HR Compliance Handbook: Philippine Edition

Helping Employers Navigate, Protect, and Scale with Confidence

Introduction: Why Compliance Still Matters

Compliance with Philippine labor law has never been a "set and forget" exercise — but the 2025–2026 cycle brought more regulatory change than any period in recent memory.

The SSS contribution rate reached its final scheduled increase, PhilHealth premiums hit their legislated ceiling, the Pag-IBIG fund doubled its contribution base, and the NCR minimum wage reached its highest level in history.

Meanwhile, DOLE conducted over 97,000 labor inspections in early 2025 alone under Department Order No. 238-23 — and the National Privacy Commission (NPC) has fully operationalized its DPO registration and data breach reporting requirements.

This handbook gives HR teams and business owners a concise, current reference for what compliance requires in 2026, organized by agency and paired with a ready-to-use checklist.

Basic Rights of Filipino Employees

DOLE's Bureau of Working Conditions defines the baseline rights every employee is entitled to — regardless of industry or company size. These are legal floors, not optional frameworks, and DOLE inspectors verify compliance against all of them.

Right	What Employers Must Do
Equal work opportunities	No discrimination by gender, race, creed, age, or disability. RA 7277 (Magna Carta for PWDs), RA 10911 (Anti-Age Discrimination Act), and RA 11036 (Mental Health Act) impose specific obligations. Discrimination against PWDs or workers with mental health conditions is prohibited at every stage of employment.
Security of tenure	Regular employees may only be dismissed for just cause (employee-related offenses) or authorized cause (economic/business factors). The twin-notice rule and opportunity to be heard are mandatory in all cases.
Work days, hours & rest day	Standard workday is 8 hours. All compensable time must be paid (including overtime, night shift differential, and holiday premiums). Employees are entitled to at least one 24-hour uninterrupted rest period per week.
Payment of wages	Wages must be paid at least twice a month, with intervals not exceeding 16 days (Art. 103, Labor Code). Payment via cash, check, or bank transfer is permissible. Wage deductions require a legal basis or written employee consent.
Safe working conditions	Employers must maintain a safe and healthy workplace under RA 11058 (OSH Law) and DOLE D.O. 198-18. See Section 07 for full OSH requirements.
Employment of children	Minimum working age is 15. Ages 15–17: non-hazardous work only, without affecting schooling. Hazardous roles (e.g., transport, construction): 18 and above only. Child labor in any prohibited form is a criminal offense under RA 9231.
Self-organization & collective bargaining	Employees may form or join legitimate unions from Day 1. Employers must recognize this right and bargain in good faith when required. Union-busting is a criminal offense under the Labor Code.

Sprout Resource
Employee Statutory Benefits in the Philippines as Mandated by DOLE (2026) — Sprout Solutions

Minimum Wage & Regional Rates

Minimum wages in the Philippines are set regionally by the National Wages and Productivity Commission (NWPC) and its 17 Regional Tripartite Wages and Productivity Boards (RTWPBs) — not at a single national level. Rates are adjusted through Wage Orders, with a mandatory 12-month gap between orders unless a supervening condition is declared.

The NCR minimum wage is now ₱695/day for non-agricultural workers under Wage Order No. NCR-26, effective July 18, 2025 — the largest single NCR wage increase on record (₱50/day). Agricultural workers and employees of small retail/manufacturing establishments receive ₱658/day. This rate carries over in full for 2026; no new NCR wage order may be issued until after July 2026 under the 12-month rule.

Worker Category (NCR)	Daily Minimum Wage
Non-agricultural workers (regular private establishments)	₱695
Agricultural workers / Retail & service (≤15 employees) / Small manufacturing (≤10 employees)	₱658
Kasambahay / Domestic workers (NCR) — RA 10361	₱7,800/month*

*Effective February 7, 2026; separate from NCR Wage Order

Outside NCR, rates range from approximately ₱435 to ₱580+ depending on region and industry. Several regions (including Region X / Northern Mindanao) are implementing second-tranche increases in 2026. Regions XI (Davao) and V (Bicol) began wage determination proceedings in early 2026.

