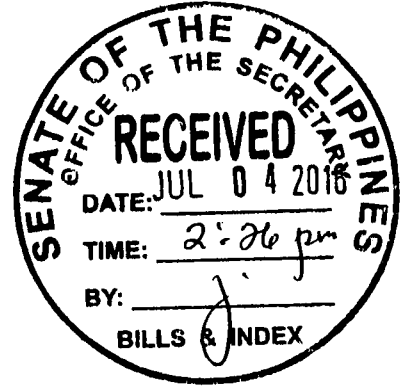


SEVENTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



SENATE  
S.B. No. 351

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Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

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AN ACT  
PROVIDING PROTECTION AND INCENTIVES FOR FREELANCERS

EXPLANATORY NOTE

Freelancing is no longer just a temporary state while looking for your dream job. For many intelligent and skilled Filipinos with a strong network and marketable services, it is a long-term career choice.

For many people that value mobility, their own time, and freedom from a fixed employer, freelancing is a dream job and fundamental source of livelihood.

With more and more freelancers in the country, we are confronted with an urgent need to protect this new sector and empower them with ease of doing business.

One of the biggest challenges of a freelancer is non-payment, which is why the Freelancer Bill gives freelancers the power to demand from their employer what they are rightfully due as per their signed contract.

In the event that an employer refuses to pay a freelancer for services rendered, the aggrieved party can file a complaint to the Department of Labor and Employment (DOLE) and can expect the agency to investigate and, should the complaint be considered valid, a penalty of up to P250,000 shall be imposed on the non-compliant employer.


Further civil penalties will also be imposed for every day that the employer refuses to compensate the freelancer and, in addition, the aggrieved party has the option of filing a civil case against his or her employer.

This measure also takes into account ease of doing business for freelancers, making it easier for freelancers to register in the Bureau of Internal Revenue (BIR) and mandates that freelancers be exempted from tax payments for the first 3 years.

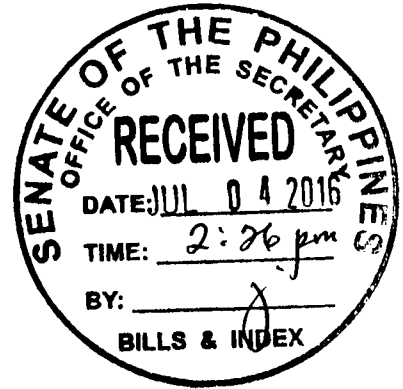
In our age of instantaneous global communication and interconnectivity, increased specialization, and a *millennialism* that values mobility, creativity, and entrepreneurship, we can only expect our pool of freelancers to grow.

Let us waste no time in ensuring that they are not inconvenienced by red tape and that they are protected from difficult, even fraudulent clients.

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

  
Senator Paolo Benigno "Bam" A. Aquino IV

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AN ACT  
PROVIDING PROTECTION AND INCENTIVES FOR FREELANCERS

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

CHAPTER 1  
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 conditions of work. Towards this end, the State shall recognize the right of freelancers 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 terms shall mean:

- (a) Department - this shall refer to the Department of Labor and Employment.
- (b) Freelancer - 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 - any person or entity who retains a freelance worker to provide any service.
- (d) Retaliation - retaliation is any act reasonably likely to deter a person from engaging in activity protected by Section 5 of this Act.

1       **SEC. 4. Required Contract.** – Any hiring party retaining the services of a freelance worker  
2 in exchange for compensation of at least ten thousand pesos (PHP 10,000) shall execute a  
3 written contract with such freelance worker before the contracted-for work begins. The  
4 contract shall be in plain language and in a language understood by both parties. Each party  
5 to the contract shall retain a copy thereof.

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

- 7       (a) Itemization of all services to be provided by the freelance worker and the rate and  
8       method of compensation;
- 9       (b) The date on which the hiring party must pay the above-referenced compensation or  
10       the mechanism by which such due date will be determined; and
- 11       (c) Any other terms that the Department may by designate.

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

16       Once a freelance worker has commenced performance under the contract, no hiring  
17 party may require as a condition of payment that a freelance worker accept less than the  
18 specified contract price. This provision does not preclude the settlement of a good faith  
19 dispute regarding performance under the contract or preclude a modification of a contract  
20 in accordance with other applicable laws.

