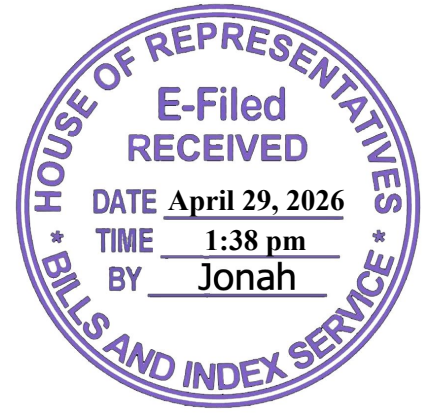


Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9012**



INTRODUCED BY REP. PATRICK MICHAEL “PM” D. VARGAS

AN ACT
PROVIDING PROTECTION AND INCENTIVES FOR FREELANCE WORKERS

EXPLANATORY NOTE

Freelancing has emerged as a significant and rapidly expanding sector in the Philippine labor market, driven by the growth of the digital economy and increasing global demand for remote services. While official statistics have yet to classify freelancers as a distinct labor category, available government data demonstrate the scale of non-traditional and independent work arrangements in the country.

According to the Philippine Statistics Authority, the Philippine labor force reached approximately 51.69 million individuals as of December 2025, of whom 49.43 million were employed. A significant portion of this workforce is engaged in self-employment and informal work arrangements, which include freelance and project-based work. In prior labor data, self-employed workers accounted for more than 25% of total employment, representing millions of Filipinos operating outside traditional employer-employee relationships.

Further, the Philippine Statistics Authority, through its Decent Work Statistics framework, identifies “stability and security of work” and “access to social protection” as key labor indicators, highlighting persistent gaps affecting workers in non-standard forms of employment. These gaps are particularly pronounced among freelance workers who, by the nature of their engagement, are often excluded from formal labor protections and benefits.

The Department of Labor and Employment likewise recognizes employment based on minimal work thresholds under existing statistical definitions, wherein an individual may be considered employed even with limited or irregular work engagement. This underscores the prevalence of precarious and non-standard employment arrangements in the country, within which freelance work is situated.

Freelancing has nonetheless become an increasingly viable long-term career pathway for many Filipinos, offering flexible work arrangements, improved work-life balance, and access to global markets. However, despite these advantages, freelance workers remain largely unregulated and continue to face significant structural challenges, including unclear tax policies, limited access to social protection mechanisms such as health insurance and retirement benefits, income instability, and limited legal safeguards.

At present, there is no comprehensive legal framework that formally recognizes and protects freelance workers in the Philippines. This policy gap constrains the full development of the sector and leaves a substantial segment of the workforce without adequate institutional support.

The proposed “Freelancers Protection Act” seeks to formally recognize freelancing as a legitimate and vital component of the national workforce and to institutionalize mechanisms that will ensure the protection and welfare of Filipino freelance workers. It aims to provide access to social security benefits, establish clear taxation and regulatory guidelines, promote skills development and capacity-building, and enhance the global competitiveness of Filipino freelancers.

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



REP. PATRICK MICHAEL “PM” D. VARGAS

Fifth District, Quezon City

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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 **“Freelancers Protection Act”**.

SECTION 2. Declaration of Policy. – It is the policy of the State to promote gainful employment and decent work, protect all workers, and assure their right to just and human condition of work. Toward this end, the State shall recognize the right of freelance workers to protection from late or non-payment for service rendered. It further recognizes and supports workers in the freelance industry through fair taxation.

SECTION 3. Definition of Terms. – As used in this Act:

- a) *Department* refers to the Department of Labor and Employment.
- b) *Freelance worker* refers to any natural person or entity composed of no more than one natural person, whether incorporated under the Securities and Exchange Commission (SEC), registered as a sole proprietorship under the Department of Trade and Industry (DTI), or registered as self-employed with the Bureau of Internal Revenue (BIR), that is hired or retained as an independent contractor by a hiring party to provide services exchange for compensation.
- c) *Hiring Party* refers to any natural person or entity who retains a freelance worker to provide any service.

