



HOUSE OF REPRESENTATIVES

House Bill No. **9606**

Introduced by Representative **KARL FERNANDEZ LEGAZPI**

AN ACT
PROVIDING PROTECTION TO FREELANCERS, PROVIDING PENALTIES
THEREFOR AND FOR OTHER PURPOSES

EXPLANATORY NOTE

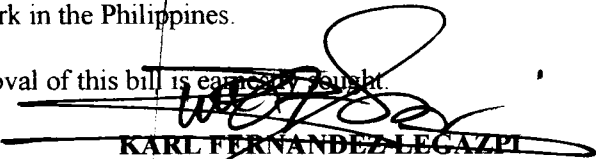
Freelance workers or “Freelancers” are self-employed professionals who offer their services to clients on a per-project or per-task basis, rather than being employed by a single company. Oftentimes freelancers manage their own schedules, negotiate contracts, and handle their own taxes and business expenses, as well as work with multiple clients simultaneously, making the profession attractive to many tech-savvy individuals.

Driven by the ubiquity of digital connectivity and higher compensation, more Filipinos are choosing freelance jobs. In a 2018 study, the Philippines was recorded to have one of the highest number of freelancers per capita among the 22 countries surveyed at around 2% of the population, or an estimated 1.5 million freelancers.¹ In 2019, Forbes listed the Philippines in 6th place for the fastest growing market for freelancers, recording a 35% income growth from the previous year.² In a 2020 study, it was estimated that the oversupply of online workers globally reached 1.576 million. Of this number, around 12% or 188,300 are Filipinos, showing that there are potentially 221,100 Filipino online workers but only 32,800 are successful online workers in the country.³

As the pandemic accelerated the shift to digitalization, the Philippines recorded a 208% growth in freelance revenues in 2020, much faster than the 35% percent growth registered in 2019 according to the Philippine Institute for Development Studies (PIDS). According to the Philippine Statistics Authority (PSA) as of early 2024, an estimated 27% of Filipino workers or 13.3 million Filipinos are self-employed, among them include freelancers.⁴

It is thus imperative to support, protect and empower Filipino freelancers which serve as a vital and growing segment of our modern workforce. This legislation seeks to provide protection to freelancers by setting minimum standard requirements for freelancing employment contracts and compensation rates, creating the Bureau of Freelance Work in the Department of Labor and Employment and the Freelance Workers Portal to become the primary government entity and digital service to protect the rights of freelancers, and ultimately, provide legal recognition to freelancers and freelance work in the Philippines.

For the foregoing reasons, the approval of this bill is earnestly sought.


KARL FERNANDEZ LEGAZPI
Representative, Pinoy Workers Partylist

¹ <https://www.philstar.com/the-freeman/cebu-business/2025/05/30/2446951/educated-filipinos-backbone-phil-economy>

² <https://www.forbes.com/sites/elainepofeldt/2019/08/18/the-top-10-fastest-growing-freelance-markets-in-the-world/>

³ <https://www.pids.gov.ph/details/online-workers-must-agree-on-a-wage-floor-pids-study>

⁴ <https://psa.gov.ph/statistics/labor-force-survey>

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

CHAPTER I
GENERAL PROVISIONS

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

SEC. 2. *Declaration of Policy.* – Pursuant to Article II, Section 18, and Article XIII, Section 3 of the Constitution, it is hereby declared the policy of the State to protect the rights of workers and just share in the fruits of production. To this end, the State shall recognize the right of freelance workers to protection from late or nonpayment of fees or services render.

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

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

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

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

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

The contract must state the necessary personal circumstances of the freelance worker, including the worker's tax identification number. No modification of the terms of the contract shall be enforceable unless signed by both the hiring party and freelance worker.

