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**PRESIDENTIAL DECREE NO. 570-A**

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**AMENDING CERTAIN SECTIONS OF  
PRESIDENTIAL DECREE NO. 442 ENTITLED  
“LABOR CODE OF THE PHILIPPINES”**

WHEREAS, Presidential Decree No. 442 otherwise known as the Labor Code of the Philippines provided for a transition period of six (6) months between the dates of its promulgation and effectivity;

WHEREAS, this transition period has been utilized by the Department of Labor for extensive and intensive study and discussions of the Labor Code with responsible public officials, labor organizations, employers' organizations, civic, professional and technical associations, educational institutions, and other knowledgeable groups representing various sectors of the economy;

WHEREAS, as a result of such discussion and consultations and in the light of the experience of the Department of Labor, it has been found necessary to make adjustments in the text of the Labor Code to correct significant flaws or to strengthen basic concepts, and in general, to fully align the Labor Code to its broad objectives consistent with the overriding priority of development;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order:

**SECTION 1. Article 6 of the Labor Code is hereby amended to read as follows:**

**“Art. 6. Applicability.** — All rights and benefits granted to workers under this Code shall, except as may otherwise be provided herein, apply alike to all workers, whether agricultural, or non-agricultural.”

**SECTION 2. Article 12 of the same Code is hereby amended to read as follows:**

**“Art. 12. Statement of Objectives.** — It is the policy of the State:

- a) To promote and maintain a state of full employment through improved manpower training allocation and utilization;
- (b) To protect every citizen desiring to work locally or overseas by securing for him the best possible terms and conditions of employment;
- (c) To facilitate a free choice of available employment by persons seeking work in conformity with the national interest;
- (d) To facilitate and regulate the movement of workers in conformity with the national interest;
- (e) To regulate the employment of aliens, including the establishment of a registration and/or work permit system;
- (f) To strengthen the network of public employment offices and undertake the phasing out of private fee-charging employment agencies; and
- (g) To insure careful selection of Filipino workers for overseas employment in order to protect the good name of the Philippines abroad.”

**SECTION 3. Article 15 of the same Code is hereby amended to read as follows:**

**“Art. 15. Power to phase out.** — The Department of Labor shall phase out within four (4) years from the effectivity of this Code the operation of all private fee-charging employment agencies, including

those engaged in the overseas recruitment and placement of individuals for personal services or for the crew of a vessel.

No new application for license to operate a private fee-charging domestic employment agency shall be entertained upon the effectivity of the Code. All existing licenses issued in favor of private fee-charging domestic employment agencies shall be valid only up to the date of their expiration.

The public employment offices of the Department of Labor shall absorb the functions and activities of private fee-charging domestic employment agencies.

Upon the completion of such phaseout, no person or entity shall directly or indirectly engage, for profit or any pecuniary or material advantage, in any recruitment or placement activity. No fee-charging employment agencies or placement services undertaken by schools or by civic or charitable organizations or by employers for their own use may continue under such rules and regulations as may be promulgated by the Secretary of Labor.”

**SECTION 4. Article 17 of the same Code is hereby amended to read as follows:**

**“Art. 17. Compositions of Overseas Employment Board. —**  
The Board shall be composed of:

The Secretary of Labor as Chairman and a representative each of the Department of Education and Culture, the Department of Foreign Affairs, the Central Bank and the National Manpower and Youth Council, as members.

The Board shall be assisted by a Secretariat headed by an Executive Director. The Executive Director shall be appointed by the President of the Philippines upon recommendation of the Secretary of Labor who shall appoint the members of the Secretariat.

The Executive Director shall be a Filipino citizen with sufficient experience in manpower administration, including overseas employment activities.

The Executive Director shall receive an annual salary of not less than P40,000.00.

The Auditor General shall appoint his representative to the Board to audit its accounts in accordance with auditing laws pertinent rules and regulations.

**SECTION 5. A new article, to be numbered as Article 20 is hereby inserted after Article 19 of the same Code to read as follows:**

**“Art. 20. Registration of immigrant workers. —** Any individual desiring to emigrate to any foreign country for the purpose of taking up employment thereat shall, before filing applications with the embassy of the country of intended destination, register with the Overseas Employment Development Board. The registration of such immigrant shall include among others, the following information: name, address, civil status, profession, occupation, country of destination. Those who have pending applications at the time of the effectivity of the Code shall likewise register with the Overseas Employment Development Board before they may be issued the corresponding passports.”

**SECTION 6. Article 20 of the same Code is hereby renumbered to read as follows:**

**“Art. 21. National Seaman Board, Creation of . —** There is hereby created of a body to be known as the National Seamen Board. It shall:

- (a) establish and maintain a comprehensive seamen training program.
- (b) provide free placement services for seamen.
- (c) obtain the best possible terms and conditions of employment for seamen.

- (d) secure full implementation of the employment contracts of seamen.
- (e) maintain a complete registry of all seamen.
- (f) regulate the activities of agents or representatives of shipping companies in the hiring of seamen for overseas employment.”

