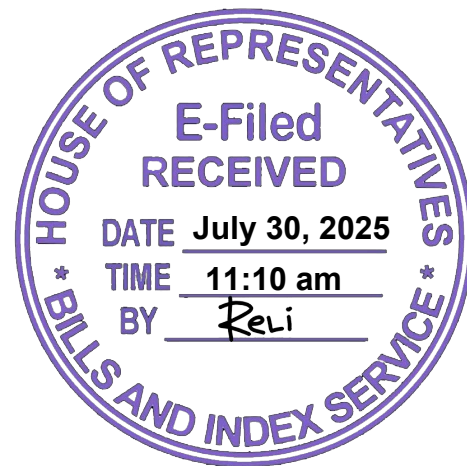




Republic of the Philippines
HOUSE OF REPRESENTATIVES

Quezon City
TWENTIETH CONGRESS
First Regular Session



House Bill No. 2601

Introduced by CIBAC Party-List Representative
EDUARDO “BRO. EDDIE” C. VILLANUEVA

EXPLANATORY NOTE

1 The rise of freelance work in the Philippines has transformed the employment
2 landscape. From creatives and IT professionals to virtual assistants and consultants,
3 freelance workers now contribute significantly to various industries and to the national
4 economy. Despite this, they remain one of the most vulnerable and unprotected
5 sectors of the workforce.

6
7 While regular employees benefit from labor protections under the Labor Code,
8 freelancers often face exploitative conditions: late or non-payment of fees, lack of
9 written contracts, absence of social protection, and even retaliation when asserting
10 their rights. These gaps leave many freelance workers with no practical recourse in
11 disputes with hiring parties.

12
13 This measure—the Freelance Workers Protection Act—aims to correct these
14 systemic imbalances by establishing basic rights and protections for freelance workers.
15 It mandates the use of written contracts, requires down payments, and provides for
16 night shift differentials and hazard pay where applicable. It also penalizes unlawful
17 practices such as delayed payments and coercive contract modifications.

18
19 Originally approved on Third Reading in the House of Representatives during the
20 19th Congress, this bill reflects the consistent legislative intent to protect non-
21 traditional workers and promote fair and dignified labor practices, consistent with
22 Article II, Section 18 and Article XIII, Section 3 of the 1987 Constitution. These
23 provisions underscore the State’s duty to afford protection to labor and guarantee
24 humane conditions of work.

25
26 Furthermore, the bill provides tax relief within existing BIR thresholds, establishes
27 government support desks, and directs an information campaign to educate
28 freelancers on their rights and obligations. It is also aligned with the broader goals of
29 Republic Act No. 11904 or the Philippine Creative Industries Development Act,
30 particularly in safeguarding the rights of creative workers.

1
2 The Freelance Workers Protection Act is a timely and necessary response to the
3 realities of modern work. As freelancing becomes an increasingly common livelihood
4 across urban and rural areas alike, it is imperative that our legal framework evolve
5 accordingly.

6
7 Passage of this bill into law is strongly urged to help ensure that every Filipino
8 worker—regardless of employment classification—is treated justly and with respect.

9
10 Thus, the immediate passage of this bill is earnestly sought.


EDUARDO "BRO. EDDIE" C. VILLANUEVA
Representative, CIBAC Partylist



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HOUSE BILL NO. 2601

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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:

1 **SECTION 1. Short Title.** - This Act shall be known as the "Freelance Workers
2 Protection Act."

3
4 **SEC. 2. Declaration of Policy.** - Pursuant to Article II, Section 18, and Article
5 XIII, Section 3 of the Constitution, it is hereby declared the policy of the State to protect
6 the rights of workers, promote their welfare, and ensure their entitlement to humane
7 conditions of work and just share in the fruits of production. To this end, the State shall
8 recognize the right of freelance workers to protection from late or nonpayment of fees
9 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 no more
14 than one (1) natural person, whether incorporated under the Securities and
15 Exchange Commission, registered as a sole proprietorship under the
16 Department of Trade and Industry (DTI) or registered as self-employed with the
17 Bureau of Internal Revenue (BIR), who is hired or retained to provide services,
18 in exchange for compensation, as an independent contractor to do work
19 according to one's own methods and without being subjected to the control of
20 the hiring party, except only as to the results of the work;
- 21 b) **Hiring party** refers to any person or entity that obtains or retains the services
22 of a freelance worker; and
- 23 c) **Retaliation** refers to any act reasonably likely to prevent a freelance worker
24 from further being offered freelance work and contracts.
25

1 **SEC. 4. Written Contract.** - Any hiring party obtaining or retaining the services
2 of a freelance worker shall execute a written contract with the freelance worker before
3 the services are rendered. The hiring party and the freelance worker shall each retain
4 a signed copy of the contract.

