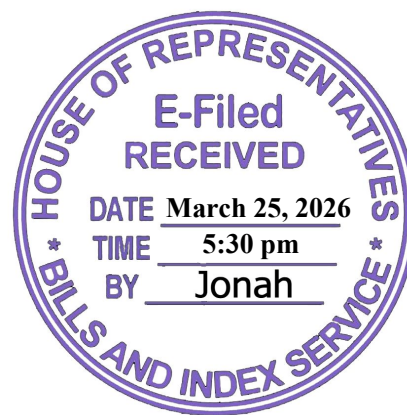


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8785**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

In recent years, the nature of work has significantly evolved due to rapid technological advancements and changing employment preferences, especially among younger generations. One clear result of this shift is the rise of the freelance workforce, a growing sector of individuals who work independently, often outside of traditional employment structures. According to the 2018 Global Freelancer Insights Report by PayPal, the Philippines ranks among the countries with the highest number of freelancers per capita, with an estimated 1.5 million Filipino freelance workers, some estimates putting the figure as high as four million. Notably, about 65 percent of Filipino freelancers are women. In the creative industries, freelance work is the norm, not the exception.

Despite their increasing number and contributions to the economy, freelance workers remain largely unrecognized and unprotected by current labor laws. Many face issues such as the absence of formal contracts, late or non-payment of fees, unsafe working conditions, and lack of recourse when disputes arise. Worse, because freelancers are not formally integrated into labor protections, many hiring parties take advantage of these vulnerabilities with little accountability. Horror stories abound: from contracts being changed at the last minute, to non-payment, to forcing freelancers to work under unreasonable conditions.

This bill seeks to institutionalize the rights and protections of freelance workers by establishing a clear and enforceable legal framework. It mandates the use of written contracts between freelancers and hiring parties to ensure transparency in scope of work, compensation, benefits, and other relevant conditions. It requires a down payment of at least thirty percent (30%) of the contract price upon engagement, and provides for night shift differential and hazard pay when applicable. It penalizes unlawful practices, including late payments, contract manipulation, and retaliation, with civil fines ranging from ₱50,000 to ₱500,000.

To make dispute resolution more accessible, the bill authorizes the Department of Labor and Employment (DOLE) to handle complaints and conduct mediation or conciliation proceedings, avoiding the need for freelancers to file expensive and time-consuming lawsuits. It also provides tax relief by allowing freelancers to benefit under the Barangay Micro Business Enterprises (BMBEs) Act of 2002, and mandates the Bureau of Internal Revenue (BIR) to establish special assistance desks in every Revenue District Office. In addition, the DOLE is required to submit annual reports to Congress and to the Creative Workers’ Welfare Standing Committee under the Philippine Creative Industries Development Council, as well as conduct an information and education campaign to inform freelancers of their rights and responsibilities.

This measure acknowledges the changing landscape of work and affirms the State's constitutional duty to protect and promote the welfare of all workers, including those who fall outside the traditional employer-employee relationship. It seeks to ensure that freelancers, graphic designers, software developers, musicians, writers, makeup artists, and countless other professionals, are recognized and treated fairly under the law.

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

A handwritten signature in black ink, appearing to read 'N. Oducado', with a small circular stamp containing the number '8' to the right of the signature.

REP. NATHANIEL “ATTY. NAT” M. ODUCADO
1 Tahanan Party List

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HOUSE BILL NO. **8785**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

**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 Protection*
2 *Act.*”

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

8
9 **SEC. 3. *Definition of Terms.*** – As used in this Act:

- 10
11 a) *Freelance worker* refers to any natural person or entity composed of no more than
12 one (1) natural person, whether incorporated under the Securities and Exchange
13 Commission, registered as a sole proprietorship under the Department of Trade and
14 Industry (DTI) or registered as self-employed with the Bureau of Internal Revenue
15 (BIR), who is hired or retained to provide services, in exchange for compensation,
16 as an independent contractor to do work according to one’s own methods and
17 without being subjected to the control of the hiring party, except only as to the
18 results of the work;
- 19 b) *Hiring party* refers to any person or entity that obtains or retains the services of a
20 freelance worker; and
- 21 c) *Retaliation* refers to any act reasonably likely to prevent a freelance worker from
22 further being offered freelance work and contracts.
- 23

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

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

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

11
12 The contract must state the necessary personal circumstances of the freelance worker, such
13 as but not limited to the freelance worker's name, address and the worker's Tax Identification
14 Number. No modification of the terms of the contract shall be enforceable unless signed by both
15 the hiring party and the freelance worker.

16
17 **SEC. 5. Down Payment.** – An initial partial payment for the contracting of services of the
18 freelance worker shall be made upon engagement, which shall be not less than thirty percent (30%)
19 of the contract price.

20
21 **SEC. 6. Night Shift Differential.** – Freelance workers who are required to be physically
22 present in the workplace, or those on field assignments, shall be paid a night shift differential of
23 not less than ten percent (10%) of their regular compensation for each hour of work performed
24 between ten o'clock in the evening and six o'clock in the morning, unless there is a more favorable
25 fee stipulated in the contract.