**SECTION 7. Article 21 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 22. Composition of National Seamen Board.** — The Board shall be attached to the Department of Labor for policy and program coordination and shall be composed of: the Secretary of Labor as Chairman, the Commander of the Philippine Coast Guard, and a representative each of the Department of Foreign Affairs, Maritime Industry Authority, Central Bank, a national seafarers organization and a national shipping association, as members.

The Board shall be assisted by Secretariat headed by an Executive Director. The Executive Director shall be appointed by the President of the Philippines upon recommendation of the Secretary of Labor who shall appoint the members of the Secretariat.

The Executive Director shall be a Filipino citizen with sufficient experience in manpower administration, including overseas employment activities.

The Executive Director shall receive an annual salary of not less than P40,000.00.

The Auditor General shall appoint his representative to the Board to audit its accounts in accordance with auditing laws and pertinent rules and regulations.”

**SECTION 8. Article 22 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 23. Boards authorized to collect and utilize fees.** — The Overseas Employment Development Board and the National Seamen Board shall have the power to imposed and collect fees from workers and employers concerned or both, which shall be deposited to the respective accounts of said Board and be used by them exclusively to promote their objectives.”

**SECTION 9. Article 23 of the same Code is hereby renumbered as Article 24.**

**SECTION 10. Article 24 of the same Code is hereby renumbered to read as follows:**

**“Art. 25. Authority or license to recruit.** — No individual or entity may engage in the business of a private fee-charging employment agency without first obtaining a license from the Department of Labor.

No individual or entity may operate a private non-fee charging employment agency without first obtaining an authority from the Department of Labor.

The Secretary of Labor shall issue rules and regulations establishing the requirements and the procedures for the issuance of a license or authority.

Every existing authority or license to hire or recruit workers on the date of effectivity of this Code shall remain valid for the duration indicated therein unless sooner cancelled, revoked or suspended for cause by the Secretary of Labor. However, said authority or license to hire or recruit may be renewed provided that the holders thereof shall comply with all applicable provisions of this Code and its implementing rules and regulations.”

**SECTION 11. Article 25 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 26. Travel agencies prohibited to recruit.** — Travel agencies and sales agencies of airline companies are prohibited from

engaging in the business of recruitment and placement of workers for overseas employment whether for profit or not.”

**SECTION 12. The following Articles of the same Code are hereby renumbered as follows:**

**“Article 26, as Article 27**

**Article 27, as Article 28**

**Article 28, as Article 29**

**Article 29, as Article 30**

**Article 30, as Article 31**

**Article 31, as Article 32**

**Article 32, as Article 33**

**Article 33, as Article 34**

**Article 34, as Article 35**

**Article 35, as Article 36**

**Article 36, as Article 37.”**

**SECTION 13. Article 37 of the same Code is hereby renumbered to read as follows:**

**“Art. 38. Jurisdiction.** — (a) Any violation of the provisions of this Title or its implementing rules and regulations as promulgated by the Secretary of Labor shall within the concurrent jurisdiction of the Military Tribunals and the regular courts. The court that first assumes jurisdiction shall exclude the other.

(b) All matters or questions involving employer-employee relations, including money claims arising from this Title, shall be under the original and exclusive jurisdiction of the National Labor Relations

Commission, except cases involving Filipino seamen employed overseas, which shall fall under the exclusive jurisdiction of the National Seamen Board, whose decision shall be final and inappealable. The Board shall promulgate appropriate rules and regulations governing the processing and settlement of such cases.

**SECTION 14. Article 38 of the same Code is hereby renumbered and settlement of such cases:**

**“Art. 39. Penalty.** — Persons who are licensees or holders of authority under the Provisions of this Title found violating or causing another to violate any provisions of this Title or of the rules and regulations issues thereunder shall, upon conviction thereof, suffer the penalty of imprisonment of not less than two (2) years nor more than five (5) years or a fine of not less than P2,000.00 nor more than P30,000.00, or both such imprisonment or fine, at the discretion of the court; while persons who are not licensees or holders of authority under this Title shall upon conviction thereof suffer the penalty of imprisonment of not less than four (4) years but not more than eight (8) years or a fine of not less than P5,000.00, nor more than P35,000.00, or both such fine and imprisonment, at the discretion of the court; Provided, however, That if the offender is a corporation, partnership, association or entity, the penalty shall be imposed upon the guilty officer or officers of the corporation, partnership, association or entity; and if such guilty officer is an alien, in addition to the penalties herein prescribed, he shall be deported without further proceedings.

In every case, conviction shall cause and carry the forfeiture of the bond — cash as well as surety — in favor of the Overseas Employment Development Board or the National Seamen Board, as the case may be, both of which are authorized to use the same to promote exclusively their objectives, and also the automatic revocation of the license or authority and all the permits and privileges granted to such person or entity under this Title.”

