



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session



House Bill No. 10166

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

EXPLANATORY NOTE

The Philippine Constitution recognizes labor as a primary social economic force and mandates the State to protect the rights of workers while promoting full employment, productivity, and the participation of private enterprises in national development. As digital technologies continue to reshape the workplace, employment policies must likewise evolve to encourage innovation, improve competitiveness, and provide flexible work arrangements that benefit both employers and employees without compromising labor standards.

Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, provides fiscal incentives to registered business enterprises operating within economic zones and freeports. However, its requirement that registered activities be conducted exclusively within these designated areas has created uncertainty regarding the adoption of alternative work arrangements such as telecommuting, hybrid work, compressed workweeks, and other flexible work schemes. Although temporary administrative measures were adopted during and after the COVID-19 pandemic, the absence of a clear statutory framework continues to create regulatory uncertainty for investors and enterprises seeking to modernize their operations while maintaining their incentive eligibility.

The rapid advancement of digital infrastructure and information technology has demonstrated that many business processes, particularly in information technology, business process outsourcing, research and development, engineering, finance, and other knowledge-based industries, can be performed efficiently outside traditional office settings. Allowing registered enterprises to adopt alternative work arrangements enhances operational resilience, reduces business costs, improves employee productivity and work-life balance, expands employment opportunities for persons in geographically distant areas, and strengthens the Philippines' competitiveness as an investment destination in an increasingly digital global economy.

This measure seeks to amend Section 309 of the National Internal Revenue Code, as amended by the CREATE Act, by expressly allowing registered business enterprises under Investment Promotion Agencies to adopt telecommuting, work-

from-home, hybrid work, flexible work arrangements, compressed workweeks, and other lawful alternative work arrangements without forfeiting their entitlement to fiscal incentives. At the same time, the bill ensures that such arrangements remain voluntary, mutually agreed upon, and fully compliant with Republic Act No. 11165, otherwise known as the Telecommuting Act, as well as existing labor laws, occupational safety standards, data privacy requirements, cybersecurity safeguards, and other statutory rights afforded to workers.

The proposed measure likewise empowers Investment Promotion Agencies to issue reasonable implementation and monitoring guidelines that balance regulatory oversight with operational flexibility. By institutionalizing alternative work arrangements within the country's investment incentives framework, the bill promotes business continuity, encourages technological innovation, attracts higher-value investments, supports environmental sustainability through reduced commuting, and enables Philippine enterprises to remain competitive in the rapidly evolving global digital economy.

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


EDUARDO "BRO. EDDIE" C. VILLANUEVA



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HOUSE BILL NO. 10166

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AN ACT
ALLOWING THE ADOPTION OF ALTERNATIVE WORK ARRANGEMENTS IN ENTERPRISES REGISTERED WITH INVESTMENT PROMOTION AGENCIES, AMENDING FOR THE PURPOSE SECTION 309 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

1 **SECTION 1. Amendment of Section 309 of the National Internal Revenue**
2 **Code.** - Section 309 of the National Internal Revenue Code of 1997, as amended by
3 Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax
4 Incentives for Enterprises (CREATE) Act," is hereby amended to read as follows:

5
6 "SEC. 309. Prohibition on Registered Activities. - A qualified registered project
7 or activity under an Investment Promotion Agency administering an economic
8 zone or freeport shall, **AS FAR AS PRACTICABLE**, be exclusively conducted
9 or operated within the geographical boundaries of the zone or freeport being
10 administered by the Investment Promotion Agency (IPA) in which the project or
11 activity is registered: Provided, That **NOTWITHSTANDING THE FOREGOING**,
12 [a] registered business enterpriseS may [~~conduct or operate more than one~~
13 ~~qualified registered project or activity within the same zone or freeport under~~
14 ~~the same Investment Promotion Agency~~] **ADOPT ALTERNATIVE WORK**
15 **ARRANGEMENTS, INCLUDING TELECOMMUTING, WORK-FROM-HOME,**
16 **HYBRID WORK ARRANGEMENTS, COMPRESSED WORKWEEK**
17 **ARRANGEMENTS, FLEXIBLE WORK ARRANGEMENTS, OR OTHER**
18 **SIMILAR ARRANGEMENTS AUTHORIZED UNDER EXISTING LABOR**
19 **LAWS, RULES, AND REGULATIONS, WITHOUT LOSS OF ENTITLEMENT**
20 **TO FISCAL INCENTIVES GRANTED UNDER THIS CODE:** *Provided, further,*
21 *That* [~~any project or activity conducted or performed outside the geographical~~
22 ~~boundaries of the zone or freeport shall not be entitled to the incentives~~
23 ~~provided in this Act, unless such project or activity is conducted or operated~~
24 ~~under another Investment Promotion Agency.~~] **SUCH ALTERNATIVE WORK**

