, he may make appropriate  
18 distinctions between labor-only contracting and job contracting as well as  
19 differentiations within these types of contracting and determine who among the parties

1 involved shall be considered the employer for the purposes of this Code, to prevent  
2 any violation or circumvention of this Code.]

3 "LABOR-ONLY CONTRACTING IS PROHIBITED. There is "labor-only"  
4 contracting where the [person supplying workers to an employer does not have] JOB  
5 CONTRACTOR, WHETHER LICENSED OR NOT, MERELY RECRUITS AND  
6 SUPPLIES OR PLACES WORKERS TO A CONTRACTEE REGARDLESS OF  
7 WHETHER OR NOT HE/SHE HAS substantial capital or investment in the form of  
8 tools, equipment, machineries, work premises, among others, [and] OR the workers  
9 recruited and SUPPLIED OR placed by such person are performing activities which  
10 are directly related to the principal business of such CONTRACTEE OR ARE UNDER  
11 THE CONTROL AND SUPERVISION OF THE CONTRACTEE. In such cases, the  
12 [person or intermediary] JOB CONTRACTOR shall be considered merely an agent  
13 [of] AND the [employer who] CONTRACTEE shall be responsible to the workers in  
14 the same manner and extent as if the latter were directly employed by him/HER.

15 "IN ALL CASES WHERE LABOR-ONLY CONTRACTING IS PRESENT, THE  
16 WORKERS SHALL OUTHRIGHT BE DEEMED REGULAR EMPLOYEES OF THE  
17 CONTRACTEE IN ACCORDANCE WITH LAW, RETROACTIVE TO THE DATE  
18 THEY WERE FIRST DEPLOYED TO SAID CONTRACTEE, WITHOUT PREJUDICE  
19 TO ANY CRIMINAL, CIVIL, OR ADMINISTRATIVE CASE AGAINST THE LABOR-  
20 ONLY CONTRACTOR AND THE CONTRACTEE.

21 "COMPLIANCE ORDERS AFFIRMED BY THE SECRETARY OF LABOR AND  
22 EMPLOYMENT SHALL BE IMMEDIATELY EXECUTORY UNLESS RESTRAINED  
23 BY AN APPROPRIATE COURT.

24 "IN CASE THE COMPLIANCE ORDER INVOLVES A DIRECTIVE TO  
25 REGULARIZE WORKERS, THE EMPLOYMENT OF THE LATTER SHALL NOT BE  
26 TERMINATED PENDING APPEAL OF SUCH ORDER EXCEPT FOR JUST OR  
27 AUTHORIZED CAUSE. ANY TERMINATION OF WORKERS PENDING APPEAL  
28 SHALL RENDER THE COMPLIANCE ORDER INVOLVING THE REGULARIZATION  
29 OF WORKERS EXECUTORY.

30 "ADDITIONALLY, THE SECRETARY OF LABOR AND EMPLOYMENT SHALL  
31 IMPOSE A FINE OF UP TO FIVE MILLION PESOS (PHP5,000,000.00) AGAINST  
32 ANY LABOR-ONLY CONTRACTOR. THE SECRETARY OF LABOR AND  
33 EMPLOYMENT SHALL ALSO HAVE THE POWER TO PREVENTIVELY OR  
34 PERMANENTLY CLOSE THE OPERATIONS OF ANY LABOR-ONLY  
35 CONTRACTOR."

36 **SEC. 3.** Article 107, Title II, Book III of the Labor Code, as amended, is hereby  
37 repealed, and in lieu thereof, a new Article 107 is inserted to read as follows:

38 "ARTICLE 107. LICENSING OF JOB CONTRACTORS. - IT SHALL BE  
39 MANDATORY FOR ALL PERSONS OR ENTITIES ACTING AS JOB CONTRACTOR  
40 TO OBTAIN A LICENSE FROM THE DOLE THROUGH ITS REGIONAL OFFICES.  
41 FOR PURPOSES OF ARTICLES 106-109, "JOB CONTRACTOR" REFERS TO A  
42 SOLE PROPRIETORSHIP, CORPORATION, ASSOCIATION, COOPERATIVE OR  
43 OTHER ORGANIZATION THAT PERFORMS A SPECIFIC WORK, JOB OR

1 SERVICE TO A CONTRACTEE. "CONTRACTEE" REFERS TO THE PERSON OR  
2 ENTITY, WHICH SHALL INCLUDE THE GOVERNMENT, THAT CONTRACTED OUT  
3 A SPECIFIC WORK, JOB OR SERVICE.