Employer Action - Always verify your region's current rate at nwpc.dole.gov.ph before processing payroll. Staggered tranche dates mean some regional rates changed mid-2026. Large wage increases may also create wage distortion — see NWPC Advisory No. 01, Series of 2023 for correction guidance.

Sprout Resource
Minimum Wage in Manila: New Rates and Key Insights (2026) — Sprout Solutions

Mandatory Government Contributions

All covered private-sector employees must be registered with and have contributions remitted to the Social Security System (SSS), PhilHealth, and Pag-IBIG Fund (HDMF). Employers bear full responsibility for registration, accurate computation, and timely remittance of both employer and employee shares. Late remittances carry penalties, interest, and potential criminal liability for responsible officers.

Social Security System (SSS)

The SSS covers sickness, maternity, disability, retirement, death, and funeral benefits. Employers register via SS Form R-1 and must generate a Payment Reference Number (PRN) through the My.SSS Employer Portal for every remittance.

The contribution rate reached its final scheduled increase under RA 11199 (Social Security Act of 2018) effective January 2025 and remains unchanged for 2026.

Parameter	2026 Rate
Total contribution rate	15% of Monthly Salary Credit (MSC)
Employer share	10% + EC contribution (₱10 or ₱30)
Employee share	5% of MSC
Minimum / Maximum MSC	₱5,000 / ₱35,000 (increased January 2025)
MySSS Pension Booster (MPF)	Applies to MSC above ₱20,000 — additional 5% employee / 10% employer on the excess amount, credited to individual provident account

Example: Employee earning ₱25,000 → MSC ₱25,000 → Total SSS = ₱3,750 (Employee: ₱1,250 | Employer: ₱2,500 + ₱30 EC).

Sprout Resource

How to Calculate Your SSS Monthly Contribution in 2026 | SSS Portal: Ultimate Guide for Members & Employers

Philippine Health Insurance Corporation (PhilHealth)

PhilHealth administers the National Health Insurance Program (NHIP) under RA 11223 (Universal Health Care Act), covering hospitalization, outpatient care, and the Konsulta primary care package.

The five-year graduated rate increase schedule under the UHC Act ended at 5% in 2025. No further premium increase is scheduled for 2026, as confirmed in PhilHealth Advisory No. 2025-0002.

Parameter	2026 Rate
Premium rate	5.0% of monthly basic salary — stable for 2026
Employer / Employee share	2.5% each (50/50 split)
Income floor / ceiling	₱10,000 minimum base / ₱100,000 maximum base
Min / Max employee deduction	₱500/month / ₱2,500/month

Example: Employee earning ₱30,000 → ₱30,000 × 5% = ₱1,500 total → Employee pays ₱750 | Employer pays ₱750.

Sprout Resource
PhilHealth Contribution Rate at 5%: What It Means for Employers — Sprout Solutions

Pag-IBIG Fund (HDMF)

Pag-IBIG Fund is the national savings and housing finance program. Members access multi-purpose loans, calamity loans, and housing loans through their accumulated savings.

Under HDMF Circular No. 460 (effective February 2024, in effect for 2026), the Maximum Fund Salary (MFS) used as the contribution base was doubled from ₱5,000 to ₱10,000 — raising the maximum contribution to ₱200 per side. Remittances are due on or before the 10th day of the following month.

Parameter	2026 Rate
Employee rate	1% (salary ≤₱1,500) | 2% (salary >₱1,500)
Employer rate	2% in all cases
Maximum Fund Salary (contribution base cap)	₱10,000
Maximum monthly contribution per side	₱200 each (₱400 total)

Example: Employee earning ₱25,000 → Contribution capped at MFS ₱10,000 → Employee: ₱200 | Employer: ₱200 | Total: ₱400/month.

