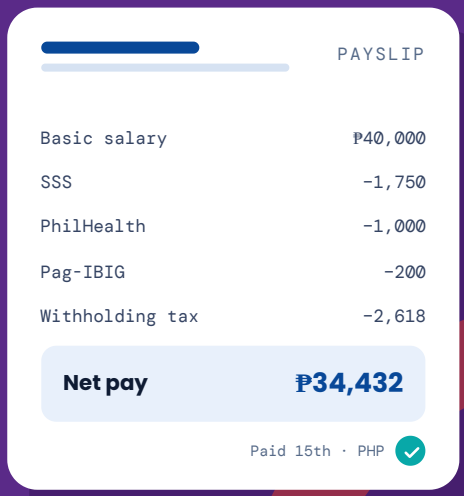
Remotify

2026 EMPLOYER GUIDE

How to Pay Remote Employees in the Philippines Without a Local Entity

Hiring models, payroll rules, contributions, tax filings and a full compliance calendar, updated for 2026.



YOUR OUTSOURCING & HR PARTNER IN THE PHILIPPINES

UPDATED OCTOBER 2026 · REMOTIFY.COM

ABOUT THIS GUIDE

A practical playbook for hiring and paying Filipino talent, the right way

You don't need a Philippine company to build a team in the Philippines. You do need to know which model fits your roles, what the law expects once someone is an employee, and what it really costs.

Who it's for

Founders, HR leaders and finance teams outside the Philippines who want to hire Filipino talent, or who already use Filipino contractors and want a setup that holds up as they grow.

What it covers

Your legal options, from contractors to outsourcing through an Employer of Record, employment rules, 2026 contribution rates, BIR withholding and filings, payroll privacy and the dates you can't miss.

How to use it

Read Sections 2–3 to choose a model. Use Sections 4–9 as a reference. Pull out the Toolkit on pages 20–21 when you're ready to hire.

What's inside

- Your three legal options, compared side by side
- A self-check for contractor misclassification
- 2026 rates for SSS, PhilHealth and Pag-IBIG
- BIR withholding, filings and penalty maths
- A month-by-month compliance calendar
- How paying works with contractors and with an outsourcing partner
- A 10-step hiring checklist
- The most common mistakes to avoid

SEE YOUR OWN NUMBERS FIRST

Remotify's Employee Cost Calculator shows salary, contributions, 13th-month accruals and service fees for your roles before you hire.

Employee cost calculator →

INFORMATION CURRENT AS OF OCTOBER 2026

Philippine rates and rules change, sometimes at short notice. Check current requirements with the relevant agency or a qualified adviser before making employment decisions. This guide is general information, not legal or tax advice.

CONTENTS

Inside this guide

01	Why the Philippines, and why payroll is where it goes wrong	p.04
02	Your three options for paying people in the Philippines	p.06
03	Contractor or employee? How Philippine law decides	p.08
04	Employment rules every foreign employer should know	p.11
05	Statutory contributions: SSS, PhilHealth and Pag-IBIG	p.13
06	Income tax withholding and BIR filings	p.14
07	Payroll data and privacy	p.16
08	The compliance calendar	p.17
09	How paying works month to month	p.19
10	Toolkit: hiring checklist and common mistakes	p.20
11	FAQs	p.22
12	Key takeaways	p.23
13	How Remotify can help	p.24

Why the Philippines, and why payroll is where it goes wrong

The case for hiring in the Philippines is well established. Getting employment right is where many foreign companies stumble.

1.9M

IT-BPM WORKERS, 2025

The sector also earned more than **US$40B** in revenue.

IBPAP, Jan 2026 · industry estimate

#2

IN ASIA FOR ENGLISH PROFICIENCY

28th of 123 countries worldwide in the 2025 index.

EF EPI 2025 · third-party index

7 in 10

REMOTE WORKERS WITH NO BENEFITS BEYOND SALARY

Most Filipino remote workers lack formal protections.

Remotify research, 2026

Filipino professionals are used to working with US, Australian and European teams, across time zones, in roles from customer support to engineering and finance. That market is also changing. IBPAP now expects industry revenue to grow faster than headcount (6.4% vs 2.6% in 2027), crediting AI with raising output per worker. Demand is shifting to AI-ready, higher-skilled talent, so **how** you hire and employ people matters more.

