

EIGHTEENTH CONGRESS OF THE }
REPUBLIC OF THE PHILIPPINES }
First Regular Session }



HOUSE OF REPRESENTATIVES
House Bill No. **6132**

Introduced by Representative Victor A. Yap

EXPLANATORY NOTE

The twenty-first century saw a new economy rise through the Internet, and along with it the kind of employment that took over traditional jobs. Long gone are the days when these jobs were the only reliable avenues for earning. One such novelty is the freelancer, who sells work or service without any regular salary, because he or she is as an “independent” contractor. Nowadays, freelancers have taken up a formidable niche in the Philippine economy. A report by Forbes says that by 2027, the majority of the world’s workforce will be freelancers.¹

PayPal reported in 2018 that the Philippines has one of the highest freelancers per capita, at around 2% of the population, making an estimated 1.5 million freelancers, and with women taking up 65% of that figure. Furthermore, around 75% of freelancers are from 24 to 39 years old, making young demographics play a huge part in this market.² In fact, they can already be considered as part of the majority of the labor market as informal-sector workers.³

However, their rights to associate and form organizations of their own are limited, because of a dearth in enabling laws for the recognition and exercise of such rights, leading to a lack of standards on contracts, fees and work metrics. As part of the labor force, these freelancers equally deserve the recognition and protection of their rights. It is therefore imperative that they be given the same treatment as any other traditional laborer in matters concerning their employment.

This Bill aims to provide protection to freelancers by setting the standard requirements in terms of written contracts and payment of salaries between the employer and the freelancer, as well as providing penalties for infractions thereof.

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



VICTOR A. YAP

Representative, 2nd District of Tarlac

¹ <https://business.inquirer.net/262675/freelancing-alive-and-well-in-ph>

² <https://www.rappler.com/business/199334-freelancer-market-growing-philippines-paypal>

³ <https://businessmirror.com.ph/2018/08/16/rise-of-freelance-work-force/>

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

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

SECTION 1. Short Title. - This Act shall be known as the "Freelance Workers
Protection Act."

SEC. 2. Declaration of Policy. - It is the policy of the State to promote gainful
employment and decent work, protect all workers from abusive and inhumane conditions of
work, and assure their right to just and humane conditions of work. Towards this end, the
State shall establish mechanisms to ensure that freelancers are protected from late or non-
payment of fees.

SEC. 3. Definition of Terms. - As used in this Act, the following terms shall mean:
(a) **Freelance worker** refers to any natural person or a One Person Corporation
registered with the Securities and Exchange Commission (SEC), or 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), that is hired or retained as an
independent contractor by a hiring party to provide services in exchange for compensation.

(b) **Local Hiring party** refers to any Philippine-based person or entity who retains a
freelance worker to provide any service, particularly through a local agent, hiring website,
firm or corporation.

(c) **Non-local hiring Party** refers to any person or entity not currently registered,
domiciled or based in the Philippines who retains a freelance worker through a hiring
website, portal or agent.

SEC. 4. Required Contract. - The hiring party and the freelance worker shall enter
into a written contract governing the terms of their engagement prior to the commencement

1 of their engagement. The contract shall be in plain language and in a language understood by
2 both parties. Each party to the contract shall retain a copy thereof.

3 The written contract shall include at a minimum the following:

4 (a) Itemization of all services to be provided by the freelance worker and the rate and
5 method of compensation;

6 (b) The date on which the hiring party must pay the compensation or the mechanism
7 by which such due date will be determined;

8 (c) The name and registered address of the local hiring party;

9 (d) In the case of non-local hiring parties, the name and address of the local agent or
10 representative of the duly-designated hiring firm, website or any duly acknowledged
11 representative based in the Philippines; and

12 (e) Any other terms and conditions that govern the performance of the mutual
13 obligations of the parties that are not contrary to good morals, public order and public policy.
14

15 **SEC. 5. Unlawful Payment Practices.** - Except as otherwise provided by law, all
16 compensation earned by the freelance worker shall be paid or provided no later than thirty
17 (30) days after the completion of the freelance worker's services under the contract or the
18 date such payment is due under the express terms of the contract, whichever comes first.
19

20 Once a freelance worker has commenced performance under the contract, no hiring
21 party may require as a condition of payment that a freelance worker accept less than the
22 specified contract price; Provided, That nothing herein precludes the parties from arriving at
23 a settlement in good faith of a dispute regarding the performance under the contract or from
24 agreeing to a modification of the contract in accordance with other applicable laws.
25

26 **SEC. 6. Civil Penalties.** - Any person found to have violated this Act or any rule or
27 regulation promulgated in relation to this Act is liable for a civil penalty of not more than
28 Two Hundred Fifty Thousand Pesos (P250,000.00).
29

30 **SEC. 7. Criminal Penalty.** - Any person who knowingly and willfully violates the
31 provisions of Section 5 of this Act shall be guilty of a misdemeanor punishable by a fine of
32 not more than Twenty Five Thousand Pesos (P25,000.00), or by imprisonment of not more
33 than three (3) months, or both, at the discretion of the court.
34

35 **SEC. 8. Waiver.** - Except as otherwise provided by law, any provision of any
36 contract or agreement purporting to waive rights under this Act is void as against public
37 policy.
38

1 **SEC. 9. Prospective Application.** - This Act shall apply only to contracts or
2 agreements entered into on or after the effectivity of this Act.
3

4 **SEC. 10. Separability Clause.** - If any part of this Act shall be held unconstitutional
5 or invalid, other parts not otherwise affected thereby shall remain in force and effect.
6

7 **SEC. 11. Repealing Clause.** - All laws, decrees, resolutions, orders, or ordinances or
8 parts thereof inconsistent with this Act are hereby repealed, amended or modified
9 accordingly.
10

11 **SEC. 12. Effectivity.** - This Act shall take effect fifteen (15) days after its publication
12 in the Official Gazette or in one newspaper of general circulation.
13

14 Approved,