Sprout Resource
How to Calculate Payroll in the Philippines: A Step-by-Step Guide — Sprout Solutions

Monetary Benefits & Employee Leaves

Mandatory Monetary Benefits

Benefit	Key Rules
13th Month Pay	All rank-and-file employees who worked at least 1 month in the calendar year are entitled to at least 1/12 of total basic salary earned. Must be paid on or before December 24. Two-tranche payments are permitted. Governed by Presidential Decree No. 851.
Overtime Pay	Work beyond 8 hours on a regular day: at least +25% hourly rate. On a rest day or special non-working holiday: at least +30% above the applicable premium.
Night Shift Differential (NSD)	Employees working 10:00 PM–6:00 AM receive an additional 10% of their regular wage per night work hour (Art. 86, Labor Code).
Premium & Holiday Pay	Rest day / special non-working holiday: 130% of daily rate. Regular holiday: 200%. Regular holiday falling on rest day: 260%.

Benefit	Key Rules
Retirement Pay	Employees aged 60 (optional) or 65 (mandatory) with ≥5 years of service receive at least ½ month salary per year of service under RA 7641.
Separation Pay	Required for authorized cause separations (retrenchment, redundancy, closure, disease). Amount: ½ to 1 month per year of service depending on the cause. Not required for just cause dismissals.
De Minimis Benefits	Small-value tax-exempt benefits (e.g., rice subsidy, uniform allowance, medical cash allowance, monetized unused leave credits). Ceilings were updated under BIR Revenue Regulation No. 29-2025. The total annual tax-exempt ceiling across all de minimis benefits is ₱90,000.

Mandatory Leaves

Leave Type	Entitlement
Service Incentive Leave (SIL) Art. 95, Labor Code	5 days paid leave/year for employees with ≥1 year of service. Convertible to cash if unused by year-end. Exemptions: establishments with fewer than 10 workers, field personnel without time supervision, managerial employees.
Maternity Leave RA 11210	105 days paid (live childbirth); 60 days (miscarriage or emergency termination); +15 days for solo mothers. Up to 7 days may be transferred to a qualified alternate caregiver. SSS reimburses the employer — employer must advance the benefit.
Paternity Leave RA 8187	7 days paid leave for married male employees, applicable to the first 4 deliveries of the legitimate spouse.
Solo Parent Leave RA 8972	7 working days paid leave/year upon presentation of a valid Solo Parent ID.
VAWC Leave RA 9262	Up to 10 days paid leave for female employees who are victims of violence against women and children. Extendable per court or barangay protection order.
Special Leave for Women RA 9710	Up to 2 months paid leave following surgery for gynecological disorders, provided the employee has rendered ≥6 continuous months of service in the 12 months prior.

Sprout Resource
DOLE-Mandated Employee Statutory Benefits (2026) | Complete Guide to Final Pay in the Philippines

Filing Income & Withholding Taxes (BIR)

All businesses registered with the Bureau of Internal Revenue (BIR) must fulfill their tax filing and remittance obligations. Under the Ease of Payment Taxes Act (RA 11976), effective January 2024, returns may be filed electronically at any BIR platform — not just at the taxpayer's assigned RDO.

Companies file their Annual ITR using the form that matches their tax status: Form 1702-RT (regular income tax rate), Form 1702-EX (tax-exempt entities), or Form 1702-MX (mixed income). Annual ITR is due on or before April 15 for calendar-year taxpayers. The CREATE Act (RA 11534) set the general CIT rate at 25%; qualified domestic corporations with net taxable income ≤₱5M and total assets ≤₱100M pay 20%.