21       **SEC. 6. Retaliation.** – No person engaged in any activity to which this Act applies may  
22 retaliate against any person because such person has:

- 23       (a) Opposed any practice prohibited by this Act;
- 24       (b) Filed a complaint, testified or assisted in any proceeding under this Act;
- 25       (c) Commenced a civil action alleging a violation of this Act;
- 26       (d) Assisted the Department in an investigation commenced pursuant to this Act; or
- 27       (e) Provided any information to the Department pursuant to the terms of a mediation or  
28       conciliation agreement under this Act.

29   **CHAPTER 2**  
30   **AGENCY ENFORCEMENT**

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

33       **SEC. 8. Jurisdiction.** – The Department shall not have jurisdiction over a complaint if:

- 34       (a) The complaint is filed more than two years after the acts alleged to violate this Act  
35       occurred;

1 (b) Either party to the agreement previously has initiated a civil action in a court of  
2 competent jurisdiction alleging a violation of this Act, a breach of contract or any  
3 similar claim at law or equity arising out of the same transaction or series of  
4 transactions that is the subject of the complaint under this sAct, unless such civil  
5 action has been dismissed without prejudice to future claims; or

6 (c) Either party to the agreement previously has filed a claim or complaint before any  
7 other administrative agency alleging a breach of contract or any similar claim arising  
8 out of the same transaction or series of transactions that is the subject of the  
9 complaint under this Act, and such complaint has not been withdrawn or dismissed  
10 without prejudice to future claims.

11 **SEC. 9. Investigation.** – Upon receiving a complaint alleging a violation of this Act, the  
12 Department shall notify the respondent in writing and investigate such complaint in a timely  
13 manner. Within thirty (30) days of receiving such written notification, the person or entity  
14 identified in the complaint shall provide the Department with a written response and such  
15 other information as the Department may request. The Department shall notify each  
16 complainant in writing, not less than sixty (60) days after the complaint is filed, of the status  
17 of the complaint and any resulting investigation.

18 **SEC. 10. Mediation and Conciliation.** – The Department may, at any time after the filing  
19 of a complaint, attempt to resolve the complaint by any method of dispute resolution,  
20 including mediation and conciliation.

21 If a conciliation agreement is entered into, the Department shall embody such  
22 agreement in an order and serve a copy of such order upon all parties to the conciliation  
23 agreement. The terms of any conciliation agreement may contain such provisions as may be  
24 agreed upon by the Department, the complainant and the respondent.

25 **CHAPTER 3**  
26 **ENFORCEMENT AND ADMINISTRATIVE PROCESS**

27 **SEC. 11. Notice of Violation.** – If, as a result of an investigation of a complaint or an  
28 investigation conducted upon its own initiative, the Department finds cause to believe that  
29 a violation of this Act has occurred, it shall issue a notice of violation to the offending person  
30 or entity. The Department shall prescribe the form and wording of such a notice of violation.

31 **SEC. 12. Remedies.** – The Department may impose penalties provided for in this Act and  
32 may grant a prevailing complainant all appropriate relief. Such relief shall include damages,  
33 any appropriate equitable relief and attorney's fees and costs. The Department also may  
34 impose civil penalties as provided in Section 13.

35 **SEC. 13. Civil Penalties.** – Any person found to have violated this Act or any rule or  
36 regulation promulgated thereunder is liable for a civil penalty of not more than two hundred  
37 fifty thousand pesos (PHP 250,000).

1       **SEC. 14. Violation of Order.** – Any person found to have violated an order pursuant to  
2 this Act is liable for a civil penalty not to exceed two hundred fifty thousand pesos (PHP  
3 250,000) and an additional civil penalty of not more than five thousand pesos (PHP 5,000)  
4 for each day that the violation continues.