5
6 The contract shall be written in plain language, understood by both parties. It
7 shall include, at the minimum, the following:

- 8
9 a) Itemization of all services to be provided by the freelance worker;
10 b) Details of compensation and other worker's benefits, including rate, method and
11 schedule of payment;
12 c) Period of employment;
13 d) Grounds for breach of contract on the part of the hiring party and of the
14 freelance worker; and
15 e) Any other condition, term or clause that the Department of Labor and
16 Employment (DOLE) may direct, subject to the provisions of this Act.

17
18 The contract must state the necessary personal circumstances of the freelance
19 worker, such as but not limited to the freelance worker's name, address and the
20 worker's Tax Identification Number. No modification of the terms of the contract shall
21 be enforceable unless signed by both the hiring party and the freelance worker.

22
23 **SEC. 5. Down Payment.** - An initial partial payment for the contracting of
24 services of the freelance worker shall be made upon engagement, which shall be not
25 less than thirty percent (30%) of the contract price.

26
27 **SEC. 6. Night Shift Differential.** - Freelance workers who are required to be
28 physically present in the workplace, or those on field assignments, shall be paid a
29 night shift differential of not less than ten percent (10%) of their regular compensation
30 for each hour of work performed between ten o'clock in the evening and six o'clock in
31 the morning, unless there is a more favorable fee stipulated in the contract.

32
33 **SEC. 7. Hazard Pay.** - All freelance workers deployed in dangerous areas such
34 as strife-torn or embattled locations, distressed or isolated stations, prison camps,
35 mental hospitals, radiation-exposed clinic, laboratories or disease-infested areas, or
36 in areas declared under a state of calamity or emergency for the duration of
37 deployment and unduly exposes them to great danger, contagion, radiation,
38 occupational risks or perils to life, shall be compensated with a hazard pay equivalent
39 to at least twenty-five percent (25%) of the total payment for the period of such
40 deployment as agreed upon in the contract, unless there is a more favorable fee
41 stipulated therein.

42
43 **SEC. 8. Unlawful Practices.** - It shall be unlawful for any hiring party to:

- 44 a) Engage with a freelance worker without a written contract;
45 b) Pay the compensation due the freelance worker later than fifteen (15) days after
46 the date of payment of compensation stated in the written contract or after the
47 rendition of services in cases where there is no written contract;

- 1 c) Require as a condition of payment of compensation at any time after a freelance
2 worker has commenced rendition of services, that the latter accept less than
3 the specified contract price; or
4 d) Commit any act of retaliation against any freelance worker for:
5 1. Opposing any practice prohibited by this Act;
6 2. Filing a complaint authorized under this Act;
7 3. Testifying or assisting in any proceeding authorized under this Act;
8 4. Commencing a civil action alleging a violation of this Act;
9 5. Assisting the DOLE in an investigation commenced pursuant to this Act; or
10 6. Providing information to the DOLE pursuant to the terms of a mediation or
11 conciliation agreement under this Act.
12

13 **SEC. 9. Civil Penalty.** - A person who commits any of the unlawful practices
14 enumerated in Section 8 of this Act shall be punished by a fine of not less than Fifty
15 thousand pesos (50,000.00) but not more than Five hundred thousand pesos
16 (F500,000.00).
17

18 **SEC. 10. Complaints.** - Any person or such person's authorized representative
19 aggrieved by a violation of this Act, may file a complaint with the DOLE, through the
20 Undersecretary for Workers with Special Concerns, without prejudice to the filing of
21 civil action in appropriate cases.
22

23 **SEC. 11. Prohibition Against Forum Shopping.** - When a civil action has
24 been initiated in a court of competent jurisdiction arising from any violation of this Act,
25 a breach of contract, or any similar claim at law or equity arising out of the same
26 transaction or series of transactions, no other case involving the same cause of action
27 shall be filed with the DOLE.
28

