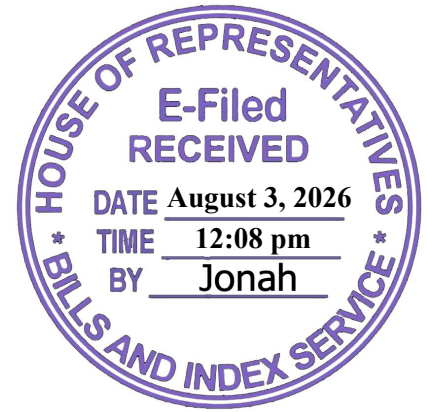


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
20TH CONGRESS
Second Regular Session

House Bill No. 10489



Introduced by: **REP. JOEL R. CHUA**

EXPLANATORY NOTE

The rapid growth of the digital economy has enabled millions of Filipinos to earn a living as freelance workers, providing professional, technical, creative, and other specialized services to clients both in the Philippines and abroad. Freelancing has become an important source of employment contributing significantly to economic growth and expanding opportunities for Filipino talent in the global marketplace.

Despite their growing numbers and economic contribution, freelance workers remain largely unprotected under existing laws. **Many experience delayed or non-payment of compensation, the absence of written contracts, arbitrary cancellation of engagements, and limited access to effective legal remedies.** As independent contractors, they often become independent bearers of risks.

The 1987 Constitution mandates the State to afford full protection to labor, promote the welfare of workers, and ensure humane conditions of work. While freelance workers operate as independent contractors, they likewise deserve the protections provided by the Constitution.

This bill seeks to establish minimum standards for freelance engagements by requiring written contracts, ensuring timely payment of compensation, prohibiting retaliatory and unfair contracting practices, and providing accessible administrative and civil remedies for violations. It likewise strengthens enforcement through the Department of Labor and Employment while encouraging responsible and fair contracting practices that benefit both freelance workers and hiring parties.

A similar measure was approved on Third Reading by the House of Representatives during the Nineteenth Congress but was not enacted into law before the adjournment of Congress. This bill seeks to continue that legislative effort and ensure that Filipino freelance workers finally receive the protection they deserve.

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


JOEL R. CHUA

Representative, 3rd District, Manila

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House Bill No. 10489

Introduced by: **REP. JOEL R. CHUA**

**AN ACT PROVIDING FOR THE RIGHTS, PROTECTION, AND WELFARE OF
FREELANCE WORKERS, PRESCRIBING STANDARDS FOR FAIR
CONTRACTING AND TIMELY PAYMENT, PROVIDING REMEDIES FOR
VIOLATIONS THEREOF, AND FOR OTHER PURPOSES**

**CHAPTER I
GENERAL PROVISIONS**

Section 1. *Short Title.* – This Act shall be known as the "Freelance Workers' Rights and Protection Act."

Section 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 all workers, promote their welfare, and ensure their entitlement to humane conditions of work and a just share in the fruits of production. Recognizing the increasing role of freelance work in driving innovation, entrepreneurship, digital transformation, and economic growth, the State shall likewise promote a fair and secure environment for freelance workers.

To this end, the State shall safeguard freelance workers against unfair contracting practices, ensure the timely and full payment of compensation for services rendered, encourage transparency and good faith in contractual relations, promote accessible mechanisms for the enforcement of their rights, and foster the continued growth and competitiveness of the freelance sector as a vital contributor to national development.

Section 3. *Definition of Terms.* - As used in this Act:

- a.) *Freelance worker* refers to any natural person, or a juridical entity wholly owned and controlled by one (1) natural person, who offers or provides services for compensation as an independent contractor, whether on a project, contractual, part-time, or task-based basis, and who performs such services according to one's own methods and means, free from the control and supervision of the hiring party except as to the results of the work. A freelance worker may be registered with the Department of Trade and Industry (DTI), the Securities and Exchange Commission (SEC), or any other government agency, where such registration is required by law.
- b.) *Hiring party* refers to any person or entity that obtains or retains the services of a freelance worker; and

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

The contract shall be written in plain language, understood by both parties. It shall include, at the minimum, the 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 worker; and
- (e) Any other condition, term or clause that the Department of Labor and Employment (DOLE) may direct, subject to the provisions of this Act.

No modification of the terms of the contract shall be enforceable unless signed by both the hiring party and the freelance worker. Further, electronic contracts and electronic signatures shall be valid pursuant to Republic Act No. 8792 or the “Electronic Commerce Act of 2000”.

Section. 5. *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 one's regular compensation for each hour of work performed between ten o'clock in the evening and six o'clock in the morning, unless a more favorable fee is stipulated in the contract.

Section. 6. *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 clinics, 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.