**SECTION 15. The following articles of the same Code are hereby renumbered as follows:**

**“Article 39, as Article 40**



**Article 40, as Article 41**

**Article 41, as Article 42**

**Article 42, as Article 43**

**Article 43, as Article 44**

**Article 44, as Article 45**

**Article 45, as Article 46**

**Article 46, as Article 47**

**Article 47, as Article 48**

**Article 48, as Article 49**

**Article 49, as Article 50**

**Article 50, as Article 51**

**Article 51, as Article 52.”**

**SECTION 16. Article 52 of the same Code is hereby renumbered as Article 53 and the first paragraph thereof is hereby amended to read as follows:**

**“Art. 53. Council Secretariat.** — To carry out the objectives of this Title, the Council shall have the Secretariat headed by an Executive Director who shall be assisted by one Deputy Executive Director both of whom shall be career administrators appointed by the President of the Philippines on recommendation of the Secretary of Labor. The Secretariat shall under the administrative supervision of the Secretary of Labor and shall have an Office of Manpower Planning and Development, a National Manpower Skills Center, regional development centers, and such other offices as may be necessary.”

**SECTION 17. The following articles of the same Code are hereby renumbered as follows:**

**“Article 53, as Article 54**

**Article 54, as Article 55**

**Article 55, as Article 56**

**Article 56, as Article 57**

**Article 57, as Article 58**

**Article 58, as Article 59**

**Article 59, as Article 60**

**Article 60, as Article 61**

**Article 61, as Article 62**

**Article 62, as Article 63**

**Article 63, as Article 64**

**Article 64, as Article 65**

**Article 65, as Article 66**

**Article 66, as Article 67**

**Article 67, as Article 68**

**Article 68, as Article 69**

**Article 69, as Article 70**

**Article 70, as Article 71**

**Article 71, as Article 72**

**Article 72, as Article 73**

**Article 73, as Article 74**

**Article 74, as Article 75**

**Article 75, as Article 76**

**Article 76, as Article 77**

**Article 77, as Article 78**

**Article 78, as Article 79**

**Article 79, as Article 80**

**Article 80, as Article 81”**

**SECTION 18. Article 81 of the same Code is hereby repealed and deleted from the said Code.**

**SECTION 19. Article 83 of the same Code is hereby amended to read as follows:**

**“Art. 83. Normal hours of work. —** The normal hours of work of any employee shall not exceed eight in a day.

Health personnel shall hold regular officer hours for eight hours a day, for five days a week, or a total of forty hours a week, exclusive of time for time of lunch, if their services are rendered in cities and municipalities with a population of one million or more in hospitals and clinics with a bed capacity of at least one hundred except where the exigencies of the service require that such personnel work for forty-eight hours or six days, in which case they shall be entitled to an additional compensation of at least 25% of their regular wage for work on the sixth day. For purposes of this Article, “health personnel” shall include government and private resident physicians, nurses, nutritionists, dieticians, pharmacists, social workers, laboratory

technicians, para-medical technicians, psychologists, midwives, attendants and all other hospital or clinic personnel.

**SECTION 20. Article 91 of the same Code is hereby amended to read as follows:**

**“Art. 91. Right to weekly rest day.** — It shall be the duty of every employer, whether operating for profit or not, to provide each of his employees a rest period of not less than twenty-four consecutive hours for every seven consecutive days.”

**SECTION 21. Article 97 of the same Code is hereby amended to read as follows:**

**“Art. 97. Statutory minimum wages.** — The minimum wage rates for agricultural and non-agricultural employees shall be those prescribed by law in force on the date of this Code takes effect. However, the Secretary of Labor may, to the extent necessary to promote employment in severely depressed areas, authorized the payment of sub-minimum wage rates, but no case lower than fifty (50) per cent of the applicable minimum by enterprises that may be established in such areas to provide employment opportunities to the residents therein, subject to such terms and conditions as he may prescribe to insure the protection and welfare of the workers.”

**SECTION 22. Article 104 of the same Code is hereby amended to read as follows:**

**“Art. 104. Contractor or sub-contractor.** — Whenever an employer enters into a contract with another person for the performance of the former’s work, the employees of the contractor and of the latter’s sub-contractor, if any, shall be paid in accordance with the provisions of this Code.

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

The Secretary of Labor may, by appropriate regulations, restrict or prohibit the contracting out of labor to protect the rights of workers established under this Code. In so prohibiting or restricting, he may make appropriate distinctions between labor only contracting as well as differentiations within this types of contracting, and determine who among the parties involved shall be considered the employer for the purposes of this Code, to prevent any violation or circumvention of any provision of this Code.

There is “labor-only” contracting where the person supplying workers to an employer does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer. In such cases, the person or intermediary shall be considered merely as an agent of the employer who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by him.”

**SECTION 23. Article 111 of the same Code is hereby amended to read as follows:**

**“Art. 111. Wage Deduction.** — No employer, in his own behalf of any person, shall make any deduction from the wages of his employees except:

- (a) In cases where the worker is insured with his consent by the employer and the deduction is to recompense the employer for the amount paid by him as premium on the insurance;
- (b) For union dues, in cases where the right of the worker of his union to check off has been recognized by the employer or authorized in writing by the individual worker concerned; and
- (c) In cases where the employer is authorized by law or regulations issued by the Secretary of Labor.”

