

**Republic of the Philippines
Congress of the Philippines
Metro Manila**

First Special Session

Begun and held in Metro Manila on Friday the seventh day of June
nineteen hundred and ninety-six.

REPUBLIC ACT No. 8188

AN ACT INCREASING THE PENALTY AND IMPOSING DOUBLE INDEMNITY FOR VIOLATION OF THE PRESCRIBED INCREASES OR ADJUSTMENTS IN THE WAGE RATES. AMENDING FOR THE PURPOSE SECTION TWELVE OF REPUBLIC ACT NUMBERED SIXTY-SEVEN HUNDRED TWENTY-SEVEN. OTHERWISE KNOWN AS THE WAGE RATIONALIZATION ACT.

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

SECTION 1. Section 12 of Republic Act Numbered Sixty-seven hundred twenty-seven is hereby amended to read to as follows:

SEC 12 Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increases or adjustments in the wage rates made in accordance with this Act shall be punished by a fine not less than Twenty-five thousand pesos (P25,000) nor more than One hundred thousand pesos (P100,000) or imprisonment of not less than two (2) years nor more than four (4) years or both such fine and imprisonment at the discretion of the court:

Provided. That any person convicted under this Act shall not be entitled to the benefits provided for under the Probation Law.

The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees:
Provided. That payment of indemnity shall not absolve the employer from the criminal liability imposable under this Act.

"If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers including but not limited to the president, vicepresident, chief executive officer, general manager, managing director or partner.

SECTION 2. All laws, presidential decrees, executive orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 3. This Act shall take effect fifteen (15) days after its complete publication in a newspaper of general circulation.

Approved.

JOSE DE VENENCIA JR.
Speaker of the House of Representative

NEPTALI GONZALES
President of the Senate

This Act, which is a consolidation of Senate Bill No. 407 and House Bill No. 5808 was finally passed by the Senate and the House of Representatives on June 7, 1996.

CAMILO L. SABIO
Secretary General
House of Representatives

HEZEL P. GACUTAN
Secretary of the Senate

House of Representatives

Approved: June 11, 1996

FIDEL V RAMOS

President of the Philippines

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**Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Manila**

**DEPARTMENT ORDER NO. 10
Series of 1998**

**Guidelines on the imposition of Double Indemnity
For Non-Compliance with the Prescribed Increases or Adjustments
In Wage Rates**

Pursuant to the rule-making authority of the Secretary of Labor and Employment under Article 5 of the Labor Code, as amended, and Section 13 of the Republic Act No. 6727, and to ensure uniformity in the implementation of the provisions of Republic Act No. 8188 entitled "An Act Increasing the Penalty and Imposing Double Indemnity for Violation of the Prescribed Increases or Adjustments in the Wage Rates, amending for the Purpose Section Twelve of Republic Act Numbered Sixty-Seven Hundred Twenty Seven. Otherwise known as Wage Rationalization Act". This Guidelines is hereby promulgated for the guidelines of and compliance by all concerned.

SECTION 1. Coverage - This Guidelines shall apply to any person, corporation, trust, firm, partnership, association, organization, or entity in the capacity of an employer.

SECTION 2. Definition of Terms - As used in this Guidelines, the following terms shall mean:

- a. "Act" refers to Republic Act No. 8188.
- b. "Department" refers to the Department of Labor and Employment.
- c. "Regional Director" refers to the Director of the Regional Office of the Department.
- d. "Board" refers to the Regional Tripartite Wages and Productivity Board.
- e. "Employer" refers to any person, corporation, trust, firm, partnership association or entity acting directly or indirectly in the interest of the employer in relation to an employee.
- f. "Employee" refers to any individual employed by an employer.
- g. "Wage Rates" refers to the lowest basic pay that the employer can pay his workers including cost of living allowances as fixed by the Board, but excludes other wage-related benefits such as overtime pay, bonuses, night shift differential pay, holiday pay, premium pay, 13th month pay, premium pay, leave benefits, among others.
- h. "Wage Order " refers to the order promulgated by the board pursuant to its wage fixing authority.
- i. "Prescribed increases or Adjustments" refer to the amount of increase or adjustment in the wage rate of workers fixed by the Board which the Employer is mandated to pay upon effectivity of a wage order
- j. "Violation" refers to the refusal or failure to pay an employee of the prescribed increases or adjustments as may be established by the Regional Director.
- k. "Unpaid Benefits" refer to the prescribed wage rates which the employer failed to pay upon the effectivity of a wage order exclusive of other wage-related benefits. "Unpaid benefits" as herein understood shall be the principal basis for computing the double indemnity.
- l. "Double Indemnity" refers to the payment to a concerned employee of the prescribed increases or adjustments in the wage rates, which was not paid by

principal basis for computing the double indemnity.

- I. "Double Indemnity" refers to the payment to a concerned employee of the prescribed increases or adjustments in the wage rates, which was not paid by an employer in amount equivalent to twice the unpaid benefits owing to such employee.
- m. "Notice of Inspection Result" refers to the inspection form duly accomplished and issued by the labor standards enforcement officer to the employer or his representative after the completion of the inspection. The notice shall specify the violations discovered, if any, together with the officers recommendation and computation of the unpaid benefits due each worker with an advice that the employer shall be liable for double indemnity in case of refusal or failure to correct the violation within five (5) calendar days from receipt of notice.
- n. "Compliance order" refers to the order issued by the regional director, after due notice and hearing conducted by himself or a duly authorized hearing officer finding that a violation has been committed and directing the employer to pay the amount due each worker within ten (10) calendar days from receipt thereof.

SECTION 3. Issuance of a Compliance Order. In cases where the Secretary of Labor and Employment of the Regional Director has acquired jurisdiction over a violation as defined herein pursuant to the visitatorial and enforcement powers vested upon him by Article 128 (b) of the Labor Code as amended, he shall have the power to issue a compliance order to give effect to the provisions of the Act. Such order shall be subject to the following principles.

- a. In case of routine inspection where the violation has been established after due notice and hearing where appropriate the Regional Director shall, after (7) calendar days from the employer's receipt of the notice of inspection result, issue a compliance order.
- b. In case of complaint inspection, the Regional Director shall call for summary investigation and after due notice and hearing shall, where appropriate issue a compliance order.
- c. The compliance order shall directly the employer to pay the amount due each worker within ten (10) days from receipt thereof and to submit proof of compliance. The order shall specify the amount due each worker and shall include the computation on which the order was based.
- d. Upon the finality of the compliance order, the Regional Director shall cause the issuance of a writ of execution for its enforcement.
- e. No compliance order shall be issued during the pendency of an application for exemption from a wage order duly filed with the appropriate board.

SECTION 4. Double Indemnity, when to Start Period of Computation.

- a. The computation for double indemnity as herein defined shall start from the effectivity of the prescribed increases or adjustments as indicated in the wage order.
- b. The basis for the computation of double indemnity shall be limited to the unpaid benefits as defined herein.
- c. Where there is partial compliance with the prescribed increase or adjustment the basis for computing double indemnity shall be the balance of unpaid benefits reckoned from the effectivity of the wage order.

SECTION 5. Supersession Clause - All rules, regulations, issuances, or parts thereof which are consistent with this guidelines are deemed superseded or modified accordingly.

SECTION 6. Separability Clause - If any provision or portion of this guidelines is declared void or unconstitutional, the remaining portions or provisions hereof shall continue to be valid and effective.

SECTION 7. Effectivity - This Guidelines shall take effect fifteen (15) days after after its complete publication in at least one (1) newspaper of general circulation.

04 May 1998

CRESENCIANO B. TRAJANO
Secretary

Secretary