4 "THE LICENSE SHALL BE ISSUED TO QUALIFIED JOB CONTRACTORS  
5 UPON COMPLIANCE WITH THE FOLLOWING REQUIREMENTS:

- 6 (A) HAVE AN INDEPENDENT BUSINESS, SEPARATE AND DISTINCT  
7 FROM THE CONTRACTEE;
- 8 (B) HAVE A PAID-UP CAPITAL OR NET WORTH OF AT LEAST FIVE  
9 MILLION PESOS (PHP5,000,000.00), WHICH MAY BE INCREASED AS  
10 DEEMED APPROPRIATE THROUGH TRIPARTITE CONSULTATION;
- 11 (C) BE AN EXPERT OR SPECIALIST IN THE JOB, WORK OR SERVICE  
12 BEING CONTRACTED THAT SHALL NOT BE DIRECTLY RELATED TO  
13 THE PRINCIPAL BUSINESS OF THE CONTRACTEE. FOR THIS  
14 PURPOSE, EXPERTISE OR SPECIALIZATION SHALL BE  
15 ESTABLISHED BY SHOWING, AMONG OTHERS, A CORE OF  
16 COMPETENT PROFESSIONALS OR SKILLED WORKERS ESPECIALLY  
17 TRAINED TO CARRY OUT THE JOB, WORK OR SERVICE OR TRACK  
18 RECORD IN SUCH FIELD OF SPECIALIZATION;
- 19 (D) BE AN EMPLOYER WITH REGULAR EMPLOYEES AND HAVE  
20 EQUIPMENT, MACHINERIES OR TOOLS NECESSARY TO PERFORM  
21 OR COMPLETE THE JOB, WORK OR SERVICE CONTRACTED OUT;
- 22 (E) EXERCISE CONTROL OVER THE PERFORMANCE AND COMPLETION  
23 OF THE JOB, WORK OR SERVICE CONTRACTED OUT;
- 24 (F) CERTIFICATION OF COMPLIANCE WITH LABOR AND SOCIAL  
25 WELFARE LAWS INCLUDING PROOF OF PAYMENT OF SOCIAL  
26 SECURITY, PHILIPPINE HEALTH INSURANCE CORPORATION, AND  
27 HOME DEVELOPMENT MUTUAL FUND (PAG-IBIG) CONTRIBUTIONS;  
28 AND
- 29 (G) PAYMENT OF LICENSE FEE, WHICH SHALL NOT BE LOWER THAN  
30 ONE HUNDRED THOUSAND PESOS (PHP100,000.00).

31 "THE LICENSE SHALL BE VALID FOR A PERIOD OF THREE (3) YEARS  
32 AND MAY BE RENEWED UPON COMPLIANCE WITH THE REQUIREMENTS  
33 PRESCRIBED BY THE DOLE. IN ALL CASES, THE JOB CONTRACTOR SHALL  
34 DEMONSTRATE THAT IT HAS FINANCIAL CAPACITY TO CARRY ON ITS  
35 BUSINESS BASED ON FACTORS SUCH AS, BUT NOT LIMITED, TO THE NUMBER  
36 OF ITS EMPLOYEES AND THE NATURE OF ITS BUSINESS.

37 "ANY LEGITIMATE LABOR ORGANIZATION SHALL HAVE ACCESS TO  
38 COPIES OF LICENSES ISSUED TO JOB CONTRACTORS AND ANY AND ALL  
39 SUBMISSIONS MADE IN CONNECTION WITH SUCH LICENSE.

1 "FOR THIS PURPOSE, THE SECRETARY OF LABOR AND EMPLOYMENT,  
2 IN CONSULTATION WITH THE NATIONAL TRIPARTITE INDUSTRIAL PEACE  
3 COUNCIL (NTIPC), SHALL ISSUE THE APPROPRIATE REGULATIONS FOR THE  
4 LICENSING, RENEWAL, SUSPENSION, AND REVOCATION OF LICENSES OF  
5 JOB CONTRACTORS, INCLUDING THE ACCOUNTABILITIES OF THE LICENSING  
6 OFFICER IN CASE THE LICENSE IS ISSUED IN VIOLATION OF, OR IN  
7 SIMULATION OF ANY OF THE REQUIREMENT FOR LICENSING UNDER  
8 PARAGRAPHS (A) TO (G) ABOVE, OR UPON FINDING OF LABOR-ONLY  
9 CONTRACTING COMMITTED BY A DULY-LICENSED JOB CONTRACTOR.