**SECTION 24. Article 127 of the same Code is hereby amended to read as follows:**

**“Art. 127. Recovery of wages.** — Upon application of any interested party, any regional office of the Department of Labor may certify to the National Labor Relations Commission established under this Code any matter involving the recovery of wages and other benefits owing to an employee under this Code, with legal interest. Any sum thus recovered on behalf of an employee pursuant to this Article shall be held in a special deposit account by and shall be paid, on order of the Secretary of Labor, directly to the employee concerned. Any such item not paid to the employee because he cannot be located within a period of two (2) years shall be held as a special fund of the Department of Labor to be used exclusively in the administration and enforcement of labor laws.”

**SECTION 25. Article 139 of the same Code is hereby amended to read as follows:**

**“Art. 139. Coverage.** — This Chapter shall apply to all persons rendering services in households for compensation.

“Domestic or household service” shall mean service in the employer’s home which is usually necessary or desirable for the maintenance and enjoyment thereof and includes ministering to the personal comfort and convenience of the members of the employer’s household, including services of family drivers.”

**SECTION 26. Article 155 of the same Code is hereby amended to read as follows:**

**“Art. 155. Emergency medical and dental services.** — It shall be the duty of every employer to furnish his employees in any locality with free medical and dental attendance and facilities consisting of:

- (a) The services of a full-time registered nurse when the number of employees exceeds fifty (50) but not more than two hundred except when the employer does not maintain hazardous work places, in which case the services of a graduate first-aider shall be provided for the protection of

the workers, where no registered nurse is available. The Secretary of Labor shall provide by appropriate regulations the services that shall be required where the number of employees does not exceed fifty and shall determine by appropriate order hazardous work places for purposes of this Article;

- (b) The services of a full-time registered nurse, a part-time physician and dentist, and an emergency clinic, when the number of employees exceeds two hundred but not more than three hundred; and
- (c) The services of a full-time physician, dentist and a full-time registered nurse as well as a dental clinic, and an infirmary or emergency hospital with one bed capacity for every one hundred employees, when the number of employees exceeds three hundred.

In cases of hazardous work places, no employer shall engage the services of a physician or dentist who cannot stay in the premises of the establishment for at least two hours, in the case of those engaged on part-time basis, and not less than eight hours in the case of those employed on full-time basis. Where the undertaking is non-hazardous in nature, the physician and the dentist may be engaged or retained basis, subject to such regulations as the Secretary of Labor may prescribe to insure immediate availability of medical and dental treatment and attendance in case of emergency.”

**SECTION 27. Article 163 of the same Code is hereby amended to read as follows:**

**“Art. 163. Administration of safety and health laws. —** (a) The Department of Labor shall be solely responsible for the administration and enforcement of occupational safety and health laws, regulations and standards in all establishments and work places wherever they may be located; however, chartered cities may be allowed to conduct industrial safety inspections of establishments within their respective jurisdiction where they have adequate facilities

and competent personnel for the purpose as determined by the Department of Labor and subject to national standards established by the latter.

(b) The Secretary of Labor may, through appropriate regulations, collect reasonable fees for the inspection of steam boilers, pressure vessels and pipings and electrical installations, the test and approval for safe use of materials, equipment and other safety devices, and the approval of plans for such materials, equipment and devices. The fee so collected shall be deposited in the national treasury to the credit of the occupational safety and health fund and shall be expended exclusively for the administration and enforcement of safety and other labor laws administered by the Department of Labor.”

**SECTION 28. A new provision is hereby substituted in lieu of the original provision of Article 258 of the same Code to read as follows:**

**“Art. 258. Right to holiday pay. —**

- (a) Every worker shall be paid his regular daily wage during regular holidays, except in retail and service establishments regularly employing less than 10 workers.
- (b) The term “holiday” as used in this Chapter, shall include: New Year’s Day, Maundy Thursday, Good Friday, the ninth of April, the first of May, the twelfth of June, the fourth of July, the thirtieth of November, the twenty-fifth and thirtieth of December and the day designated by law for holding a general election.
- (c) When employer may require work on holidays. — The employer may require an employee to work on a holiday but such employee shall be paid a compensation equivalent to twice his regular rate.

**SECTION 29. Article 258 of the same Code is hereby renumbered as Article 259.**



**SECTION 30. Article 259 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 260. Statement of Objectives. —** It is the policy of the State:

- (a) To promote free collective bargaining, including voluntary arbitration, as a mode of settling labor or industrial disputes;
- (b) To promote free trade unionism as an agent of democracy, social justice and development;
- (c) To rationalize and restructure the labor movement in order to eradicate inter-union and intra-union conflicts;
- (d) To promote the enlightenment of workers concerning their rights and obligations as union members and as employees;
- (e) To provide an adequate administrative machinery for the expeditious settlements of labor or industrial disputes; and
- (f) To ensure a stable but dynamic and just industrial peace.”

