



NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'22 JUL -7 P3 :07

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SENATE

S. B. NO. 136

Introduced by **SENATOR JOEL VILLANUEVA**

**AN ACT
PROVIDING PROTECTION TO FREELANCERS
AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The Philippines is among the world's fastest growing market for freelancers as more Filipinos resort to freelance arrangements. PayPal, a payment system company, noted that the Philippines has one of the highest freelancers of the 22 countries surveyed, at an estimated 1.5 million freelancers or persons engaged in the gig economy.¹ This is not surprising as freelancing comes with certain advantages such as flexibility in work schedules, the convenience of working from home, and more time with family.

The number of freelancers in the country has also ballooned as the country continues to recover from the effects of the COVID-19 pandemic. At the height of the pandemic, many Filipinos lost their jobs as a result of the economic downturn brought about by the pandemic. Finding themselves without a nine to five job, these workers found new work, often online, through freelancing sites or online job postings.

Indeed, the emergence of digital or online freelancing has come at an opportune time as the country prepares for the 4th industrial revolution. All these have contributed to the prevalence of home-based creative workers, on-demand professional services, on-demand courier services, and many other types of freelance goods and services.

Before the pandemic, the Philippines ranked first among the fastest growing gig-economy markets in the world, with a remarkable 208% year-on-

¹ Schnabel, C. (2018). *Freelancing taking root in the Philippines – study*. Rappler. Retrieved from <https://rappler.com/business/freelancer-market-growing-philippines-paypal>

year growth.² Pre-pandemic, Forbes already forecasted that by 2027, the majority of the world's workforce will be freelancers.³

As the numbers of freelance workers continue to increase, it has become more apparent that this new class of workers require protection through proper legislative enactments, with due regard to the special nature of their engagement (i.e., no formal employer-employee relationship), which makes them more prone to abuse and exploitation.

This bill aspires to address the gaps in our labor laws. This bill mandates the client and the freelance worker to enter into a written contract that specifies all the services that the freelance worker is expected to render, his/her compensation, as well as other relevant terms and conditions of the engagement. This bill also prohibits contract alterations, including the arbitrary reduction of fees.

In addition, this bill seeks to lay out the minimum rights of freelancers including right to just compensation, right to safe and healthy working conditions, right to self-organize and collectively bargain, and right to education and skills training, among others. Finally, this measure clearly delineates the roles of different government agencies (e.g., DOLE, DICT, TESDA, BIR and PhilHealth) to ensure that the rights of freelancers provided under the bill are realized.

The immediate passage of this bill is earnestly sought.



SENATOR JOEL VILLANUEVA *jr*

² <https://business.inquirer.net/332825/payoneer-the-worlds-go-to-partner-for-digital-commerce-everywhere#:~:text=The%20Philippines%20ranked%201st%20among,only%2047%25%20in%20North%20America.>

³ Tayao-Juego, A. (2018). *Freelancing alive and well in PH*. Inquirer.net. Retrieved from <https://business.inquirer.net/262675/freelancing-alive-and-well-in-ph>



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

- 1 **SECTION 1. Short Title.** – This Act shall be known as the "Freelancers
2 Protection Act."
3
- 4 **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote gainful
5 employment and decent work for all workers. Towards this end, the State shall
6 provide a regulatory framework that guarantees full protection to all workers in
7 new forms of work arrangements, such as freelance work, whether in-person
8 or through online platforms or gig economy, which has grown exponentially with
9 technological development, weakening labor rights and changing concepts of
10 work and employer-employee relationship.
11
- 12 **SEC. 3. Coverage.** – This Act shall cover all freelancers, regardless of the
13 profession, talent, skills, task, work or service required or to be rendered.
14
- 15 **SEC. 4. Definition of Terms.** – As used in this Act, the following terms shall
16 mean:
17 a) Client - refers to any foreign or Philippine-based person, company
18 or entity, or platform provider who engages a freelancer to render specific
19 task, work or service in-person or online;
- 20 b) Crowdfwork - refers to online work through platforms that connect
21 vast numbers of clients, organizations, and businesses, often across
22 borders. It is performed online by an infinite number of workers for clients
23 spread over large geographic distance;

- 1 c) Freelance worker or freelancer - refers to any natural person who
2 offers or renders a task, work or service through his or her freely chosen
3 means or methods, free from any forms of economic dependence, control
4 or supervision by the client, regardless of whether he or she is paid by
5 results, piece, task, hour, day, job or by the nature of the services required;
6
- 7 d) Freelance work - refers to work that is infrequent, unpredictable
8 and short term, and rendered in-person, online, or through any online web
9 platforms, such as crowdwork, work on-demand or any digital lifestyle
10 applications;
11
- 12 e) Platform provider - refers to any foreign or Philippine-based online
13 web platform provider that connects workers with the consumer of work
14 and facilitate the exchange of goods and services for money such as
15 crowdwork, work on-demand or any digital lifestyle applications, that
16 provides facilities, accounts, and training for one or several freelancers in
17 the Philippines;
18
- 19 f) Work on-demand - refers to the platform-facilitated yet place-
20 based and geographically limited work;
21
- 22 g) Written contract - refers to a document, whether electronic file or
23 printed copy, reflecting the mutual consent of the parties to be bound by
24 the terms and conditions of their freelance work engagement and the
25 consideration for the services rendered by the freelancer.
26