10 "IN NO CASE SHALL PRIVATE RECRUITMENT AND PLACEMENT  
11 AGENCIES (PRPA) OR PRIVATE EMPLOYMENT AGENCIES (PEA) UNDER  
12 ARTICLE 25 OF THE LABOR CODE, AS AMENDED, BE ALLOWED TO ENGAGE  
13 IN JOB CONTRACTING AND/OR THE PROHIBITED LABOR-ONLY  
14 CONTRACTING."

15 **SEC. 4.** A new Article 107-A, Title II, Book III of the Labor Code, as amended, is  
16 hereby provided to read as follows:

17 **"ARTICLE 107-A. RIGHTS OF EMPLOYEES OF JOB CONTRACTORS.** THE  
18 TERMS AND CONDITIONS OF EMPLOYMENT OF THE EMPLOYEES OF JOB  
19 CONTRACTORS SHALL NOT BE LOWER THAN THE MINIMUM STANDARDS SET  
20 BY LAW AND REGULATIONS."

21 **SEC. 5.** Article 108, Title II, Book III of the Labor Code, as amended, is hereby  
22 amended to read as follows:

23 **"ARTICLE 108. Posting of Bond.** – [An employer or indirect employer] THE  
24 CONTRACTEE may require the contractor to furnish a bond equal to the cost of labor  
25 under contract, on condition that the bond will answer for the wages due the  
26 employees should the contractor fail to the pay the same."

27 **SEC. 6.** A new Article 108-A, Title II, Book III of the Labor Code, as amended,  
28 is hereby provided to read as follows:

29 **"ARTICLE 108-A. TRANSITION SUPPORT PROGRAM (TSP) – A**  
30 **TRANSITION SUPPORT PROGRAM FOR JOB CONTRACTING SHALL BE**  
31 **ESTABLISHED BY THE DOLE WHICH:**

32 (A) SHALL PROVIDE A THREE-MONTH FINANCIAL SUPPORT FOR  
33 EMPLOYEES IN BETWEEN JOB PERIODS AND IS CONDITIONED ON  
34 UNDERGOING SKILLS TRAINING OR UPGRADING UNDER TESDA OR  
35 TESDA ACCREDITED TRAINING INSTITUTION DURING THE PERIOD  
36 OF UNEMPLOYMENT, PROVIDED THAT THE FREQUENCY OF  
37 AVAILMENT SHALL NOT BE MORE THAN ONCE A YEAR;

38 (B) THE AMOUNT OF FINANCIAL SUPPORT SHALL NOT BE LOWER THAN  
39 THE APPROPRIATE MINIMUM WAGE AND SHALL BE RELEASED AT  
40 THE END OF EVERY MONTH; AND



1 (C) SHALL BE MANAGED BY THE APPROPRIATE BUREAU OF THE  
2 DEPARTMENT OF LABOR AND EMPLOYMENT, WHICH SHALL REPORT  
3 TO THE NATIONAL TRIPARTITE INDUSTRIAL PEACE COUNCIL.

4 "THE FUNDS FOR THE IMPLEMENTATION OF THE PROGRAM SHALL BE  
5 SOURCED FROM THE FOLLOWING:

6 (A) ONE HUNDRED PERCENT (100%) OF THE REGISTRATION/ RENEWAL  
7 FEES PAID BY CONTRACTORS;

8 (B) ALL FINES COLLECTED UNDER ARTICLE 106 OF THIS CODE; AND

9 (C) FUNDS FROM THE ADJUSTMENT MEASURE PROGRAM OF THE  
10 DEPARTMENT OF LABOR AND EMPLOYMENT."