**SECTION 31. Article 260 of the same Code is hereby renumbered as Article 261 and the following paragraphs thereof are hereby amended to read as follows:**

**“Art. 261. Definitions. —**

- (e) “Labor organization” means any union or association of employees which exist in whole or in part for the purpose of collective bargaining or of dealing with the employers concerning terms and conditions of employment.
- (g) “Company union” means any labor organization whose formation, function or administration has been assisted by any act defined as unfair labor practice by this Code.

- (i) “Unfair labor practice” means any unfair labor practice as expressly defined by this Code.
- (j) “Labor dispute” includes any controversy or matter concerning terms and conditions of employment or the associations or representation of persons in negotiating, fixing, maintaining, changing or arranging the terms and conditions of employment regardless of whether or not the disputants stand in the proximate relation of employers and employees.
- (l) “Strike” means any temporary stoppage of work by concerted action of employees as a result of an industrial or labor dispute.
- (m) “Lockout” means the temporary refusal of an employer to furnish work as a result of an industrial or labor dispute.

**SECTION 32. A new paragraph is hereby added as the last paragraph of Article 261 as renumbered, to read as follows:**

- (o) “Industry indispensable to the national interest” means needful or essential to the vital functions of the state where the dispute involves public hazard requiring swift governmental intervention or action and not merely public inconvenience, whether there is an emergency or not.”

**SECTION 33. Article 261 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 262. Creation of National Labor Relations Commissions.** — A National Labor Relations Commission is hereby established in the Department of Labor. It shall be under the administrative supervision of the Secretary of Labor and shall be composed of a chairman and two members representing the public, two members representing the workers, and two members representing the employers.

The National Labor Relations Commission shall sit in two divisions composed of one member each representing the public, workers and

employers, with the public representative acting as division chairman, and, subject to the approval of the Secretary of Labor, determine through appropriate regulations the cases that the Commission shall decide en banc and those that may be decided by a single division; provided, that the decision of a division shall have the force and effect of a decision of the Commission.”

**SECTION 34. Article 263 of the same Code is hereby renumbered and amended to read as follows:**

**“Art 264. Appointment and qualifications.** — The Chairman and members of the Commission shall have at least five (5) years of experience in handling labor management relations and the Labor Arbiters shall have at least two years experience in the same field. In addition, the Chairman and two members representing the public shall be members of the bar.

The members representing the employers and the members representing the workers shall be chosen from among the nominees of workers organizations and employers organization respectively.

The Chairman and six members of the Commission shall be appointed by the President and shall hold office for a period of six (6) years without prejudice to reappointment. The Labor Arbiters should likewise be appointed by the President and shall be subject to Civil Service Law and rules and regulations.

The Secretary of Labor shall appoint the staff and personnel of the Commission and the regional branches as the needs of the service may require subject to Civil Service Law and rules and regulations.

**SECTION 35. Article 264 of the same Code is hereby renumbered and amended as follows:**

**“Art. 265. Salaries.** — The Chairman shall receive an annual salary of not less than forty thousand (P40,000.00) pesos. Each of the members shall receive an annual salary of not less than thirty-six thousand (P36,000.00) pesos and each of the Labor Arbiters shall receive an annual salary of not less than twenty-four thousand (P24,000.00) pesos.”

**SECTION 36. Article 265 of the same Code is hereby renumbered and amended as follows:**

**“Art. 266. Jurisdiction of the Commission.** — The Commission shall have exclusive appellate jurisdiction over all cases decided by the Labor Arbiters and compulsory arbitrators.

The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following cases involving all workers whether agricultural or non-agricultural:

- (a) Unfair labor practice cases;
- (b) Unresolved issues in collective bargaining, including wages, hours of work and other terms and conditions of employment which are usually settled through collective bargaining duly certified by the regional offices of the Department of Labor in accordance with the provisions of this Code;
- (c) All money claims of workers, involving non-payment or underpayment of wages, overtime compensation, separation pay, maternity leave and other money claims arising from employee-employer relations; except claims arising for workmen’s compensation, social security and medicare benefits;
- (d) Violations of labor standard laws;
- (e) Cases involving household services; and
- (f) All other cases or matters arising from employer-employee relations, unless expressly excluded by this Book.”

**SECTION 37. Article 266 of the Labor Code is hereby renumbered as Article 267 and paragraph (d) thereof is hereby amended to read as follows;**

**“Art. 267. Powers of the Commission.** —

- (d) To hold any person in contempt, directly or indirectly and impose appropriate penalties therefor.

A person guilty of misbehavior in the presence of or so near the Chairman or any member of the Commission or any Labor Arbiter as to obstruct or interrupt the proceedings before the same, including disrespect toward said officials, offensive personalities toward others, or refusal to be sworn or to answer as a witness or subscribe an affidavit or deposition when lawfully required to do so, may be summarily adjudged in direct contempt by said officials and punished by fine not exceeding two hundred pesos or imprisonment not exceeding five (5) days, or both if it be the Commission, or a member thereof, or by fine not exceeding ten pesos or imprisonment not exceeding one (1) day, or both if it be a Labor Arbiter.

