

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Philippines

**EIGHTEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. 2019



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**INTRODUCED BY REPRESENTATIVE ALFRED VARGAS**

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**EXPLANATORY NOTE**

Freelancing is easily becoming a popular industry in the country and the population Filipino freelancers is rapidly burgeoning. Online freelancing platforms Upwork and Freelancer.com alone boasts of 1.4 million and 800,000 Filipino active users, respectively. Furthermore, clients of freelancing platforms prefer Filipino workers as we are known for our hardworking culture, fast work turnover, and fluency in the English language.

Indeed, freelancing has become an attractive long-term career track for many Filipinos as it offers schedule flexibility, work-life balance, and greater financial freedom. But despite these perks, there still remain certain challenges faced by an average Filipino freelancer like taxation, job security, and employee protection. Thus, this bill.

This bill recognizes the potential contribution of the freelancing to the development of our nation and thus seeks to institutionalize the industry by providing protection and incentives to Filipino freelance workers.

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

  
**ALFRED VARGAS**

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**AN ACT**  
**PROVIDING PROTECTION AND INCENTIVES FOR FREELANCE WORKERS**

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

**CHAPTER I**  
**GENERAL PROVISIONS**

**SECTION 1. Short Title.** - This Act shall be known as the "Freelancers Protection Act."

**SEC. 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 humane condition of work. Towards 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.

**SEC.3. Definition of Terms.** As used in this Act, the following term shall mean:

- 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 in exchange for compensation.

- c) *Hiring Party* refers to any natural person or entity who retains a freelance worker to provide any services.
- d) *Retaliation* refers to any act reasonably likely to deter a person from engaging in activity protected by Section 5 or this Act.

**SEC.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-for work begins. The contract shall be in plain language understood by both parties. Each party to be contract shall retain a copy thereof.

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 of the above-referenced compensation or the mechanism by which such due date will be determined; and
- (e) Any other terms that the Department may be designate.

**SEC.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 completion of 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 the contract, no hiring party may require as a condition of payment that a freelance worker accept less than the specified contract price. This provision does not preclude the settlement of a good faith dispute regarding performance under the contract or preclude a modification of a contract in accordance with other applicable laws.

**SEC. 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

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

**SEC. 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.

**SEC. 9. *Investigation.*** – Upon receiving a complaint alleging a violation of this Act, the Department shall notify the respondent in writing and investigate such complaint in a timely manner. Within thirty (30) days of receiving such written notification, the person or entity identified in the complaint shall provide the Department with a 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.

**SEC. 10. *Mediation and Conciliation.*** – The Department may, at any time after the filing of 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

**SEC. 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.

**SEC. 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.

**SEC. 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).

**SEC.14. *Violation of Order.*** – Any person found to have violated an order pursuant to this Act is liable to 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.

**SEC.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 fee, 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 section 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 whole or 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.

**SEC.16. *Criminal Penalty.*** – Any person who knowingly and willfully violates the provisions of Section 5 shall be guilty of a misdemeanor punishable by a fine or not

more than twenty-five thousand pesos (PHP 25,000.00), or by imprisonment for not more than three (3) months or by both.

**SEC.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.

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

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

**SEC.20. Report.** – One year after the 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 payment 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, how many investigations of alleged violation of this Act the Department has issued.

#### **CHAPTER 4 TAXATION**

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

**SEC.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.

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

#### **CHAPTER V OTHER PROVISIONS**

**SEC.26. 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.

**SEC. 27. Separability Clause.** – Should any provision herein be declared unconstitutional, the same shall not affect the validity of other provisions of this Act.

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

**SEC.29. *Effectivity.*** - This Act shall take effect fifteen (15) days after publications in the Official Gazette or in any two (2) newspapers of general circulation in the Philippines.

**Approved,**