



HOUSE OF REPRESENTATIVES

H. No. 5308

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BY REPRESENTATIVES MENDOZA (R.), NOGRALES, PRIMICIAS-AGABAS AND  
TAMBUNTING, PER COMMITTEE REPORT NO. 530

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AN ACT INSTITUTING WORKER'S CLAIM AS STATUTORY FIRST  
LIEN ON THE ASSETS OF A BANKRUPT EMPLOYER,  
AMENDING FOR THIS PURPOSE ARTICLE 110 OF  
PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE  
KNOWN AS THE "LABOR CODE OF THE PHILIPPINES"

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

1           SECTION 1. Article 110 of Presidential Decree No. 442, as amended,  
2 otherwise known as the "Labor Code of the Philippines", is hereby further  
3 amended to read as follows:

4                   "ART. 110. *Worker [preference] FIRST LIEN in case of*  
5                   *bankruptcy.* – In the event of bankruptcy or liquidation of an  
6                   employer's business, his workers shall enjoy first [preference]  
7                   LIEN as regards their unpaid wages and other monetary claims,  
8                   any provision of law to the contrary notwithstanding. Such  
9                   unpaid wages and monetary claims shall be paid in full EVEN  
10                  WITHOUT FORMAL DECLARATION OF BANKRUPTCY OR  
11                  INSOLVENCY before the claims of the Government and other  
12                  creditors may be paid."

1           SEC. 2. All laws, decrees, executive orders, rules and regulations and  
2 other issuances or parts thereof inconsistent with the provisions of this Act are  
3 hereby repealed, modified or amended accordingly.

4           SEC. 3. This Act shall take effect fifteen (15) days after its publication  
5 in the *Official Gazette* or in a newspaper of general circulation.

Approved,

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