The persons adjudged in direct contempt by a Labor Arbiter may appeal to the Commission and the execution of the judgment shall be suspended pending the resolution of the appeal upon the filing of such person of a bond on condition that he will abide by and perform the judgment of the Commission should the appeal be decided against him. Judgment of the Commission on direct contempt is immediately executory and non-appealable.

Indirect contempt shall be dealt with by the Commission or Labor Arbiter in the manner prescribed under Rule 71 of the Revised Rules of the Court.

**SECTION 38. A new paragraph is hereby added as the last paragraph of Article 267 as renumbered to read as follows:**

- (e) To enjoin any or all acts involving or arising from any case pending before it which, if not restrained forthwith, may grave or irreparable damage to any of the parties to the case or seriously affect social or economic stability.

**SECTION 39. Article 267 of the same Code is hereby renumbered as Article 268.**

**SECTION 40. Article 269 of the same Code is hereby amended to read as follows:**

**“Art. 269. Compulsory arbitrators.** — The Commission or any labor arbiter shall have the power to seek the assistance of other government officials and qualified private citizens to act as compulsory arbitrators on cases referred to them and to fix and assess the fees of such compulsory arbitrators, taking into account the nature of the case, the time consumed in hearing of the case, the professional standing of the arbitrators, the financial capacity of the parties, and the fees provided in the rules of court.”

**SECTION 41. Chapter III is hereby added under Title II of Book V of the same Code.**

**SECTION 42. Article 302 of the same Code is hereby transferred to Chapter III as added under Section 37 hereof and renumbered and amended to read as follows:**

**“Art. 272. Appeal.** — Decisions, awards, or orders of the Labor Arbiters or compulsory arbitrators are final and executory unless appealed to the Commission by any or both of the parties within ten (10) days from receipt of such awards, orders or decisions. Such appeal may be entertained only on any of the following grounds:

- (a) If there is prima-facie evidence of abuse of discretion on the Labor Arbiter or Compulsory Arbitrator;
- (b) If the decision, order or award was secured through fraud or coercion, including graft and corruption;
- (c) If made purely on question of law; and
- (d) If serious errors in the findings of facts are raised which would cause grave or irreparable damage or injury to the appellant.

To discourage frivolous or dilatory appeals, the Commission or the Labor Arbiters shall impose reasonable penalty, including fines or censure, upon the erring parties.

In all cases, the appellant shall furnish a copy of the memorandum of appeal to the other party who shall file an answer not later than ten (10) days from receipt thereof.

The Commission shall decide all cases within twenty (20) working days from receipt of the answer of the appellee.

The decision of the Commission shall be final and unappealable, except in the following cases:

- (a) by certiorari to the Supreme Court on question of law; and
- (b) where the case involves an industry indispensable to the national interest, in which case it may be appealed to the President of the Philippines upon recommendation of the Secretary of Labor within ten (10) days from receipt of such decision by the appealing party.

**SECTION 43. Article 268 of the same Code is hereby transferred to Chapter III as added under Section 37 hereof and renumbered as Article 273.**

**SECTION 44. Article 316 of the same Code is hereby transferred to Chapter III as added under Section 37 hereof and renumbered as Article 274.**

**SECTION 45. Article 272 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 275. Bureau of Labor Relations.** — The Bureau of Labor Relations and the labor relations divisions in the regional offices of the Department of Labor shall have original and exclusive authority to act, at their own initiative or upon request of either or both parties, on all inter-union and intra-union conflicts, and all disputes, grievances or problems arising from or affecting labor-management relations in all workplaces whether agricultural or non-agricultural, except those arising from the implementation or interpretation of

collective bargaining agreement which shall be the subject of grievance procedure and/or voluntary arbitration.

The Bureau of shall have fifteen working days to act on all labor cases, subject to extension by agreement of the parties, after which the bureau shall certify the cases to the appropriate Labor Arbiters. The 15-working day deadline, however, shall not apply to cases involving deadlocks in collective bargaining which the Bureau shall certify to the appropriate Labor Arbiters only after all possibilities of voluntary settlement shall have been tried.”

**SECTION 46. The following Articles of the same Code are hereby renumbered as follows:**

**“Article 273, as Article 276**

**Article 274, as Article 277**

**Article 275, as Article 278**

**Article 276, as Article 279**

**Article 277, as Article 280**

**Article 278, as Article 281**

**Article 279, as Article 282**

**Article 280, as Article 283**

**Article 281, as Article 284**

**Article 282, as Article 285**

**Article 283, as Article 286**

**Article 284, as Article 287**

**Article 285, as Article 288**



**Article 286, as Article 289**

**Article 287, as Article 290”**

**SECTION 47. Article 288 of the same Code is hereby renumbered as Article 291 and paragraph (p) thereof is hereby amended to read as follows:**

**“Art. 291. Rights and conditions of membership in a labor organization.** — The following are the rights and conditions of membership in labor organization:

- (p) It shall be the duty of any labor organization and its officers to inform its members on the provisions of its constitution and by-laws, collective bargaining agreement, the prevailing labor relations system and all their rights and obligations under existing labor laws.

For this purpose, registered labor organizations may assess reasonable dues to finance labor relations seminars and other labor education activities.