5       **SEC. 15. Civil Action.** – Except as otherwise provided by law, the State or any person  
6 claiming to be aggrieved by a violation of this Act has a cause of action in any court of  
7 competent jurisdiction for damages, injunctive relief and such other remedies as may be  
8 appropriate. Such action may be brought by the aggrieved person or such person's  
9 authorized representative. A prevailing plaintiff in any such action shall be entitled to an  
10 award of reasonable attorney's fees, court costs and disbursements. Any claim alleging a  
11 violation of Section 4 shall be brought within two years of the date the person knew or  
12 should have known of the alleged violation.

13       Notwithstanding the first paragraph of this section, no person claiming to be aggrieved  
14 by a violation of this Act may bring an action in court alleging such violation if that person,  
15 or that person's designated representative, has filed a complaint with the Department  
16 pursuant to sections 7, 8, and 9 based upon the same conduct, unless that complaint has  
17 been terminated without prejudice to a subsequent civil action.

18       The ommissioner and the corporation counsel each shall designate a representative  
19 authorized to receive copies of civil complaints in actions commenced in whole or in part  
20 pursuant to the first paragraph of this section. Within ten (10) days after having commenced  
21 a civil action pursuant to the first paragraph of this section, any plaintiff other than the city  
22 shall serve a copy of the complaint upon such authorized representatives. Failure to so serve  
23 a complaint shall not bar or adversely affect any plaintiff's cause of action.

24       **SEC. 16. Criminal Penalty.** – Any person who knowingly and wilfully violates the  
25 provisions of Section 5 shall be guilty of a misdemeanor punishable by a fine of not more  
26 than twenty five thousand pesos (PHP 25,000), or by imprisonment for not more than three  
27 (3) months or by both.

28       **SEC. 17. Waiver.** – Except as otherwise provided by law, any provision of any contract  
29 or agreement purporting to waive rights under this Act is void as against public policy.

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

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

35       **SEC. 20. Report.** – One year after the effectivity of this Act, and every second year  
36 thereafter, the Department secretary shall submit a report to the Senate and House  
37 Committees on Labor, Employment, and Human Resource Development regarding the  
38 effectiveness of the provisions of this Act at improving freelance contracting and payment  
39 practices. That report shall include, at a minimum, how many complaints the Department

1 has received pursuant to this Act, how many of such complaints were settled by mediation  
2 or conciliation, how many investigations of alleged violations of this Act the Department has  
3 initiated, and how many notices of violation of this Act the Department has issued.

4 **CHAPTER 4**  
5 **TAXATION**

6 **SEC. 21. Taxpayer Service.** - Every Revenue District Office (RDO) shall have a lane or a  
7 special assistance desk dedicated to freelancers. This lane shall have an officer who shall  
8 assist freelancers in their application, registration, processing of documents and other  
9 inquiries.

10 **SEC. 22. Registration.** – All freelancers as defined and classified under this Act shall be  
11 required to register with the Bureau of Internal Revenue (BIR).

12 Where the application for registration has been filed but is not acted upon by the BIR within  
13 fifteen (15) days from the date of filing, the application shall be deemed approved.

14 **SEC. 23. Registration Fees.** - A registration fee in the amount of five hundred pesos  
15 (PHP 500) for freelancers shall be settled every three (3) years.

16 **SEC. 24. Income Taxation.** – All freelancers shall be exempt from payment of income  
17 tax for the first three (3) years of work from the freelancer’s date of registration. Any  
18 income earned thereafter shall be subject to the following income tax rates:

Taxable Income		Income Tax Rate
Over	But Not Over	
	P300,000	Exempt
P300,000	P10,000,000	10%

19 **SEC. 25. Filing and Payment.** – Freelancers shall file their income tax returns, VAT  
20 returns or percentage tax returns annually. Freelancers may settle their dues and fees at any  
21 BIR office, accredited bank, payment center and government financial institution.

22 **SEC. 26. Implementing Rules and Regulations.** - Within sixty (60) days from the  
23 effectivity of this Act, the Department of Labor and Employment, in coordination with the  
24 Bureau of Internal Revenue, and other relevant government agencies, shall promulgate the  
25 necessary rules and regulations for the implementation of this Act.

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

1        **SEC. 28. *Repealing Clause.*** – All laws, decrees, orders, rules, and regulations or other  
2        issuances or parts inconsistent with the provisions of this Act are hereby repealed or  
3        modified accordingly.

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

6        *Approved,*