What Filipino remote workers told us

Remotify's 2026 survey of 1,642 Filipino remote workers found a clear gap between how people work and how they're employed:

77%

would like a local employment record, even while working remotely

78%

are open to being employed through an Employer of Record

45%

don't file taxes consistently, often because of irregular freelance income

Most remote arrangements with Filipino talent start informally: a contractor agreement and a monthly wire. That works until the role becomes full-time, long-term and central to your business. At that point you may be an employer in everything but name, and Philippine law will treat you like one.

This guide shows you how to set things up properly from the start, or fix them if you're already partway in. It's written by Remotify, an outsourcing and HR partner in the Philippines that also acts as the local employer for international teams, so it focuses on the practical questions employers ask us: which model to use, what the law requires, what it costs and what happens every month.

Remotify Remote Work Report: Philippines 2026 (n = 1,642; fieldwork Mar–Apr 2026).

PART ONE

Choosing your hiring model

Contractors, outsourcing or your own entity. What each option means, and how Philippine law decides who's really an employee.

02 Your three options for paying people in the Philippines

03 Contractor or employee? How Philippine law decides

Your three options for paying people in the Philippines

You don't need a Philippine company to hire in the Philippines. You have three realistic options, and many businesses use more than one over time.

OPTION A

Independent contractors

You sign a service agreement with a freelancer who invoices you. They register with the BIR, pay their own taxes and fund their own benefits. Quick to set up and suited to project-based or truly independent work.

OPTION B

Outsourcing

A Philippine outsourcing partner that's already registered with every agency becomes the legal employer. It issues the contract, runs payroll, withholds tax, pays contributions and files returns. Many, like Remotify, also recruit, equip and support your team. You direct the work and pay one monthly invoice.

OPTION C

Your own entity

You set up a subsidiary or branch and employ people directly. You get full control and full responsibility: SEC, BIR and agency registrations, local permits, a payroll function and minimum capital.

	Contractors	Outsourcing	Own entity
Time to first hire	Days	Typically a few weeks	Several months
Upfront investment	None	None	Capital and setup costs
Legal employer	No one (independent worker)	The outsourcing partner	You
Statutory benefits	None	Full: SSS, PhilHealth, Pag-IBIG, 13th month, leave	Full
Your compliance workload	Low on paper; high risk if roles look like employment	Low: the partner runs payroll, filings and HR admin	High: you run everything
Misclassification risk	HIGH for full-time, ongoing roles	LOW	LOW
Best for	Short projects, independent specialists	Teams of 1 to 50+, testing or scaling the market	Large, permanent operations

ENTITY CAPITAL REQUIREMENTS

Most foreign-owned domestic-market companies need a minimum paid-up capital of **US$200,000**. This drops to **US$100,000** for startups or advanced-technology enterprises whose direct employees are mostly Filipino, with at least 15 (RA 11647).

02 YOUR OPTIONS

Which model fits your role?

Start with how the work will actually be done, not with what's quickest to set up. These three questions settle most cases.

Is the work a defined project with a clear end date, done on the worker's own terms and schedule?

→

IF YES

A contractor may be fine

Will the person work set hours, on core ongoing work, only for you?

→

IF YES

Outsource through a partner, or use your own entity

Are you planning a large, permanent presence with a local office and leadership?

→

IF YES

Consider an entity, often after starting with an outsourcing partner

A common path

STAGE 1

Test with a contractor

A defined project to see how remote collaboration works for your team.

STAGE 2

Outsource through a partner

As soon as the role becomes full-time and ongoing. Convert existing contractors too.

STAGE 3

Decide on an entity

Once the team is large and permanent enough to justify the capital and overhead.

TIP

Mixed teams are normal. Many companies keep a few independent specialists on contracts and employ their core team through an outsourcing partner. What matters is that each person's arrangement matches how they actually work.

Contractor or employee? How Philippine law decides

What your contract calls someone doesn't decide their status. How the relationship works does.

Philippine courts use the **four-fold test** to decide whether an employment relationship exists:

1	2	3	4
Selection	**Wages**	**Dismissal**	**Control**
Who chose and hired the worker?	Who pays them, and how?	Who can end the relationship?	Who controls *how* the work is done, not just the result?

Control is the deciding factor. If you set the hours, supervise the method, require daily check-ins and treat the person as part of your team, a court is likely to find an employment relationship, whatever the contract says. Courts may also look at **economic dependence**: whether the worker relies on you as their main source of income.