Any violation of the above-rights and conditions of membership shall be a ground for cancellation of union registration or expulsion of an officer from office, whichever is appropriate. At least 30 per cent of all the members of a union or any member or members specifically concerned by report such violation to the Bureau. The Bureau shall have the power to hear and decide any reported violation to meet the appropriate penalty.”

**SECTION 48. Article 289 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 292. Rights of legitimate labor organizations.** — A legitimate labor organization shall have the right:

- (a) To act as the representative of its members for the purpose of collective bargaining;

- (b) To be certified as the exclusive representative of all the employees in an appropriate collective bargaining unit for purposes of collective bargaining;
- (c) To own property, real or personal, for the use and benefit of the labor organization and its members;
- (d) To sue and be sued in its registered name; and
- (e) To undertake all other activities designed to benefit the organization and its members, including cooperative, housing welfare and other projects not contrary to law.

The income and properties of legitimate labor organizations shall be free from taxes, duties and other assessments, including gifts or donations they may receive from fraternal and similar organizations, local or foreign.”

**SECTION 49. Article 290. of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 293. Coverage and employee’s right to self-organization.** — All persons employed in commercial, industrial and agricultural enterprises, including religious, medical or educational institutions operating for profit, shall have the right to self-organization and to form, join or assist labor organizations for the purposes of collective bargaining.

All religious, charitable, medical or educational institutions not operating for profit are exempt from the coverage of this Book. However, this exemption shall not apply to religious, charitable, medical or educational institutions which, on the date of effectivity of this Code, have existing collective bargaining agreements or duly recognized labor organizations of their employees. Moreover, nothing herein shall preclude any employer from voluntarily recognizing any labor organization of its employees for the purpose of collective bargaining.”

**SECTION 50. Article 291 of the same Code is hereby renumbered as Article 294.**

**SECTION 51. Article 292 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 295. Ineligibility of managerial employees to join any labor organization.** — Managerial employees are not eligible to join, assist or form any labor organization.”

**SECTION 52. Article 293 of the same Code is hereby renumbered as Article 296.**

**SECTION 53. Article 294 of the same Code is hereby renumbered and paragraph (e) thereof is hereby amended to read as follows:**

**“Art. 297. Unfair labor practices of employers.** — It shall be unfair labor practice for an employer:

- (e) To discriminate in regard to wages, hours of work, and other terms and conditions of employment in order to encourage or discourage membership in any labor organization. Nothing in this Code or in any other law shall stop the parties from requiring membership in a recognized collective bargaining agent as a condition for employment, except those employees who are already members of another union at the time of the signing of the collective bargaining agreement. Employees of an appropriate collective bargaining unit who are not members of the recognized collective bargaining agent may be assessed a reasonable fee equivalent to the dues and other fees paid by the members of the recognized collective bargaining agent; if such non-union members accept the benefits under the collective agreement: Provided, That the individual authorization required under Article 291, paragraph (o) of this Code shall not apply to the non-members of the recognized collective bargaining agent;

**SECTION 54. The following Articles of the same Code are hereby renumbered as follows:**

**“Article 295, as Article 298**

**Article 296, as Article 299**

**Article 297, as Article 300**

**Article 298, as Article 301**

**Article 299, as Article 302**

**Article 300, as Article 303**

**Article 301, as Article 304”**

**SECTION 55. The following Articles are hereby renumbered as follows:**

**“Article 303, as Article 305**

**Article 304, as Article 306**

**Article 305, as Article 307**

**Article 306, as Article 308”**

**SECTION 56. Article 307 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 309. Appeal on certification election orders. — Any party to an election may appeal the order or results of the election to the Bureau on the ground that the rules and regulations or parts thereof established by the Secretary of Labor for the conduct of the election have been violated. Such appeal shall be decided within fifteen (15) working days.”**

**SECTION 57. The following Articles are hereby renumbered as follows:**

**“Article 308, as Article 310 Article 309, as Article 311.”**

**SECTION 58. Article 310 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 312. Voluntary arbitration.** — Disputes, grievances or matters not settled through the grievance procedure shall be referred to and decided or settled through the prescribed voluntary arbitration procedure in the collective bargaining agreement.

Every collective bargaining agreement shall designate in advance an arbitrator or panel of arbitrators or include a provision making the selection of such arbitrator or panel of arbitrators definite and certain when the need arises. Such arbitrator or panel of arbitrators shall have exclusive and original jurisdiction to settle or decide all disputes, grievances, or matters arising from the implementation or interpretation of a collective bargaining agreement after going through the grievance procedure. The Labor Arbiter or the Bureau shall not entertain such disputes, grievances or matters.

Voluntary arbitration awards or decisions shall be final, inappealable and executory, However, voluntary arbitration awards decisions on money claims involving an amount exceeding P100,000.00 or 40% of the paid-up capital of the respondent employer, whichever is lower, may be appealed to the National Labor Relations Commissions only on the following grounds:

- (a) abuse of discretion; and
- (b) gross incompetence.”

