



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 17



**Introduced by Representatives Ferdinand Martin G. Romualdez,
Andrew Julian K. Romualdez and Jude A. Acidre**

EXPLANATORY NOTE

It must be underscored that in recent years there was a significant growth in technological advancement, together with the modifications in the pattern and standards in employment that gave rise to a new sector in the workforce called the “freelance workers.”

The Business Inquirer has reported that by 2027, majority of the world’s workforce will engage in freelance work. The 2018 Global Freelancer Insights Report by PayPal revealed that the Philippines has one of the highest freelancers per capita, at around 2% of the population, where there are estimated 1.5 million Filipino freelance workers, and 65% of which are women.

The primary objective of this bill is to protect and promote the welfare of freelance workers. Specifically, this measure requires a written contract between the employer and the freelance worker that shall state the terms and conditions of employment, including services to be provided by the freelance worker, details of compensation and benefits, employment period, grounds for breach of contract, and other conditions as may be directed by the Department of Labor and Employment (DOLE). There is also a provision of night-shift differential and hazard pay. It mandates freelance workers to register with the Bureau of Internal Revenue and pay their annual income taxes. Violation of this Act would entail a civil penalty of ₱50,000.00 but not more than ₱500,000.00.

We acknowledge Representatives Christopher V.P. De Venecia, Luis Raymund "Lray" F. Villafuerte Jr., Miguel Luis R. Villafuerte, Tsuyoshi Anthony G. Horibata, Nicolas C. Enciso VIII, among others. This measure was passed on Third Reading during the Nineteenth Congress.

In view of the foregoing, immediate passage of this bill is earnestly sought.



FERDINAND MARTIN G. ROMUALDEZ



JUDE A. ACIDRE



ANDREW JULIAN K. ROMUALDEZ



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AN ACT
PROVIDING PROTECTION AND INCENTIVES TO FREELANCE
WORKERS

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

CHAPTER I
GENERAL PROVISIONS

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “*Freelance*
2 *Workers Protection Act.*”

3
4 **SEC. 2. *Declaration of Policy.*** – Pursuant to Article II, Section 18, and
5 Article XIII, Section 3 of the Constitution, it is hereby declared the policy of
6 the State to protect the rights of workers, promote their welfare, and ensure
7 their entitlement to humane conditions of work and just share in the fruits of
8 production. To this end, the State shall recognize the right of freelance workers
9 to protection from late or nonpayment of fees for services rendered.

10
11 **SEC. 3. *Definition of Terms.*** – As used in this Act:

12
13 (a) *Freelance worker* refers to any natural person or entity composed of
14 no more than one (1) natural person, whether incorporated under
15 the Securities and Exchange Commission, registered as a sole

1 proprietorship under the Department of Trade and Industry (DTI) or
2 registered as self-employed with the Bureau of Internal Revenue
3 (BIR), who is hired or retained to provide services, in exchange
4 for compensation, as an independent contractor to do work
5 according to one's own methods and without being subjected to the
6 control of the hiring party, except only as to the results of the work;
7

8 (b) *Hiring party* refers to any person or entity that obtains or retains the
9 services of a freelance worker; and
10

11 (c) *Retaliation* refers to any act reasonably likely to prevent a freelance
12 worker from further being offered freelance work and contracts.
13

14 **SEC. 4. *Written Contract.*** – Any hiring party obtaining or retaining the
15 services of a freelance worker shall execute a written contract with the
16 freelance worker before the services are rendered. The hiring party and the
17 freelance worker shall each retain a signed copy of the contract.
18

19 The contract shall be written in plain language, understood by both parties.
20 It shall include, at the minimum, the following:
21

22 (a) Itemization of all services to be provided by the freelance worker;
23

24 (b) Details of compensation and other worker's benefits, including rate,
25 method and schedule of payment;
26

27 (c) Period of employment;
28

29 (d) Grounds for breach of contract on the part of the hiring party and of
30 the freelance worker; and
31

32 (e) Any other condition, term or clause that the Department of Labor
33 and Employment (DOLE) may direct, subject to the provisions of this
34 Act.
35

36 The contract must state the necessary personal circumstances of the
37 freelance worker, such as but not limited to the freelance worker's name, address
38 and the worker's Tax Identification Number. No modification of the terms
39 of the contract shall be enforceable unless signed by both the hiring party and
40 the freelance worker.
41

42 **SEC. 5. *Down Payment.*** – An initial partial payment for the
43 contracting of services of the freelance worker shall be made upon
44 engagement, which shall be not less than thirty percent (30%) of the contract
45 price.
46

47 **SEC. 6. *Night Shift Differential.*** – Freelance workers who are

1 required to be physically present in the workplace, or those on field
2 assignments, shall be paid a night shift differential of not less than ten percent
3 (10%) of their regular compensation for each hour of work performed between
4 ten o'clock in the evening and six o'clock in the morning, unless there is a more
5 favorable fee stipulated in the contract.

