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Senate
Office of the Secretary

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

'13 JUL -8 P1:21

SENATE

S. B. No. 601

RECEIVED BY: *ji*

Introduced by Senator FRANCIS G. ESCUDERO

EXPLANATORY NOTE

Self-employment and entrepreneurship go hand-in-hand. The pursuit of economic growth and development is spurred by capital put forth by entrepreneurs, and entrepreneurs more often come from the ranks of specialized workers such as those from the self-employed and trade craftsmen sectors and offering their specific products or services.

In line with this, it is the duty of the State to not only protect the rights but also enhance the welfare of these specialized workers, thus urgent passage of this bill is sought.

FRANCIS G. ESCUDERO

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AN ACT TO FURTHER STRENGTHEN THE STANDARD OF PROTECTION AND ENHANCEMENT OF THE WELFARE OF SELF-EMPLOYED WORKERS AND CRAFTSMEN AND THE PROMOTION OF ENTREPRENEURSHIP THEREBY AMENDING FOR THIS PURPOSE, SECTION 8 OF REPUBLIC ACT 8282 OTHERWISE KNOWN AS THE SOCIAL SECURITY ACT OF 1997

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "Self-Employed
2 Workers Protection and Enhancement Act".

3 **SECTION 2. Declaration of Policy.** - The State shall promote self-employment
4 as a primary tool for poverty alleviation. The State shall recognize and protect the
5 rights of self-employed workers and the organizations that they may form under
6 existing law. The State shall ensure their fair treatment and humane conditions of work,
7 including the basic right to a decent living wage. The State shall respect the principle of
8 subsidiarity, promote self-reliance and the spirit of enterprise. The State shall further
9 promote their right to self-organization including but not limited to craft unions, guilds,
10 workers cooperatives, and other forms of group entrepreneurship.

11 **SECTION 3. Guiding Principles.** - Self-employed workers are entitled to
12 occupational continuity, decent living wage, and basic social benefits. These basic rights
13 can be enhanced and strengthened through legitimate organizations duly organized
14 under existing laws which are dedicated to protecting their rights and interests.

15 **SECTION 4. Definition of Terms -**

16 As used in this Act, the following terms shall be defined as:

- 17 a. Craft Union - refers to a labor union with membership limited to workers of the
18 same craft.
19 b. Entrepreneurship - refers to the self-organization and management of a business
20 or enterprise by an individual

- 1 c. Group Entrepreneurship - refers to the association of different entrepreneurial
2 organizations of common interests.
- 3 d. Guild - refers to an association of people with similar interests or pursuits.
- 4 e. Self-employed - refers to a person who has his own occupational capacity put to
5 productive use by applying his own capital raised by himself or together with
6 other self-employed persons pursuing related occupational and entrepreneurial
7 interest. A self-employed individual earns from his labor as well as from his own
8 capital. He may be contingent, non-regular, or an overseas worker.
- 9 f. Workers cooperative - refers to a cooperative owned and controlled by the
10 workers themselves. It is organized by workers including self-employed, who
11 are at the same time the members and owners of the enterprise. As understood
12 herein, the term ownership shall mean actual contribution to the share capital of
13 the cooperative up to the maximum allowed by the law and the bylaws. All share
14 capital shall be entitled to interest as may be declared from time to time. The
15 term control shall mean the exercise of right to vote. As mandated by law, each
16 regular member shall only have one vote regardless of the number of shares
17 actually held. Its principal purpose is to provide jobs and business opportunities
18 to its members and manage it in accordance with cooperative principles.

19 **SECTION 5. Contractual Relations** - Contracts with self-employed workers are
20 governed primarily by the civil and commercial laws of the Philippines. Therefore, the
21 provisions under Book III of Presidential Decree No. 442, as amended, otherwise known
22 as the Labor Code of the Philippines, shall not be applicable to self-employed workers
23 who have the right to determine the terms and conditions of their own engagements.

24 Notwithstanding the foregoing, agricultural, industrial, commercial, and service
25 sectors engaging self-employed workers shall ensure that the terms and conditions of
26 their service should be above or comparable to the benefits provided in their respective
27 sectors, as mandated by all social legislations.

28 **SECTION 6. Training** - Training and certification by Technical Education and
29 Skills Development Authority (TESDA) shall be accessible to self-employed workers in
30 order to continuously enhance and upgrade the entrepreneurial and occupational
31 capacity of self-employed individuals. For this purpose, TESDA may enter into
32 agreements with various associations of self-employed workers to effect this policy.

33 **SECTION 7. Social Security** - All government agencies mandated to render
34 services and extend social security are hereby mandated to ensure that all self-
35 employed workers as defined under this Act are covered by a social security program
36 and shall be allowed to enroll as members of the Social Security System (SSS) under
37 Article 9-A of Republic Act 8282, otherwise known as the Social Security Act of 1997.

38 The enrollment can be done directly by the self-employed workers or thru their
39 respective guilds, craft unions, worker cooperatives, or other associations acting as their
40 collecting agent for premiums due to SSS.

1 Paragraph (s) of Section 8 under Republic Act 8282, is hereby amended to read as
2 follows.

3 "(s) Self-employed. – A self-employed is a person who has his own occupational
4 capacity put to productive use by applying his own capital raised by himself or together
5 with other self-employed persons pursuing related occupational interest."

6 **SECTION 8. Disputes** – disputes involving workers under this Chapter shall be
7 under the jurisdiction of the regular courts, without prejudice to the provisions of
8 Article 137 of Republic Act 9520, otherwise known as the Philippine Cooperative Code
9 of 2008, insofar as worker cooperatives are concerned.

10 **SECTION 9. Reportorial Requirement** – Worker guilds, craft unions, worker
11 cooperatives, and other associations organized and representing self-employed workers
12 must register with the Department of Labor and Employment (DOLE) and Department
13 of Trade and Industry (DTI) and other regulatory agencies under such forms,
14 conditions, and frequency as may be determined by each particular regulatory
15 government agency.

16 **SECTION 10. Penalty Clause** – Any individual, association, entity or institution
17 found in violation of this Act shall be punished with a fine of not less than Fifty
18 Thousand Pesos (Php 50,000.00) nor more than One Hundred Thousand Pesos (Php
19 100,000.00).

20 **SECTION 11. Implementing Rules and Regulations** – All government agencies
21 are hereby mandated to implement rules and regulations that will enact the express
22 policies of this Act, to encourage and promote self-employment as a primary tool for
23 poverty alleviation and enhance the welfare of the self-employed.

24 **SECTION 12. Mandatory Assistance** – Government agencies with special
25 concern on employment and poverty alleviation such as but not limited to Department
26 of Labor and Employment (DOLE), Cooperative Development Authority (CDA),
27 Department of Trade and Industry (DTI), Department of Interior and Local Government
28 (DILG), Department of Agriculture (DOA), Bureau of Internal Revenue (BIR), National
29 Anti-Poverty Commission (NAPC), and all local government units (LGUs) shall draw
30 and adopt sustainable programs for the empowerment and encouragement of self-
31 employment in support of the express intentions of this Act.

32 **SECTION 13. Separability Clause** – If any part, section or provision of this Act
33 is held invalid or unconstitutional, other provisions not affected thereby shall remain in
34 full force and effect.

35 **SECTION 14. Repealing Clause** – All laws, decrees, Orders, issuances, rules and
36 regulations contrary to or inconsistent with the provisions of this Act are hereby
37 repealed, amended or modified accordingly.

1 **SECTION 15. Effectivity** - This Act shall take effect fifteen (15) days after its
2 publication in at least two (2) newspapers of national circulation.

3 *Approved,*