A separate rule, **DOLE Department Order 174-17**, applies when you engage people *through* a third-party contractor or agency. If that contractor only supplies labour, with no real business, capital or control of its own ("labour-only contracting"), the law treats you as the employer.

Self-check: does your "contractor" look like an employee?

RISK CHECK

- [ ] Works fixed hours or a shift you set
- [ ] Attends your daily stand-ups and reports to your manager
- [ ] Does core, ongoing work rather than a defined project
- [ ] Works only for you, or you've asked them not to take other clients
- [ ] Uses a laptop, accounts or tools you provide
- [ ] Is paid a fixed monthly amount, not per deliverable
- [ ] Has worked with you for 6+ months with no end date

Three or more ticks? The relationship likely looks like employment. It's worth reviewing now rather than after a dispute.

What reclassification can cost

If a worker is found to be an employee, the liabilities go back to the start of the relationship.

You may owe

- Unpaid **13th-month pay** for every year worked
- Holiday, overtime and night-shift pay
- Service incentive leave (5 days a year)
- Unremitted **SSS, PhilHealth and Pag-IBIG** contributions, with penalties
- If you ended the arrangement: **illegal-dismissal claims**, which can include back wages and separation pay

ILLUSTRATIVE EXAMPLE

A company engages a developer as a "contractor" at **₱80,000 a month** for two years, on a fixed schedule with daily stand-ups.

If the developer is later found to be an employee, the 13th-month pay alone is:

Year 1: 1 month's pay	₱80,000
Year 2: 1 month's pay	₱80,000
13th-month exposure	**₱160,000**

Before unremitted contributions, penalties or any other claims.

WORTH WATCHING

A proposed **Freelance Workers Protection Act** has been refiled in the 20th Congress. It isn't law as of October 2026, but it signals closer attention to how freelancers are engaged.

ALREADY HAVE CONTRACTORS?

Converting them to employment through an outsourcing partner is usually simple. The same person keeps doing the same work, now with a compliant contract, benefits and a clean record going forward.

Contractors vs employees at a glance

	Independent contractor	Employee (direct, or outsourced)
Taxes	Registers with BIR and pays own tax	Employer withholds and remits
SSS, PhilHealth, Pag-IBIG	Voluntary / self-paid	Mandatory; employer pays a share
13th month, leave, overtime	Not entitled	Entitled
Ending the relationship	Per contract terms	Just or authorised cause, with due process

PART TWO

Running a compliant payroll

The rules that apply once someone is your employee: pay, leave, contributions, tax, data privacy and the calendar that ties them together.

04 Employment rules every foreign employer should know

05 Statutory contributions: SSS, PhilHealth and Pag-IBIG

06 Income tax withholding and BIR filings

07 Payroll data and privacy

08 The compliance calendar

Employment rules every foreign employer should know

Once someone is an employee, the Labor Code applies in full, whether they work in Makati or from home in Davao.

Pay frequency

Wages must be paid **at least twice a month**, no more than **16 days apart** (Labor Code Art. 103). Most employers pay on the 15th and the last day of the month.

Currency

Wages must be paid in **legal tender**, which in practice means pesos, usually by bank transfer (Art. 102). You can budget and be invoiced in US dollars. The employee's net pay goes out in pesos.

Minimum wage

Minimum wages are set by region, by Regional Tripartite Wages and Productivity Boards. Most remote professional roles pay well above them, but they still matter for entry-level roles and overtime calculations.

NCR-26 · JUL 2025 – SEP 2026

₱695 /day

Metro Manila, non-agriculture

NCR-28 · IN EFFECT 26 SEP 2026

₱755 /day

+₱60; ₱718 for small establishments

The first 2026 order (NCR-27) was blocked by a court injunction, so the wage board issued NCR-28 on 7 September 2026. Rates differ by region. **Always check the current rate with the NWPC** before you set pay.

13th-month pay

Every rank-and-file employee who has worked at least one month in the calendar year gets a 13th-month pay of at least **one-twelfth of their total basic salary for the year**, paid by **24 December** (PD 851). It's pro-rated for partial years. Combined with other bonuses, it's **tax-free up to ₱90,000** a year.

TIP

Accrue 13th-month pay every month (1/12 of basic salary) so December doesn't come as a cash-flow surprise. Bills to raise the tax-free ceiling were still pending in Congress in mid-2026.