11 **SEC. 7.** Article 109, Title II, Book III of the Labor Code, as amended, is hereby  
12 amended to read as follows:

13 **"ARTICLE 109. Solidary Liability.** – The provisions of existing laws to the  
14 contrary notwithstanding, every [employer or indirect employer] CONTRACTEE shall  
15 be held [responsible] SOLIDARILY LIABLE with [his] THE JOB contractor [or  
16 subcontractor] for any violation of any provision of this Code. For purposes of  
17 determining the extent of their civil liability under this Chapter, they shall be considered  
18 as direct employers."

19 **SEC. 8.** Article 294 [279], Title I, Book VI of the Labor Code, as amended, is  
20 hereby further amended to read as follows:

21 **"ARTICLE 294 [279]. Security of Tenure.** – [In case or regular employment,  
22 the employer shall not terminate] [t]The services of an employee, IRRESPECTIVE OF  
23 EMPLOYMENT STATUS OR POSITION, SHALL NOT BE TERMINATED except for  
24 a just cause or when authorized by this Title. An employee who is unjustly dismissed  
25 from work shall be entitled to reinstatement without loss of seniority rights and other  
26 privileges and to his/HER full backwages, inclusive of allowances, and to his/HER  
27 other benefits or their monetary equivalent computed from the time his/HER  
28 compensation was withheld from him/HER up to the time of his/HER actual  
29 reinstatement.

30 "THE EMPLOYER SHALL HAVE THE BURDEN OF PROVING THAT THE  
31 TERMINATION IS WITH CAUSE AND DUE PROCESS."

32 **SEC. 9.** Article 295 [280] Title I, Book VI of the Labor Code, as amended, is  
33 hereby repealed, and in lieu thereof, a new Article 295 is provided to read as follows:

34 **"ARTICLE 295. STATUS OF EMPLOYMENT.** - ALL EMPLOYEES, EXCEPT  
35 THOSE UNDER PROBATIONARY EMPLOYMENT, ARE DEEMED REGULAR,  
36 INCLUDING PROJECT AND SEASONAL EMPLOYEES.

37 "PROJECT AND SEASONAL EMPLOYEES ARE REGULAR FOR THE  
38 DURATION OF THE PROJECT OR SEASON, AS THE CASE MAY BE. FOR THIS

1 PURPOSE, PROJECT EMPLOYMENT IS EMPLOYMENT IN AN EXISTING  
2 PROJECT OR UNDERTAKING THE COMPLETION OR TERMINATION OF WHICH  
3 HAS BEEN DETERMINED AND MADE KNOWN TO THE EMPLOYEE AT THE TIME  
4 OF THE ENGAGEMENT WHILE SEASONAL IS AN EMPLOYMENT BASED ON THE  
5 EXISTENCE OF A SEASON IN AGRICULTURAL WORK OR ESTABLISHED  
6 PERIODS OF INCREASED WORK DEMANDS AND/OR INHERENT INDUSTRY  
7 FLUCTUATIONS. IN PROJECT AND SEASONAL EMPLOYMENT, WORKERS ARE  
8 CALLED TO WORK FROM TIME TO TIME AND TEMPORARILY LAID-OFF DURING  
9 THE COMPLETION OF THE PROJECT OR OFF-SEASON BUT ARE IN THE WORK  
10 POOL ON LEAVE WITH OR WITHOUT PAY STATUS IN BETWEEN PROJECTS OR  
11 SEASONS.

12 "ALL OTHER FORMS OF EMPLOYMENT ARE PROHIBITED AND  
13 WORKERS UNDER SUCH ARRANGEMENTS ARE DEEMED REGULAR  
14 EMPLOYEES RECKONED FROM THE FIRST DAY OF EMPLOYMENT.

15 "FOR THE AVOIDANCE OF DOUBT, AN EMPLOYER-EMPLOYEE  
16 RELATIONSHIP EXISTS WHEN THE WORKER IS ENGAGED TO RENDER WORK  
17 OR SERVICE UNDER THE CONTROL OF THE EMPLOYER, NOT ONLY AS TO  
18 THE END TO BE ACHIEVED, BUT ALSO THE MANNER, MEANS AND METHOD IN  
19 REACHING THE END."