- d) *Retaliation* refers to any act reasonably likely to deter a person from engaging in an activity protected by Section 5 or this Act.

SECTION 4. Required Contract — Any hiring party retaining the services of a freelance worker in exchange for compensation of at least ten thousand (PHP 10,000) shall execute a written contract with such freelance worker before the contracted work begins.

The written contract shall include at a minimum the following:

- (a) Itemization of all services to be provided by the freelance worker;
- (b) Duration of the work
- (c) The rate and method of compensation;
- (d) The date on which the hiring party must pay off the above-referenced compensation or the mechanism by which such due date will be determined; and
- (e) Any other terms that the Department may designate.

SECTION 5. Unlawful Payment Practices. – Except as otherwise provided by law, all compensation earned by the freelance worker shall be paid or provided no later than thirty (30) days after the compensation for the freelance worker's services under the contract or the date such payment is due under the expressed terms of the contract, whichever comes first.

Once a freelance worker has commenced performance under a contract, no party thereto shall require, as a condition of payment, that the freelance worker accept compensation less than the agreed contract price. This provision shall not preclude the resolution of a good-faith dispute arising from performance under the contract, nor shall it prohibit the modification of the contract in accordance with applicable laws.

SECTION 6. Retaliation. – No person engaged in any activity to which this Act applies may retaliate against any person because such person has:

- a) Opposed any practice prohibited by this Act;
- b) Filed a complaint, testified, or assisted in any proceeding under this Act;
- c) Commenced a civil action alleging a violation of this Act;
- d) Assisted the Department in an investigation commenced pursuant to this Act; or
- e) Provided any information to the Department pursuant to the terms of a mediation or conciliation agreement under this Act.

CHAPTER 2

AGENCY ENFORCEMENT

SECTION 7. Complaints — Any person aggrieved by a violation of this Act, or such person's authorized representative, may file a complaint with the Department.

SECTION 8. Jurisdiction. — The Department shall not have jurisdiction over a complaint if:

- (a) The complaint is filed more than two years after the acts alleged to violate this Act occurred;
- (b) Either party to the agreement previously has initiated a civil action in a court of competent jurisdiction alleging a 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 that is the subject of the complaint under in this Act, unless such civil action has been dismissed without prejudice to future claims; or
- (c) Either party to the agreement previously has filed a claim or complaint before any other administrative agency alleging a breach of contract or any similar claim at law or equity arising out of the same transaction or series of transactions that is the subject of the complaint under this Act, and such complaint has not been withdrawn or dismissed without prejudice to future claims.

SECTION 9. Investigation. — Upon receiving a complaint alleging a violation of this Act, the Department shall notify the respondent in writing and investigate such complaint promptly. Within thirty (30) days of receiving such written response and such other information as the Department may request. The Department shall notify each complainant in writing, not less than sixty (60) days after the complaint is filed, of the status of the complaint and any resulting investigation resolution.

SECTION 10. Mediation and Conciliation. – The Department 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 Department shall embody such agreement in an order and serve a copy of such order upon all parties to the conciliation agreement. The terms of any conciliation agreement may contain

such provisions as may be agreed upon by the Department, the complainant, and the respondent.

CHAPTER 3

ENFORCEMENT AND ADMINISTRATIVE PROCESS

SECTION 11. *Notice of Violation* – If, as a result of an investigation of a complaint or an investigation conducted upon its own initiative, the Department finds cause to believe that a violation of this Act has occurred, it shall issue a notice of violation to the offending person or entity. The Department shall prescribe the form and wording of such a notice of violation.

SECTION 12. *Remedies*. – The Department may impose penalties provided for in this Act and may grant a prevailing complainant all appropriate relief. Such relief shall include damages, any appropriate equitable relief, and attorney's fees and costs. The Department also may impose civil penalties as provided in Section 13.