27 **SEC. 5. Contractual Relations.** – The relationship between the client and the
28 freelancer, absent proof of existence of employer-employee relationship, shall
29 be governed primarily by applicable civil and commercial laws. In no case
30 however, shall the terms and conditions thereof derogate the rights of workers
31 guaranteed by the Philippine Constitution or be lower than the minimum
32 standards provided by the Labor Code of the Philippines, as amended, or by
33 industry standards and international labor standards.

34 **SEC. 6. Rights of Freelancers.** – The State shall accord to freelancers all the
35 rights of workers guaranteed under the 1987 Philippine Constitution, applicable
36 provisions of the Labor Code of the Philippines, as amended, and relevant
37 international human rights instruments and international labor standards. For
38 this purpose, the State shall ensure the formulation by concerned agencies of
39 policies and programs for the free exercise of the following:
40

- 41 (a) Right to a written contract or agreement;
42
- 43 (b) Right to just compensation and equal remuneration for work of
44 equal value without manipulation or distinction of any kind;
45
- 46 (c) Right to safe and healthy working conditions;
47

- 1 (d) Right to self-organization and to collectively negotiate with the
2 government, the client, and other entities for the promotion of their welfare
3 and in the advancement of their rights and interests;
4
5 (e) Right to be free from any form of discrimination, violence, sexual
6 harassment, and abuse;
7
8 (f) Right to representation and participation in policy and decision-
9 making processes and social dialogue;
10
11 (g) Right to access their own data, information and resources for the
12 promotion and protection of their rights and welfare;
13
14 (h) Right to affordable and adequate financial services, including,
15 among others, collateral-free and gender-balanced credit at low interest;
16
17 (i) Right to education and skills training;
18
19 (j) Right to social protection and social welfare benefits; and
20
21 (k) Right to speedy redress of grievances, including alternative
22 dispute resolution processes.
23

24 **SEC. 7. Standards for Freelance Work.** – The Department of Labor and
25 Employment (DOLE) shall ensure:
26

- 27 a) Compliance with the written contract between the freelancer and
28 the client, which shall be in a language understood by both parties. Each
29 party to the contract shall retain a copy thereof, and shall include, at the
30 minimum, the following:
31
32 1) Itemization of all work and/or services to be provided by the
33 freelancer and the terms and conditions of the engagement;
34
35 2) The rate and method of compensation, date on which the client
36 shall pay the compensation or the mechanism by which such due
37 date shall be determined;
38
39 3) The name and registered address of the client, and in the case of
40 a foreign or foreign-based entity, the name and address of the local
41 agent or representative, or any duly acknowledged representative
42 based in the Philippines; and
43
44 4) Any other terms and conditions that govern the performance of
45 the mutual obligations of the parties that are not contrary to law,
46 morals, good customs, public order or public policy.
47

48 In the absence of a written agreement, any written exchange or proof of
49 submission and receipt of completed task, work or service subject of the

- 1 freelance work engagement, whether electronic or printed, shall be
2 sufficient basis for claim for compensation or payment against the client;
3
4 b) Registration of freelancers or freelancers' association in the
5 DOLE registry of freelancers and provide them with labor market
6 interventions and assistance; Provided, That registration with the DOLE
7 shall not be construed as a requirement to be able to engage as a
8 freelancer;
9
10 c) Free exercise of freelancers' right to self-organization and to
11 collectively negotiate with the government, the client, and other entities for
12 the promotion of their welfare and in the advancement of their rights and
13 interests, and to their representation and participation in policy and
14 decision-making processes and social dialogue;
15
16 d) Observance of programs and policies on non-discrimination,
17 absence of violence, sexual harassment, and abuse in freelance work
18 environment;
19
20 e) Entering into bilateral or multilateral agreements with countries
21 where online web platforms are registered or located for the protection
22 and enforcement of Philippine freelancers' rights.

23 **SEC. 8. Right to access their own data and information.** – The Department
24 of Information and Communications Technology (DICT) shall conduct trainings
25 for online freelancers, and in coordination with the appropriate regulatory
26 agency, such as the National Privacy Commission (NPC) and the Department
27 of Trade and Industry (DTI), ensure that freelancers engaged with or through
28 platform providers or online web platforms shall have access to their own data,
29 information and resources for the promotion and protection of their rights and
30 welfare.