Section 7. *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 a freelance worker accept less than the specified contract price; or

- c.) Commit any act of retaliation against a freelance worker for:
- i. Opposing any practice prohibited by this Act;
 - ii. Filing a complaint under this Act;
 - iii. Testifying or assisting in any proceeding under this Act;
 - iv. Commencing a civil action alleging a violation of this Act;
 - v. Assisting the DOLE in an investigation under this Act; or
 - vi. Providing information to the DOLE in connection with any mediation, conciliation, or investigation under this Act.

For purposes of this Act, retaliation includes, but is not limited to, refusing to offer future work, terminating or canceling a contract without lawful or contractual basis, withholding payment in bad faith, or committing any other act that would reasonably discourage a freelance worker from exercising the rights provided under this Act.

Section 8. *Civil Penalty.* - A person who commits any of the unlawful practices enumerated in Section 7 of this Act shall be punished by a fine of not less than Fifty Thousand Pesos (Php50,000.00) but not more than Five Hundred Thousand Pesos (Php500,000.00).

CHAPTER II

AGENCY ENFORCEMENT AND ADMINISTRATIVE PROCESS

Section. 9. *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.

Section 10. *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.

Section 11. *Investigation.* - Upon receipt of 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 receipt of 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 more than thirty (30) calendar days after the complaint is filed, of the status of the complaint and any resulting investigation.

Section 12. *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 of such order upon all parties to the conciliation agreement.

CHAPTER III

CIVIL ENFORCEMENT

Section 13. *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 probable cause to believe that a violation of this Act has occurred, it shall issue a Notice of Violation and an Order of Payment directing the respondent to pay the compensation due to the prevailing party. Any compensation not paid within the period prescribed under Section 7(a) of this Act shall earn legal interest from the date payment became due until fully paid, without prejudice to any other penalties or remedies provided under this Act or other applicable laws.

Section 14. *Failure to Comply with Order of Payment.* – A respondent who fails or refuses to comply with an Order of Payment issued pursuant to this Act shall be liable for the unpaid compensation, the accrued legal interest thereon, and such additional administrative or civil penalties as may be provided under this Act or other applicable laws. The Order of Payment may be enforced in accordance with the rules and procedures of the Department of Labor and Employment and other applicable laws.

Section 15. *Civil Action.* - Except as otherwise provided by law, any person claiming to be aggrieved by a violation of this Act has a cause of action to 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 recover the unpaid compensation, accrued legal interest, reasonable attorney's fees, filing fees, mediation or conciliation costs, court costs, and other reasonable expenses actually incurred in the collection or enforcement of the claim.

In determining the amount of damages, the court may consider the willfulness of the violation, repeated or bad-faith refusal to pay, acts of retaliation, and any other circumstances demonstrating deliberate disregard of the rights of the freelance worker under this Act.

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 based upon the same transaction or series of transactions, unless the complaint has been terminated without prejudice to a subsequent civil action.

Section 16. *Non-Waiver.* - Except as otherwise stipulated by law, any provision of a contract or agreement claiming to waive rights provided under this Act is against public policy and shall be null and void.

Section 17. *Coverage.* - This Act shall apply only to contracts or agreements entered into upon the effectivity of this Act.

CHAPTER IV FINAL PROVISIONS

Section 18. *Information Campaign.* – The Department of Labor and Employment (DOLE), in coordination with the Department of Trade and Industry (DTI), local government units, and other relevant agencies, shall conduct information and education campaigns to inform freelance workers and hiring parties of their rights and obligations under this Act, the proper use of written contracts, and the available remedies for violations of this Act.

Section 19. *Implementing Rules and Regulations.* - Within fifteen (15) days from the effectivity of this Act, the Secretary of Labor and Employment, in coordination with the Department of Trade and Industry, Department of Information and Technology and other relevant agencies as well as representatives from related non-government organizations, shall issue the necessary rules and regulations to implement the provisions of this Act.

Section 20. *Annual Report.* – Within one (1) year from the effectivity of this Act, and every year thereafter, the Secretary of Labor and Employment shall submit an annual report to the Senate and the House of Representatives on the implementation and effectiveness of this Act. The report shall include, at a minimum:

- a.) the number of complaints received, investigated, and resolved under this Act;
- b.) the number of notices of violation and orders of payment issued;
- c.) the number of complaints settled through mediation or conciliation;
- d.) the nature of the most common violations reported;
- e.) enforcement measures undertaken by the Department of Labor and Employment; and
- f.) recommendations for legislative or administrative measures to strengthen the protection of freelance workers.

Section 21. *Sunset Review.* – Within five (5) years from the effectivity of this Act, and every five (5) years thereafter, the Department of Labor and Employment (DOLE) shall conduct a comprehensive review of the implementation and effectiveness of this Act, including its impact on freelance workers, hiring parties, and the digital economy, and shall submit a report with its findings and recommendations to the Senate and the House of Representatives for consideration of such amendments as may be necessary.

Section 22. *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.

Section 23. *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.

Section 24. *Effectivity.* - This Act shall take effect after its publication in the Official Gazette or in a newspaper of general circulation.