SECTION 13. *Civil Penalties*. – Any person found to have violated this Act or any rule or regulations promulgated thereunder is liable for a civil penalty of not more than two hundred fifty thousand pesos (PHP 250,000).

SECTION 14. *Violation of Order*. – Any person found to have violated an order pursuant to this Act is liable to a civil penalty not to exceed two hundred fifty thousand pesos (PHP 250,000) and an additional civil penalty of not more than five thousand pesos (PHP 5,000) for each day that the violation continues.

SECTION 15. *Civil Action*. – Except as otherwise provided by law, the State or any person claiming to be aggrieved by a violation of this Act has a cause of action in any court of competent jurisdiction for damages, injunctive relief, and such other remedies as may be appropriate. Such action may be brought by the aggrieved person or such person's authorized representative. A prevailing plaintiff in any such action shall be entitled to an award of reasonable attorney's fees, court costs, and disbursements. Any claim alleging a violation of Section 4 shall be brought within two years of the date the person knew or should have known of the alleged violation.

Notwithstanding the first paragraph of this section, no person claiming to be aggrieved by a violation of this Act may bring an action in court alleging such violation if that person, or the person's designated representative, has filed a

complaint with the Department pursuant to Sections 7,8 and 9 based upon the same conduct, unless the complaint has been terminated without prejudice to a subsequent civil action.

The Commissioner and the corporation counsel each shall designate a representative authorized person to receive copies of civil complaints in actions commenced in a whole part pursuant to the first paragraph of this section; any plaintiff shall serve a copy upon such authorized representatives. Failure to so serve a complaint shall not bar or adversely affect any plaintiff's cause of action.

SECTION 16. *Penalty.* – Any person who knowingly and willfully violates the provisions of Section 5 shall be guilty of a misdemeanor punishable by a fine of not more than twenty-five thousand pesos (PHP 25,000), or by imprisonment for not more than three (3) months, or by both.

SECTION 17. *Waiver.* – Except as otherwise provided by law, any provision of any contract or agreement purporting to waive rights under this Act is void as against public policy.

SECTION 18. *Effect on other Laws.* – The provisions of Sections 16 and 17 do not otherwise affect or replace any other basis of liability or requirement established by other existing laws.

SECTION 19. *Coverage* – This Act shall apply only to contracts or agreements entered into on or after the effectivity of this Act.

SECTION 20. *Report*– One year after effectivity of this Act, and every second year thereafter, the Department Secretary shall submit a report to the Senate and House Committees of Labor, Employment, and Human Resource Development regarding the effectiveness of the provisions of this Act at improving freelance contracting and payments practices. The report shall include, at a minimum, how many complaints the Department has received pursuant to this Act, how many of such complaints were settled by mediation or conciliation, and how many investigations of alleged violations of this Act the Department has issued.

CHAPTER 4

TAXATION

SECTION 21. *Taxpayer Registration.* – All freelance workers as defined under this Act shall be required to register with the Bureau of Internal Revenue (BIR).

SECTION 22. *Taxpayer Service.* – Every BIR Revenue District Office (RDO) shall have a lane or a special assistance desk dedicated to freelancers. This lane shall have an officer who shall assist freelancers in their application, registration, processing of documents, and other inquiries.

SECTION 23. *Filing and Payment* – Except as otherwise provided for by law, all freelancers must pay their income taxes annually.

CHAPTER 5

OTHER PROVISIONS

SECTION 24. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Department of Labor and Employment, in coordination with the Bureau of Internal Revenue, and other relevant government agencies, shall promulgate the necessary rules and regulations for the implementation of this Act.

SECTION 25. *Separability Clause.* – All laws, decrees, order, circulars, rules, and regulations or other issuances, or parts inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 26. *Effectivity.* – This Act shall take effect fifteen (15) days after publication in the Official Gazette or in any two (2) newspapers of general circulation in the Philippines.

Approved,