6
7 **SEC. 7. Hazard Pay.** – All freelance workers deployed in dangerous
8 areas such as strife-torn or embattled locations, distressed or isolated stations,
9 prison camps, mental hospitals, radiation-exposed clinic, laboratories or
10 disease-infested areas, or in areas declared under a state of calamity or
11 emergency for the duration of deployment and unduly exposes them to great
12 danger, contagion, radiation, occupational risks or perils to life, shall be
13 compensated with a hazard pay equivalent to at least twenty-five percent (25%)
14 of the total payment for the period of such deployment as agreed upon in the
15 contract, unless there is a more favorable fee stipulated therein.

16
17 **SEC. 8. Unlawful Practices.** – It shall be unlawful for any hiring party to:

- 18
19 (a) Engage with a freelance worker without a written contract;
20
21 (b) Pay the compensation due the freelance worker later than fifteen (15)
22 days after the date of payment of compensation stated in the
23 written contract or after the rendition of services in cases where
24 there is no written contract;
25
26 (c) Require as a condition of payment of compensation at any time after a
27 freelance worker has commenced rendition of services, that the latter
28 accept less than the specified contract price; or
29
30 (d) Commit any act of retaliation against any freelance worker for:
31
32 (1) Opposing any practice prohibited by this Act;
33
34 (2) Filing a complaint authorized under this Act;
35
36 (3) Testifying or assisting in any proceeding authorized under this
37 Act;
38
39 (4) Commencing a civil action alleging a violation of this Act;
40
41 (5) Assisting the DOLE in an investigation commenced pursuant to
42 this Act; or
43
44 (6) Providing information to the DOLE pursuant to the terms of a
45 mediation or conciliation agreement under this Act.
46

1 **SEC. 9. *Civil Penalty.*** – A person who commits any of the unlawful
2 practices enumerated in Section 8 of this Act shall be punished by a fine of
3 not less than Fifty thousand pesos (P50,000.00) but not more than Five
4 hundred thousand pesos (P500,000.00).

5
6 **CHAPTER II**
7 **AGENCY ENFORCEMENT AND ADMINISTRATIVE PROCESS**
8

9 **SEC. 10. *Complaints.*** – Any person or such person's authorized
10 representative aggrieved by a violation of this Act, may file a complaint with
11 the DOLE, through the Undersecretary for Workers with Special Concerns,
12 without prejudice to the filing of civil action in appropriate cases.
13

14 **SEC. 11. *Prohibition Against Forum Shopping.*** – When a civil action
15 has been initiated in a court of competent jurisdiction arising from any violation
16 of this Act, a breach of contract, or any similar claim at law or equity arising
17 out of the same transaction or series of transactions, no other case involving
18 the same cause of action shall be filed with the DOLE.
19

20 **SEC. 12. *Investigation.*** – Upon receiving a complaint alleging a
21 violation of this Act, the DOLE shall notify the respondent in writing and
22 investigate such complaint in a timely manner. Within fifteen (15) calendar days
23 of receiving such written notification, the respondent shall provide the DOLE
24 with a written response and such other information as the DOLE may request.
25 The DOLE shall notify each complainant in writing, not less than thirty (30)
26 calendar days after the complaint is filed, of the status of the complaint and any
27 resulting investigation.
28

29 **SEC. 13. *Mediation and Conciliation.*** – The DOLE may, at any time
30 after the filing of a complaint, attempt to resolve the complaint by any method of
31 dispute resolution, including mediation and conciliation. If a conciliation
32 agreement is entered into, the DOLE shall embody such agreement in an order
33 and serve a copy thereof upon all parties to the conciliation agreement.
34

35 **CHAPTER III**
36 **CIVIL ENFORCEMENT**
37

38 **SEC. 14. *Notice of Violation and Order of Payment.*** – If, as a result
39 of an investigation of a complaint or an investigation conducted upon its own
40 initiative, the DOLE finds cause to believe that a violation of this Act has
41 occurred, it shall issue a notice of violation to the respondent and order the
42 corresponding payment of compensation due to the prevailing party.
43

44 **SEC. 15. *Violation of Order of Payment.*** – The order of payment shall
45 include an interest rate of six percent (6%) per annum which shall be awarded to

1 the prevailing party in case the violation continues.