**SECTION 59. The following Articles of the same Code are renumbered as follows:**

**“Article 311, as Article 313**

**Article 312, as Article 314**

**Article 313, as Article 315**

**Article 314, as Article 316”**

**SECTION 60. Article 315 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 317. Miscellaneous provisions.** — (a) Pending the restoration of the right to strike and the right to lockout, all strike funds are hereby transformed into labor research and education funds. The collection of strike contribution is hereby prohibited. However, all unions are authorized to collect reasonable contributions for their labor education and research funds.

(b) No employer that has no collective agreement may shutdown his establishment or dismiss or terminate the service of regular employees with at least one year of service, except managerial employees as defined in this Book without previous written clearance from the Secretary of Labor.

The Secretary of Labor shall by appropriate regulations provide for the requirements and the procedure of shutting down, dismissing or terminating the service of the members of the collective bargaining agent that has collective agreement with the employer.

(c) Any employee whose length of service is more than six (6) months whether employed for a definite period or not, and regardless of whether the service is continuous or broken shall be considered as a regular employee for the purpose of membership in any legitimate labor organization.”

**SECTION 61. The following articles of the same Code are hereby renumbered as follows:**

**“Article 317, as Article 318**

**Article 318, as Article 319**

**Article 319, as Article 320**

**Article 320, as Article 321**

**Article 321, as Article 322**

**Article 322, as Article 323**

**Article 323, as Article 324**

**Article 324, as Article 325**

**Article 325, as Article 326**

**Article 326, as Article 327”**

**SECTION 62. Article 327 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 328. Penalties.** — Except as otherwise provided in this Code, any violation of the provisions of this Code declared to be unlawful or penal in nature or of the rules and regulations issued thereunder shall be punished with a fine of not less than P1,000 nor more than P10,000 and/or imprisonment for the duration of the violation or non-compliance or until such time that rectification of the violation has been made, at the direction of the appropriate authority.”

**SECTION 63. Article 328 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 329. Who are liable when committed by other than natural person.** — If the offense is committed by a corporation, trust, firm, partnership, association or any other entity, the penalty shall be imposed upon the guilty officer or officers of such corporation, trust, firm, partnership, association or entity.”

**SECTION 64. Article 329 of the same Code is hereby renumbered and amended to read as follows:**

**SECTION 65. Article 330 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 331. Money claims.** — All money claims and benefits arising from employer-employee relations shall be filed within three (3) year from the time the cause of action accrued; otherwise they shall be forever barred.

All money claims mentioned above as well as workmen’s compensation claims accruing prior to the effectivity of this Code shall be filed with the appropriate entities established under this Code within one year from the date of such effectivity; otherwise they shall be forever barred. Such claims shall be processed and/or determined in accordance with the provisions of this Code and its implementing rules and regulations.

**SECTION 66. Article 331 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 332. Institution of money claims.** — Money claims specified in the immediately preceding Article shall be filed before appropriate entity independently of the criminal action that may be instituted in the proper courts.

Pending the final determination of the merits of money claims filed with the appropriate entity, no civil action arising from the same cause of action shall be filed with any court. This provision shall not apply to employees compensation cases which shall be processed and determined strictly in accordance with the pertinent provisions of this Code.

**SECTION 67. The following articles of the same Code are renumbered as follows:**

**“Article 332, as Article 333**

**Article 333, as Article 334**

**Article 334, as Article 335**

**Article 335, as Article 336**

**Article 336, as Article 337**



**Article 337, as Article 338”**

**SECTION 68. Article 338 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 339. Disposition of pending cases.** — All cases pending before the Court of Industrial Relations and the National Labor Relations Commission established under Presidential Decree No. 21 on the date of effectivity of this Code shall be transferred to and processed by the corresponding labor relations division of the regional labor office, the Bureau of Labor Relations, or the National Labor Relations Commission created under this Code having cognizance of the same in accordance with the procedure laid down herein and its implementing rules and regulations. Labor relations pending appeal with the Secretary of Labor or the Office of the President of the Philippines upon the date of effectivity of this Code shall remain under their respective jurisdiction and shall be decided in accordance with the law, rules and regulations in force at the time of appeal.

All workmen’s compensation cases pending before the Workmen’s Compensation Units in the regional Office of the Department of Labor on the date of effectivity of this Code shall be transferred and processed in accordance with the provisions of this Code and its implementing rules and regulations to the Employees’ Compensation Commission and to the Social Security System or Government Service Insurance System respectively and as them case may be.”

**SECTION 69. The following Articles of the same Code are hereby renumbered as follows:**

**“Article 339, as Article 340**

**Article 340, as Article 341”**

**SECTION 70. Article 341 of the same Code is hereby renumbered and amended to read as follows:**

**“Art. 342. Repealing clause.** — All labor laws not adopted as part of this Code either directly or by reference are hereby repealed. All

provisions of existing laws, orders, decrees, rules and regulations inconsistent herewith are likewise repealed.”

**SECTION 71. This Decree shall take effect on November 1, 1974.**

***Done in the City of Manila, this 1<sup>st</sup> day of November, in the Year of Our Lord, Nineteen Hundred Seventy-Four.***

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