Return / Form	Frequency	Deadline
Quarterly Corporate ITR(Q1–Q3)	Quarterly	Within 60 days of close of each quarter
Monthly WTC — BIR Form 1601-C	Monthly	10th–15th of following month (per eFPS group)
Quarterly EWT Return — BIR Form 1601-EQ	Quarterly	Last day of month after close of quarter
Quarterly VAT Return — BIR Form 2550-Q	Quarterly	25th day after close of quarter
Annual WTC Return — BIR Form 1604-C + Alphalist	Annual	January 31 of the following year
BIR Form 2316 — distributed to employees	Annual	January 31; or upon separation with final pay
BIR Form 2316 — submitted to BIR	Annual	February 28 of the following year
Annual EWT Return — BIR Form 1604-E	Annual	March 1 of the following year

Sprout Resource
How to Make a DOLE-Compliant Payslip in the Philippines — Sprout Solutions

Occupational Safety & Health (OSH)

RA 11058 (OSH Law) and DOLE Department Order No. 198-18 establish mandatory workplace safety standards. Non-compliance can result in stop-work orders and per-violation, per-day penalties.

Key obligations include:

- **Company OSH Program** — required before operations begin; must be submitted to and maintained with the DOLE Regional Office
- **OSH Committee** — mandatory for all establishments with 10+ workers; must meet at least monthly and document minutes
- **Qualified Safety Officer (SO1–SO4)** — designation required based on company size and risk classification; SOs must complete DOLE-accredited OSH training
- **Annual Work Accident/Illness Exposure Data Report (WAIR)** — submitted annually via the DOLE Website
- **Annual Medical Report** — prepared by the company's occupational health practitioner and submitted to DOLE
- **Mental Health:** DOLE D.O. 208-20 requires all employers to develop a written mental health policy and program under RA 11036 (Mental Health Act), including a referral system to licensed professionals and anti-stigma programs.
- **Anti-harassment:** The Anti-Sexual Harassment Act (RA 7877) and the Safe Spaces Act (RA 11313) require a Committee on Decorum and Investigation (CODI) and an active policy against all forms of gender-based harassment in the workplace.

Sprout Resource

Mental Well-Being in the Workplace: Policies and Compliance for the Private Sector – Sprout Solutions

Data Privacy Compliance (NPC)

RA 10173 (Data Privacy Act of 2012) and its IRR require organizations that process personal data to comply with National Privacy Commission (NPC) registration and reporting obligations.

For HR teams, this is directly applicable: employee records, payroll data, health information, government IDs, and recruitment files all constitute personal data — and in many cases, *sensitive* personal data with heightened penalties.

Requirement	What's Required
DPO Registration	Designate a Data Protection Officer (DPO) and register them annually at privacy.gov.ph.
PIC/PIP Registration	Register all data processing systems with the NPC before deployment. New systems must be registered before they go live.
Annual Security Incident Report	Submit a report to the NPC each year documenting all personal data breaches or security incidents.
Personal Data Breach Notification	Notify the NPC and affected data subjects within 72 hours of discovering a breach involving sensitive personal information. Failure to notify is a separate offense.
Privacy Notices & Lawful Processing	Employees must be informed at point of data collection how their data will be used, retained, and shared. All processing must have a lawful basis under the DPA.

Penalties (RA 10173): Unauthorized processing of sensitive personal information carries fines of ₱500,000–₱4,000,000 and up to 6 years imprisonment. Improper disposal: ₱100,000–₱500,000.

Sprout Resource

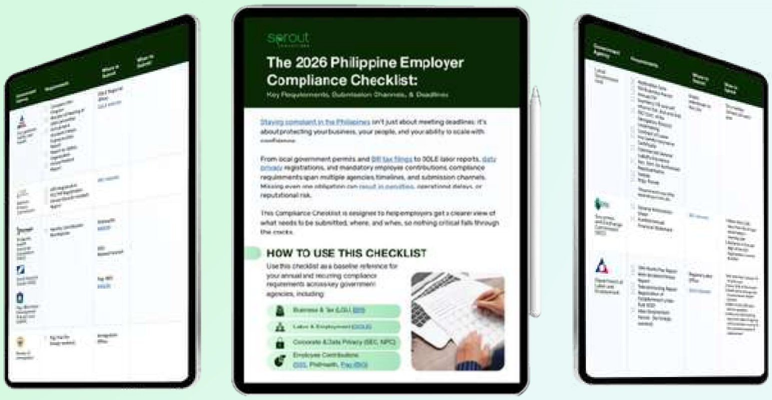
HR Data Security & NPC Compliance Guide (2026) — Sprout Solutions | Understanding the Data Privacy Act — Sprout Solutions