2
3 **SEC. 16. *Civil Action.*** – Except as otherwise provided by law, any
4 person aggrieved by a violation of this Act may file a complaint in a court of
5 competent jurisdiction for damages, injunctive relief and such other remedies as
6 may be appropriate, without prejudice to the filing of a criminal action in
7 appropriate cases. The prevailing party shall be entitled to an award of
8 reasonable attorney’s fees and costs.

9
10 No person claiming to be aggrieved by a violation of this Act may bring a
11 civil action in a court of competent jurisdiction if such aggrieved
12 person, or one’s representative, has filed a complaint with the DOLE pursuant
13 to Chapter II of this Act and based upon the same transaction or series of
14 transactions, unless that complaint has been terminated without prejudice to a
15 subsequent civil action.

16
17 **SEC. 17. *Non-Waiver.*** – Except as otherwise provided by law, any
18 provision of any contract or agreement purporting to waive rights under this
19 Act is against public policy and shall be null and void.

20
21 **SEC. 18. *Coverage.*** – This Act shall apply only to contracts or
22 agreements entered into upon the effectivity of this Act.

23
24 **CHAPTER IV**
25 **TAXATION**
26

27 **SEC. 19. *Tax Relief.*** – Freelancers, as defined under this Act, shall be
28 entitled to tax relief within the threshold provided under the National Internal
29 Revenue Code of 1997, as amended, and Republic Act No. 9178, otherwise
30 known as the “Barangay Micro Business Enterprises (BMBEs) Act of 2002.”

31
32 **SEC. 20. *Special Assistance.*** – Every BIR Revenue District
33 Office shall designate a lane or a special assistance desk that shall be manned
34 by an officer who shall assist freelance workers on their inquiries and in
35 complying with the processing of documents, including the registration
36 requirement under this Act.

37
38 **CHAPTER V**
39 **FINAL PROVISIONS**
40

41 **SEC. 21. *Report.*** – One (1) year after the effectivity of this Act, and
42 every year thereafter, the Secretary of Labor and Employment shall submit
43 a report to the Committee on Labor and Employment of the House of

1 Representatives and the Committee on Labor, Employment and Human
2 Resources Development of the Senate of the Philippines regarding the
3 effectiveness of the provisions of this Act in improving freelance contracting
4 and payment practices. Similarly, the DOLE shall submit the report to the
5 Philippine Creative Industries Development Council, through its Creative
6 Workers' Welfare Standing Committee. The report shall include, at the
7 minimum, the number of complaints received, investigations initiated and
8 notices issued by the DOLE on violations of this Act, and complaints settled
9 by mediation or conciliation.

10
11 **SEC. 22. *Information Campaign.*** – The DOLE shall, in coordination with
12 the DTI, BIR, local government units and other relevant agencies, initiate a
13 program with the objective of informing freelance workers of their rights
14 and obligations, the proper procedure of registering as a taxpayer, and the
15 modes of legal redress as provided for in this Act, and in other laws and
16 regulations.

17
18 **SEC. 23. *Suppletory Application.*** – The provisions of Republic Act No.
19 11058, entitled “An Act Strengthening Compliance with Occupational
20 Safety and Health Standards and Providing Penalties for Violations Thereof”
21 shall be applied suppletorily to this Act.

22
23 **SEC. 24. *Implementing Rules and Regulations.*** – Within fifteen (15)
24 days from the effectivity of this Act, the Secretary of Labor and Employment
25 shall, in coordination with the BIR and other relevant agencies, issue the
26 rules and regulations from the implementation of this Act.

27
28 **SEC. 25. *Separability Clause.*** – If any part, section or provision of
29 this Act is declared invalid or unconstitutional, the other provisions not affected
30 by such declaration shall remain in full force and effect.

31
32 **SEC. 26. *Repealing Clause.*** – All laws, decrees, orders, rules, and
33 regulations, or other issuances or parts thereof inconsistent with the
34 provisions of this Act are hereby repealed, amended or modified accordingly.

35
36 **SEC. 27. *Effectivity.*** – This Act shall take effect fifteen (15) days
37 after its publication in the *Official Gazette* or in a newspaper of general
38 circulation.

39
40 Approved,