31
32 **SEC. 9. Right to affordable and adequate financial services.** – The DTI and
33 other government financial institutions shall provide freelancers access to
34 affordable and adequate financial services, including, among others, collateral-
35 free and gender-balanced credit at low interest.
36

37 **SEC. 10. Right to education and skills training.** – The Technical Education
38 and Skills Development Authority (TESDA) and other government agencies,
39 such as the Department of Science and Technology (DOST), DTI and DICT
40 shall provide training and certifications for upskilling and entrepreneurial
41 enhancement of freelancers.
42

43 **SEC. 11. Right to social protection and social welfare benefits.** – The
44 Social Security System, Philippine Health Insurance Corporation (PhilHealth)
45 and Home Development Mutual Fund (HDMF) shall ensure a simplified and
46 online registration and remittance process for freelancers as self-employed
47 workers and provide easy access to members' benefits such as sickness and
48 unemployment benefits.
49

1 **SEC. 12. Right to simplified tax registration, filing and payment system. –**
2 The Bureau of Internal Revenue (BIR) shall simplify and automate the
3 registration process and minimize the requirements for the registration of
4 freelancers. The BIR shall also further enhance the online filing of tax returns
5 and payment of appropriate taxes, including online submission of requirements.
6 It shall also provide assistance to freelancers in their application, registration,
7 and processing of documents, and other inquiries.
8

9 **SEC. 13. Right to redress of grievances, including alternative dispute**
10 **resolution processes. –** The right of freelancers to seek redress for
11 grievances and to avail of alternative dispute mechanisms in accordance with
12 law shall be guaranteed. For this purpose, the DOLE shall conduct seminars
13 on the legal recourses available to freelancers, and as far as practicable,
14 encourage the parties to a freelance work agreement to avail of alternative
15 dispute mechanisms.
16

17 **SEC. 14. Payment; Burden of Proof. –** Except as otherwise provided under
18 the contract entered into by the parties, the agreed compensation shall be paid
19 in full not later than thirty (30) days after the completion of the task, work or
20 service subject of the freelance work engagement.
21

22 The burden of proving the payment of the compensation or consideration due
23 to the freelancer as agreed under the contract shall rest on the client, upon
24 proof of performance or completion of the job or service contracted.
25

26 **SEC. 15. Prohibited Acts. –** The following acts shall be prohibited under this
27 Act:

28 a) **Contract Alteration.** Once performance of the work or service
29 under the contract has commenced, no freelancer shall be required to
30 accept less than the specified or agreed contract price, as a condition for
31 the payment of the service or work rendered: Provided, That nothing
32 herein precludes the parties from arriving at a settlement in good faith of
33 a dispute arising out of or in connection with the contract or from agreeing
34 to a modification of the contract in accordance with applicable laws.
35

36 b) **Deduction.** No deduction shall be made on the agreed contract
37 price or compensation, unless the parties have agreed otherwise, or such
38 deduction is on account of payment of applicable taxes.
39

40 c) **Waiver.** Except as otherwise provided by law, any provision of
41 any contract entered into by a freelancer and a client purporting to waive
42 any of the rights provided under this Act shall be void as against public
43 policy.
44

45 Any person who commits any of the foregoing prohibited acts shall be meted a
46 fine equivalent to up to three times the contract price or compensation agreed
47 upon in the contract between the freelancer and the client.
48
49

1 **SEC. 16. Public Awareness Program.** – The DOLE, DTI, DICT and other
2 relevant agencies shall raise public awareness on the rights and welfare of
3 freelancers. Information dissemination on the provisions of this Act, its
4 implementing rules and regulations and capacity building on reasonable pricing
5 of task, work or service, payment methods, entrepreneurship and career
6 development in freelance work shall also be conducted.
7

8 **SEC. 17. Prospective Application.** – This Act shall apply to contracts or
9 agreements entered into on or after the effectivity of this Act.
10

11 **SEC. 18. Applicability to Freelancers in the Public Sector.** – The Civil
12 Service Commission shall issue the appropriate rules and regulations
13 applicable to freelancers in the public sector to ensure compliance with the
14 rights and privileges granted to freelancers under this Act, subject to applicable
15 laws, rules and regulations governing workers in the public sector.
16

17 **SEC. 19. Implementing Rules and Regulations.** – Within sixty (60) days from
18 the effectivity of this Act, the DOLE, DTI, DICT, DOST, TESDA, DOTr, upon
19 consultation with the BIR, SSS, PhilHealth and HDMF, and other relevant
20 agencies and sectors, shall promulgate the implementing rules and regulations
21 as may be necessary to carry out the provisions of this Act.
22

23 **SEC 20. Separability Clause.** – If any part of this Act shall be held
24 unconstitutional or invalid, other parts not otherwise affected thereby shall
25 remain in force and effect.
26

27 **SEC. 21. Repealing Clause.** – All laws, decrees, resolutions, orders, or
28 ordinances or parts thereof inconsistent with this Act are hereby repealed,
29 amended or modified accordingly.
30

31 **SEC. 22. Effectivity.** – This Act shall take effect fifteen (15) days after its
32 publication in the Official Gazette or in at least two (2) newspapers of general
33 circulation.
34

35 **Approved,**