20 **SEC. 10.** Article 296 [281], Title I, Book VI of the Labor Code, as amended, is  
21 hereby amended to read as follows:

22 **"ARTICLE 296 [281]. Probationary Employment.** - Probationary  
23 employment shall not exceed six (6) months from the [date the employee started  
24 working, unless it is covered by an apprenticeship agreement stipulating by a longer  
25 period.] FIRST DAY OF SERVICE REGARDLESS OF THE NATURE OF WORK TO  
26 BE PERFORMED. THE JOB DESCRIPTION AND QUALIFICATION STANDARDS  
27 TO QUALIFY FOR REGULAR EMPLOYMENT SHALL BE MADE KNOWN BY THE  
28 EMPLOYER TO THE EMPLOYEE AT THE TIME OF HIS/HER ENGAGEMENT.

29 "The services of [an] A PROBATIONARY employee [who has been engaged  
30 on a probationary basis] may be terminated for [a] just OR AUTHORIZED causeS  
31 UNDER ARTICLES 297 [282] AND 298 [283] OF THE LABOR CODE, AS AMENDED,  
32 or when he/SHE fails to qualify as a regular employee [in accordance with reasonable  
33 standards made known by the employer at the time of his engagement. An employee  
34 who is allowed to work after a probationary period shall be considered a regular  
35 employee]."

36 **SEC. 11.** Article 297 [282], Title I, Book VI of the Labor Code, as amended, is  
37 hereby amended to read as follows:

38 **"ARTICLE 297 [282]. JUST CAUSES OF Termination [by employer].** - An  
39 employer may terminate an employment for any of the following causes:

- 40 (a) Serious misconduct or willful disobedience by the employee of the lawful  
41 orders of his/HER employer or representative in connection with his/HER  
42 work;

- 1 (b) Gross and habitual neglect by the employee of his/HER duties;
- 2 (c) Fraud or willful breach by the employee of the trust reposed in him/HER by  
3 his/HER employer or duly authorized representative;
- 4 (d) Commission of a crime or offense by the employee against the person of  
5 his/HER employer or any immediate member of his/HER family or his/HER  
6 duly authorized representatives; and
- 7 (e) [Other causes] ACT OR OMISSION analogous to the foregoing,  
8 EXPRESSLY SPECIFIED AS GROUND FOR DISMISSAL IN THE  
9 COMPANY RULES AND REGULATIONS FORMULATED IN  
10 OBSERVANCE OF WORKERS RIGHT TO PARTICIPATE IN POLICY  
11 AND DECISION-MAKING PROCESSES AFFECTING THEIR RIGHTS  
12 AND BENEFITS, OR AS PROVIDED IN THE DULY REGISTERED  
13 COLLECTIVE BARGAINING AGREEMENT.”

14 **SEC. 12.** A new Article 298-A, Title I, Book VI of the Labor Code, as amended,  
15 is hereby provided to read as follows:

16 **“ARTICLE 298-A. PROOF OF AUTHORIZED CAUSE AND PAYMENT OF**  
17 **SEPARATION PAY. – WITHIN THE PRESCRIBED ONE (1) MONTH PERIOD**  
18 **REQUIRED UNDER ARTICLE 298, THE EMPLOYER SHALL SUBMIT TO THE**  
19 **DOLE FOR VALIDATION PROOF AND UNDERTAKING ON THE EXISTENCE OF**  
20 **THE AUTHORIZED CAUSE IN ACCORDANCE WITH THE RULES AND**  
21 **REGULATIONS AS MAY BE SET BY THE SECRETARY OF LABOR AND**  
22 **EMPLOYMENT.**

23 **SEC. 13. Implementing Rules and Regulations. -** The Secretary of  
24 Labor and Employment shall promulgate the necessary implementing rules and  
25 regulations within one hundred and twenty (120) days from the effectivity of  
26 this Act.

27 **SEC. 14. Separability Clause. -** If any provision of this law or the  
28 application thereof to any person or circumstance, is held invalid, the remainder of this  
29 law, or the application of such provision or part to other persons or circumstances,  
30 shall not be affected thereby.

31 **SEC. 15. Repealing Clause. -** All laws, decrees, rules, and regulations or  
32 parts thereof, which are contrary to or inconsistent with this Act are hereby repealed  
33 or modified accordingly.

34 **SEC. 16. Effectivity Clause. -** This Act shall take effect fifteen (15) days  
35 after its publication in the Official Gazette or in at least two (2) newspapers of general  
36 circulation.

**Approved,**