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

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

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

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

- a) Pay the compensation due the freelance worker later than fifteen (15) days after the date of payment of compensation stated in the written contract or after the rendition of services in cases where there is no written contract;
- b) Require as a condition of payment of compensation at any time after a freelance worker has commenced rendition of services, that the latter accept less than the specified contract price; or
- c) Commit any act of retaliation against any freelance worker for:
 - 1.) Opposing any practice prohibited by this Act;
 - 2.) Filing a complaint authorized under this Act;
 - 3.) Testifying or assisting in any proceeding authorized under this Act;
 - 4.) Commencing a civil action alleging a violation of this Act;
 - 5.) Assisting the DOLE in an investigation commenced pursuant to this Act; or

6.) 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 not less than Fifty thousand pesos (P50,000.00) but not more than Five Hundred Thousand Pesos (P500,000.00)

CHAPTER II

BUREAU OF FREELANCE WORK AND FREELANCE WORKERS PORTAL

SEC. 10. *Bureau of Freelance Workers.* – The Bureau of Freelance Workers is hereby created as a line bureau under the Department of Labor and Employment. It shall be primarily responsible for overseeing, supervising, regulating, enforcing, protecting, implementing and promoting the welfare of all freelancer workers and shall serve as the controlling authority on all matters relating to freelance work.

SEC. 11. *Freelance Workers Portal.* – The Freelance Workers Portal is hereby created, as an internet-based, digital platform dedicated to registered *bona fide* freelance workers. The platform shall perform the following functions:

- (a) Fair Pay and Contract Standards – Provide model freelance contracts with clauses on payment terms, ownership of work, and cancellation policies, and publish industry-standard pay benchmarks or award rates for freelancers.
- (b) Freelancer Rights and Protections - Explain the legal distinction between contractor and employee and outline rights under this Act, the Labor Code and all relevant laws, rules and regulations regarding freelance work, and provide guidance on sham contracting and remedies upon misclassification.
- (c) Payment Security - Introduce a freelance payment calculator which covers rates, taxes, social security benefits, and expenses among others, and offer dispute resolution or mediation services for unpaid invoices, wage and backpay recovery.
- (d) Workplace Wellbeing - Provide resources on mental health, isolation, and work-life balance for freelancers, and share tax, social security, and insurance guidance tailored to various industries of freelance work.
- (e) Platform and Client Transparency - Require gig platforms and major clients to disclose standard terms, fees, and dispute policies, and provide a platform for employer review and rating system so freelancers can make informed choices about where to work.
- (f) Support and Advocacy – Introduce a dedicated helpline or chatbot for freelancers that provide guides for employment transitioning to freelancing, and information about government grants or programs available to freelancer workers.

The Freelance Workers Portal shall be maintained, administered and operated by the Bureau of Freelance Workers, subject to the guidelines set by the DOLE

CHAPTER III

AGENCY ENFORCEMENT AND ADMINISTRATIVE PROCESS

SEC. 12. *Complaints.* - Any person or such person's authorized representative aggrieved by a violation of this Act, may file a complaint with the DOLE, without prejudice to the filing of civil action in appropriate cases.

SEC. 13. *Prohibition Against Forum Shopping.* - 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. 14. *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. 15. *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.

CHAPTER IV CIVIL ENFORCEMENT

SEC. 16. *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. 17. *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. 18. *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.

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

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

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

CHAPTER V TAXATION

SEC. 21. *Tax Relief.* - Freelancers, as defined under this Act, shall be entitled to tax relief within the threshold provided under the National Internal Revenue Code of 1997, as

amended, and Republic Act No. 9178, otherwise known as the "Barangay Micro Business Enterprises (BMBEs) Act of 2002."

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

CHAPTER VI FINAL PROVISIONS

SEC. 23. *Report.* - One (1) year after the effectivity of this Act, and every year thereafter, the Secretary of Labor and Employment shall submit a report to the Committees on Labor and Employment of the Senate of the Philippines and the House of Representatives regarding the effectiveness of the provisions of this Act in improving freelance contracting and payment practices. The report shall include, at the minimum, the number of complaints received, investigations initiated and notices issued by the DOLE on violations of this Act, and complaints settled by mediation or conciliation.

SEC. 24. *Information Campaign.* - The DOLE shall, in coordination with the DTI, BIR, local government units and other relevant agencies, initiate a program with the objective of informing freelance workers of their rights and obligations, the proper procedure of registering as a taxpayer, and the modes of legal redress as provided for in this Act, and in other laws and regulations.

SEC. 25. *Suppletory Application.* - The provisions of Republic Act No. 11058, entitled "An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof" shall be applied suppletorily to this Act.

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

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

SEC. 28. *Repealing Clause* - All laws, decrees, orders, rules, and regulations, or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 29. *Effectivity* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.