

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



FIFTEENTH CONGRESS
Third Regular Session

House Bill No. 6718

Introduced by Representatives
DIOSDADO MACAPAGAL ARROYO and GLORIA MACAPAGAL ARROYO

AN ACT
TO FURTHER STRENGTHEN THE STANDARD OF PROTECTION AND
ENHANCEMENT OF THE WELFARE OF SELF-EMPLOYED WORKERS AND
CRAFTSMEN AND THE PROMOTION OF ENTREPRENEURSHIP THEREBY
AMENDING FOR THIS PURPOSE, SECTION 8 OF REPUBLIC ACT 8282
OTHERWISE KNOWN AS THE SOCIAL SECURITY ACT OF 1997

EXPLANATORY NOTE

Self-employment and entrepreneurship are two essentials that go hand-in-hand because it empowers individuals to become self-made and successful. The pursuit of economic growth and development is spurred by capital put forth by entrepreneurs, and entrepreneurs more often come from the ranks of specialized workers such as those from the self-employed and trade craftsmen sectors and offering their specific products or services.

In line with this, it is the duty of the State to not only protect the rights but also enhance the welfare of these specialized workers. Self-employment and entrepreneurship truly spurs economic activity and development.

In view of the reasons cited above, we therefore enjoin our colleagues to ensure the immediate passage of this bill into law.


DIOSDADO MACAPAGAL ARROYO
Second District, Camarines Sur


GLORIA MACAPAGAL ARROYO
Second District, Pampanga

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

SECTION 1. *Short Title.* – This Act shall be known as the "Self-Employed
Workers Protection and Enhancement Act of 2012."

SECTION 2. *Declaration of Policy.* - The State shall promote self-employment as a primary tool for poverty alleviation. The State shall recognize and protect the rights of self-employed workers and the organizations that they may form under existing law. The State shall ensure their fair treatment and humane conditions of work, including the basic right to a decent living wage. The State shall respect the principle of subsidiarity, promote self-reliance and the spirit of enterprise. The State shall further promote their right to self-organization including but not limited to craft unions, guilds, workers cooperatives, and other forms of group entrepreneurship.

SECTION 3. *Guiding Principles.* - Self-employed workers are entitled to occupational continuity, decent living wage, and basic social benefits. These basic rights can be enhanced and strengthened through legitimate organizations

duly organized under existing laws which are dedicated to protecting their rights and interests.

SECTION 4. *Definition of Terms.* – As used in this Act, the following terms shall be defined as:

- a. Craft Union - refers to a labor union with membership limited to workers of the same craft.
- b. Entrepreneurship - refers to the self-organization and management of a business or enterprise by an individual
- c. Group Entrepreneurship - refers to the association of different entrepreneurial organizations of common interests.
- d. Guild - refers to an association of people with similar interests or pursuits.
- e. Self-employed - refers to a person who has his/her own occupational capacity put to productive use by applying his/her own capital raised by himself or together with other self-employed persons pursuing related occupational and entrepreneurial interest. A self-employed individual earns from his/her labor as well as from his/her own capital. He/She may be contingent, non-regular, or an overseas worker.
- f. Workers cooperative - refers to a cooperative owned and controlled by the workers themselves. It is organized by workers including self-employed, who are at the same time the members and owners of the enterprise. As understood herein, the term ownership shall mean actual contribution to the share capital of the cooperative up to the maximum allowed by the law and the bylaws. All share capital shall be entitled to interest as may be declared from time to time. The term control shall mean the exercise of right to vote. As mandated by law, each regular member shall only have one vote regardless of the number of shares actually held. Its principal purpose is to provide jobs and business opportunities to its members and manage it in accordance with cooperative principles.

SECTION 5. *Contractual Relations.* – Contracts with self-employed workers are governed primarily by the civil and commercial laws of the Philippines. Therefore, the provisions under Book III of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, shall not be applicable to self-employed workers who have the right to determine the terms and conditions of their own engagements.

Notwithstanding the foregoing, agricultural, industrial, commercial, and service sectors engaging self-employed workers shall ensure that the terms and conditions of their service should be above or comparable to the benefits provided in their respective sectors, as mandated by all social legislations.

SECTION 6. *Training.* – Training and certification by Technical Education and Skills Development Authority (TESDA) shall be accessible to self-employed workers in order to continuously enhance and upgrade the entrepreneurial and occupational capacity of self-employed individuals. For this purpose, TESDA may enter into agreements with various associations of self-employed workers to effect this policy.

SECTION 7. *Social Security.* – All government agencies mandated to render services and extend social security are hereby mandated to ensure that all self-employed workers as defined under this Act are covered by a social security program and shall be allowed to enroll as members of the Social Security System (SSS) under Article 9-A of Republic Act 8282, otherwise known as the Social Security Act of 1997.

The enrollment can be done directly by the self-employed workers or thru their respective guilds, craft unions, worker cooperatives, or other associations acting as their collecting agent for premiums due to SSS.

Paragraph (s) of Section 8 under Republic Act 8282, is hereby amended to read as follows.

"(s) Self-employed - A self-employed is a person who has his/her own occupational capacity put to productive use by applying his/her own capital raised by himself/herself or together with other self-employed persons pursuing related occupational interest."

SECTION 8. *Disputes.* – Disputes involving workers under this Chapter shall be under the jurisdiction of the regular courts, without prejudice to the provisions of Article 137 of Republic Act 9520, otherwise known as the Philippine Cooperative Code of 2008, insofar as worker cooperatives are concerned.

SECTION 9. *Reportorial Requirement.* – Worker guilds, craft unions, worker cooperatives, and other associations organized and representing self-employed workers must register with the Department of Labor and Employment (DOLE) and Department of Trade and Industry (DTI) and other regulatory agencies under such forms, conditions, and frequency as may be determined by each particular regulatory government agency.

SECTION 10. *Penalty Clause.* – Any individual, association, entity or institution found in violation of this Act shall be punished with a fine of not less

than Fifty Thousand Pesos (Php50,000.00) nor more than One Hundred Thousand Pesos (Php100,000.00).

SECTION 11. *Implementing Rules and Regulations.* – All government agencies are hereby mandated to implement rules and regulations that will enact the express policies of this Act, to encourage and promote self-employment as a primary tool for poverty alleviation and enhance the welfare of the self-employed.

SECTION 12. *Mandatory Assistance.* – Government agencies with special concern on employment and poverty alleviation such as but not limited to Department of Labor and Employment (DOLE), Cooperative Development Authority (CDA), Department of Trade and Industry (DTI), Department of Interior and Local Government (DILG), Department of Agriculture (DOA), Bureau of Internal Revenue (BIR), National Anti-Poverty Commission (NAPC), and all local government units (LGUs) shall draw and adopt sustainable programs for the empowerment and encouragement of self-employment in support of the express intentions of this Act.

SECTION 13. *Separability Clause.* – If any part, section or provision of this Act is held invalid or unconstitutional, other provisions not affected thereby shall remain in full force and effect.

SECTION 14. *Repealing Clause.* – All laws, decrees, orders, issuances, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 15. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of national circulation.

Approved,