1 ARRANGEMENTS SHALL BE VOLUNTARY AND MUTUALLY AGREED
2 UPON BETWEEN THE EMPLOYER AND EMPLOYEE PURSUANT TO
3 REPUBLIC ACT NO. 11165, OTHERWISE KNOWN AS THE
4 'TELECOMMUTING ACT,' AND OTHER APPLICABLE LAWS, RULES, AND
5 REGULATIONS: *PROVIDED, FURTHERMORE*, THAT THE ADOPTION OF
6 ALTERNATIVE WORK ARRANGEMENTS SHALL NOT DIMINISH LABOR
7 STANDARDS, SECURITY OF TENURE, COMPENSATION AND BENEFITS,
8 OCCUPATIONAL SAFETY AND HEALTH STANDARDS, DATA PRIVACY
9 AND CYBERSECURITY PROTECTIONS, AND OTHER RIGHTS
10 GUARANTEED UNDER THE CONSTITUTION, THE LABOR CODE OF THE
11 PHILIPPINES, AND RELATED LAWS: *PROVIDED, FINALLY*, THAT THE
12 CONCERNED INVESTMENT PROMOTION AGENCY MAY PRESCRIBE
13 REASONABLE AND NECESSARY GUIDELINES FOR THE
14 IMPLEMENTATION, MONITORING, REPORTING, AND COMPLIANCE OF
15 ALTERNATIVE WORK ARRANGEMENTS, CONSISTENT WITH THIS
16 SECTION AND WITHOUT IMPAIRING THE CONTINUED ENTITLEMENT OF
17 REGISTERED BUSINESS ENTERPRISES TO INCENTIVES UNDER THIS
18 CODE."

19
20 **SEC. 2. Implementing Rules and Regulations.** - The rules and regulations
21 necessary for the effective and efficient enforcement of the provisions of this Act shall
22 be formulated by the Department of Finance, in consultation with the Department of
23 Trade and Industry, Department of Labor and Employment, Department of Information
24 and Communications Technology, Bureau of Internal Revenue, Board of Investments,
25 Philippine Economic Zone Authority, other concerned Investment Promotion Agencies,
26 and other relevant government agencies, LGU, the private sector, and other
27 stakeholders, and shall be implemented within ninety (90) days from the effectivity of
28 this Act.

29
30 Unjustified or willful failure or refusal of the concerned government agencies to
31 promulgate the implementing rules and regulations (IRR) within the specified period
32 shall subject the heads of these government agencies to administrative penalties
33 under applicable civil service laws.

34
35 Should the IRR contain provisions that are contrary to this Act, the heads of the
36 government agencies responsible for such provision, when done in bad faith or with
37 gross negligence, shall be held administratively liable.

38
39 **SEC. 3. Separability Clause.** – If any portion or provision of this Act is declared
40 unconstitutional, the remainder hereof or any provisions not affected thereby shall
41 remain in force and effect.

42
43 **SEC. 4. Repealing Clause.** – Any law, presidential decree or issuance,
44 executive order, letter of instruction, rule, or regulation inconsistent with the provisions
45 of this Act is hereby repealed or modified accordingly.

46 **SEC. 5. Effectivity.** – This Act shall take effect fifteen (15) days after its complete
47 publication in the Official Gazette or in a newspaper of general circulation.

48
49 *Approved,*