29 **SEC. 12. Investigation.** - Upon receiving a complaint alleging a violation of this
30 Act, the DOLE shall notify the respondent in writing and investigate such complaint in
31 a timely manner. Within fifteen (15) calendar days of receiving such written notification,
32 the respondent shall provide the DOLE with a written response and such other
33 information as the DOLE may request. The DOLE shall notify each complainant in
34 writing, not less than thirty (30) calendar days after the complaint is filed, of the status
35 of the complaint and any resulting investigation.
36

37 **SEC. 13. Mediation and Conciliation.** - The DOLE may, at any time after the
38 filing of a complaint, attempt to resolve the complaint by any method of dispute
39 resolution, including mediation and conciliation. If a conciliation agreement is entered
40 into, the DOLE shall embody such agreement in an order and serve a copy thereof
41 upon all parties to the conciliation agreement.
42

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

1 **SEC. 15. Violation of Order of Payment.** - The order of payment shall include
2 an interest rate of six percent (6%) per annum which shall be awarded to the prevailing
3 party in case the violation continues.
4

5 **SEC. 16. Civil Action.** - Except as otherwise provided by law, any person
6 aggrieved by a violation of this Act may file a complaint in a court of competent
7 jurisdiction for damages, injunctive relief and such other remedies as may be
8 appropriate, without prejudice to the filing of a criminal action in appropriate cases.
9 The prevailing party shall be entitled to an award of reasonable attorney's fees and
10 costs.
11

12 No person claiming to be aggrieved by a violation of this Act may bring a civil
13 action in a court of competent jurisdiction if such aggrieved person, or one's
14 representative, has filed a complaint with the DOLE pursuant to Chapter II of this Act
15 and based upon the same transaction or series of transactions, unless that complaint
16 has been terminated without prejudice to a subsequent civil action.
17

18 **SEC. 17. Non-Waiver.** - Except as otherwise provided by law, any provision of
19 any contract or agreement purporting to waive rights under this Act is against public
20 policy and shall be null and void.
21

22 **SEC. 18. Coverage** – This Act shall apply only to contracts or agreements
23 entered upon the effectivity of this Act.
24

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

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

35 **SEC. 21. Report.** - One (1) year after the effectivity of this Act, and every year
36 thereafter, the Secretary of Labor and Employment shall submit a report to the
37 Committee on Labor and Employment of the House of Representatives and the
38 Committee on Labor, Employment and Human Resources Development of the Senate
39 of the Philippines regarding the effectiveness of the provisions of this Act in improving
40 freelance contracting and payment practices. Similarly, the DOLE shall submit the
41 report to the Philippine Creative Industries Development Council, through its Creative
42 Workers' Welfare Standing Committee. The report shall include, at the minimum, the
43 number of complaints received, investigations initiated and notices issued by the
44 DOLE on violations of this Act, and complaints settled by mediation or conciliation.
45

46 **SEC. 22. Information Campaign.** - The DOLE shall, in coordination with the DTI,
47 BIR, local government units and other relevant agencies, initiate a program with the
48 objective of informing freelance workers of their rights and obligations, the proper

1 procedure of registering as a taxpayer, and the modes of legal redress as provided for
2 in this Act, and in other laws and regulations.
3

4 **SEC. 23. Suppletory Application.** - The provisions of Republic Act No. 11058,
5 entitled "An Act Strengthening Compliance with Occupational Safety and Health
6 Standards and Providing Penalties for Violations Thereof" shall be applied suppletory
7 to this Act.
8

9 **SEC. 24. Implementing Rules and Regulations.** – Within fifteen (15) days
10 from the effectivity of this Act, the Secretary of Labor and Employment shall, in
11 coordination with the BIR and other relevant agencies, issue the rules and regulations
12 from the implementation of this Act.
13

14 **SEC. 25. Separability Clause.** - If any portion of this Act is declared invalid or
15 unconstitutional, other provisions hereof shall remain in full force and effect.
16

17 **SEC. 26. Repealing Clause.** - All laws, decrees, orders, rules, and regulations
18 or other issuances or parts thereof inconsistent with the provisions of this Act are
19 hereby repealed or modified accordingly.
20

21 **SEC. 27. Effectivity.** - This Act shall take effect fifteen (15) days after its
22 publication in the Official Gazette or in a newspaper of general circulation.
23

24 Approved,
25