26
27 **SEC. 7. Hazard Pay.** – All freelance workers deployed in dangerous areas such as strife-
28 torn or embattled locations, distressed or isolated stations, prison camps, mental hospitals,
29 radiation-exposed clinic, laboratories or disease-infested areas, or in areas declared under a state
30 of calamity or emergency for the duration of deployment and unduly exposes them to great danger,
31 contagion, radiation, occupational risks or perils to life, shall be compensated with a hazard pay
32 equivalent to at least twenty-five percent (25%) of the total payment for the period of such
33 deployment as agreed upon in the contract, unless there is a more favorable fee stipulated therein.

34
35 **SEC. 8. Unlawful Practices.** – It shall be unlawful for any hiring party to:

- 36 a) Engage with a freelance worker without a written contract;
- 37 b) Pay the compensation due the freelance worker later than fifteen (15) days after the
38 date of payment of compensation stated in the written contract or after the rendition
39 of services in cases where there is no written contract;
- 40 c) Require as a condition of payment of compensation at any time after a freelance
41 worker has commenced rendition of services, that the latter accept less than the
42 specified contract price; or
- 43 d) Commit any act of retaliation against any freelance worker for:
 - 44 i) Opposing any practice prohibited by this Act;
 - 45 ii) Filing a complaint authorized under this Act;
 - 46 iii) Testifying or assisting in any proceeding authorized under this Act;

- iv) Commencing a civil action alleging a violation of this Act;
- v) Assisting the DOLE in an investigation commenced pursuant to this Act;
or
- vi) Providing information to the DOLE pursuant to the terms of a mediation or conciliation agreement under this Act.

SEC. 9. *Civil Penalty.* – A person who commits any of the unlawful practices enumerated in Section 8 of this Act shall be punished by a fine of not less than Fifty Thousand Pesos (Php 50,000.00) but not more than Five Hundred Thousand Pesos (Php 500,000.00).

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

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

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

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

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

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

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

1 No person claiming to be aggrieved by a violation of this Act may bring a civil action in a
2 court of competent jurisdiction if such aggrieved person, or one's representative, has filed a
3 complaint with the DOLE pursuant to Chapter II of this Act and based upon the same transaction
4 or series of transactions, unless that complaint has been terminated without prejudice to a
5 subsequent civil action.
6

7 **SEC. 17. *Non-Waiver.*** – Except as otherwise provided by law, any provision of any
8 contract or agreement purporting to waive rights under this Act is against public policy and shall
9 be null and void.
10

11 **SEC. 18. *Coverage.*** – This Act shall apply only to contracts or agreements entered into
12 upon the effectivity of this Act.
13

14 **SEC. 19. *Tax Relief.*** – Freelancers, as defined under this Act, shall be entitled to tax relief
15 within the threshold provided under the National Internal Revenue Code of 1997, as amended, and
16 Republic Act No. 9178, otherwise known as the “Barangay Micro Business Enterprises (BMBEs)
17 Act of 2002.”
18

19 **SEC. 20. *Special Assistance.*** – Every BIR Revenue District Office shall designate a lane
20 or a special assistance desk that shall be manned by an officer who shall assist freelance workers
21 on their inquiries and in complying with the processing of documents, including the registration
22 requirement under this Act.
23

24 **SEC. 21. *Report.*** – One (1) year after the effectivity of this Act, and every year thereafter,
25 the Secretary of Labor and Employment shall submit a report to the Committee on Labor and
26 Employment of the House of Representatives and the Committee on Labor, Employment and
27 Human Resources Development of the Senate of the Philippines regarding the effectiveness of the
28 provisions of this Act in improving freelance contracting and payment practices. Similarly, the
29 DOLE shall submit the report to the Philippine Creative Industries Development Council, through
30 its Creative Workers' Welfare Standing Committee. The report shall include, at the minimum, the
31 number of complaints received, investigations initiated and notices issued by the DOLE on
32 violations of this Act, and complaints settled by mediation or conciliation.
33

34 **SEC. 22. *Information Campaign.*** – The DOLE shall, in coordination with the DTI, BIR,
35 local government units and other relevant agencies, initiate a program with the objective of
36 informing freelance workers of their rights and obligations, the proper procedure of registering as
37 a taxpayer, and the modes of legal redress as provided for in this Act, and in other laws and
38 regulations.
39

40 **SEC. 23. *Suppletory Application.*** – The provisions of Republic Act No. 11058, entitled
41 “An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing
42 Penalties for Violations Thereof” shall be applied suppletorily to this Act.
43

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

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

4
5 **SEC. 26. *Repealing Clause.*** – All laws, decrees, orders, rules, and regulations, or other
6 issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended
7 or modified accordingly.

8
9 **SEC. 27. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
10 the *Official Gazette* or in a newspaper of general circulation.

11
12 *Approved,*