Your 2026 Employer Compliance Checklist

Keeping track of submission deadlines, required documents, and the correct government portal for each agency is a compliance challenge on its own.

We've built a dedicated, printable checklist that covers all key requirements across **LGU, BIR, SEC, DOLE, OSH, NPC, SSS, PhilHealth, Pag-IBIG, and the Bureau of Immigration** — with submission channels and deadlines in a single reference.

The 2026 Philippine Employer Compliance Checklist



All government agencies. All key deadlines. One printable reference.

Covers: LGU • BIR • SEC • DOLE • OSH • NPC • SSS • PhilHealth • Pag-IBIG • Bureau of Immigration

Download the Free Checklist

Sprout Resource
The Ultimate Philippine HR Compliance Calendar for 2026 — Sprout Solutions — month-by-month breakdown of every filing deadline and remittance schedule.

Best Practices & How Sprout Can Help

Minimizing Compliance Risks

Compliance is an ongoing discipline, not a year-end scramble. The organizations that stay ahead share a few common habits:

Build a living regulatory register

Document all applicable DOLE, BIR, NWPC, and agency issuances relevant to your business — organized by agency with effective dates and next review dates. Update whenever a new issuance is released.

Assign compliance ownership

Distribute accountability across HR, payroll/finance, and legal. No single person can track every agency's updates. Designate a compliance lead who escalates changes and owns the calendar.

Conduct regular HR audits

At minimum, audit: payroll accuracy (minimum wage, overtime, NSD, holiday pay), statutory contribution remittances, employment documentation, OSH records, data privacy compliance, and BIR filing completeness. Read: Sprout's audit-readiness guide.

Keep the Employee Handbook current

Review annually and after any significant regulatory change. It should reflect current leave policies, OSH obligations, the mental health policy, data privacy notice, and anti-harassment policy.

Invest in compliance training

Regular training on labor standards, data privacy, OSH, and anti-harassment reduces inadvertent violations and builds a culture of accountability across the organization.

Consult legal experts early

For restructuring, terminations, foreign worker deployment, or data breach incidents — consult qualified counsel before acting. Legal advice is invariably cheaper than a DOLE penalty or an NLRC claim.

How Sprout Managed Services Can Help

As your business grows, compliance becomes more complex, spanning payroll accuracy, statutory contributions, labor standards, tax filings, and data privacy requirements. Sprout provides managed payroll and HR support to help Philippine employers stay accurate, compliant, and audit-ready without overloading internal teams.

Payroll Outsourcing

End-to-end payroll execution covering salary computation, taxes, statutory contributions (SSS, PhilHealth, and Pag-IBIG) and reporting: ensuring accuracy and timely compliance with current regulations.

Includes validation, variance checks, and cutoff-to-disbursement oversight to minimize errors and maintain audit-ready records.

HR & Compliance Support

Structured HR support to help organizations meet labor standards through policy alignment, employee handbook development, and documentation readiness for inspections.

Ensures consistent implementation of workplace requirements (wages, benefits, OSH, and employee records) to reduce compliance gaps.

Workforce Structuring & Talent Support

Support for building structured and compliant workforce frameworks, including role definition, compensation alignment, and performance standards.

Helps ensure proper wage alignment, clear accountability, and consistent policy enforcement across the organization.

Stay Ahead of the Latest HR Regulations.

Tap Sprout's payroll and HR experts to ensure accuracy, regulatory alignment, and audit-ready operations.

Book a Meeting

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