Labour standards at a glance

These are the legal minimums. Many employers offer more to compete for skilled talent.

Entitlement	Minimum requirement
Normal hours	8 hours a day
Overtime	+25% of the hourly rate on ordinary days; rest-day and special-day work carries a 30% premium
Night shift differential	+10% for work between 10pm and 6am (relevant to US-hours roles)
Regular holidays	Paid even if not worked; 200% if worked
Service incentive leave	5 days of paid leave a year after one year of service
Maternity leave	105 days paid (RA 11210)
Paternity leave	7 days paid (RA 8187)
Solo parent leave	7 days paid (RA 11861)
VAWC leave	Up to 10 days paid (RA 9262)
Special leave for women	Up to 2 months after gynaecological surgery (RA 9710)

Market practice for skilled roles often includes 15–20 days of combined leave and an HMO health plan.

Remote employees have equal rights

The **Telecommuting Act (RA 11165)** requires that remote employees get treatment no less favourable than comparable on-site staff. That covers pay, leave, workload, training and career opportunities, as well as privacy and data protection. Put your telecommuting terms in writing.

Probation, termination and final pay

- **Probation:** up to 6 months. Share the standards for becoming a regular employee on day one.
- **Dismissal:** only for a just or authorised cause, with due process (for just causes: notice, a chance to respond, a written decision).
- **Final pay:** within 30 days. **Certificate of employment:** within 3 days of request (DOLE LA 06-20).

Statutory contributions: SSS, PhilHealth and Pag-IBIG

Every employee must be registered with three government funds. The employer deducts the employee's share, adds its own and pays both every month.

2026 rates	SSS	PhilHealth	Pag-IBIG (HDMF)
Covers	Retirement, sickness, maternity, disability, death, unemployment	National health insurance	Housing loans and savings
Total rate	15% of Monthly Salary Credit (MSC)	5% of monthly basic salary	4% (3% if salary ≤ ₱1,500)
Employer share	10% + ₱10 or ₱30 EC	2.5%	2%
Employee share	5%	2.5%	2% (1% if ≤ ₱1,500)
Salary base	MSC ₱5,000 – ₱35,000	Floor ₱10,000; ceiling ₱100,000	Up to ₱10,000
Maxemployer share / month	**₱3,530**	**₱2,500**	**₱200**
Payment due	Last day of the following month	Monthly, per PhilHealth schedule	Monthly, per Pag-IBIG schedule
Legal basis	RA 11199	RA 11223; PhilHealth PA2025-0002	RA 9679; HDMF Circular 460

SSS

Reached its final scheduled 15% rate in 2025 and stays there for 2026. For MSCs above ₱20,000, part of the same 15% goes into the SSS provident fund rather than costing extra. The employer also pays Employees' Compensation (EC): ₱10 below a ₱15,000 MSC, ₱30 otherwise. **Late payment: 2% a month.**

PhilHealth

5% of **basic** salary only (not overtime, allowances or bonuses), split equally. The minimum premium is ₱500 and the maximum ₱5,000 in total. No change to the 2026 rate had been issued as of October 2026.

Pag-IBIG

Capped at **₱200** each for employer and employee, because contributions are calculated on a maximum fund salary of ₱10,000 (in force since February 2024). Employees can voluntarily contribute more.

06 TAX

Income tax withholding and BIR filings

In the Philippines, the employer is the **withholding agent** for its employees' income tax. You calculate it every payroll, withhold it, pay it to the Bureau of Internal Revenue and file the returns.

Most employees with one employer don't file their own annual return. Your year-end certificate (Form 2316) does it for them. So an error on your side becomes their problem too, and can affect their loan, visa and benefit applications.

2026 income tax rates on compensation (annual)

Annual taxable income	Tax due
₱250,000 or less	0%
₱250,001 – ₱400,000	15% of the excess over ₱250,000
₱400,001 – ₱800,000	₱22,500 + 20% of the excess over ₱400,000
₱800,001 – ₱2,000,000	₱102,500 + 25% of the excess over ₱800,000
₱2,000,001 – ₱8,000,000	₱402,500 + 30% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,202,500 + 35% of the excess over ₱8,000,000

Taxable income is after the employee's SSS, PhilHealth and Pag-IBIG shares. It excludes up to ₱90,000 of 13th-month pay and bonuses, and qualifying de minimis benefits, whose limits rose in 2026 under RR 29-2025 (e.g., rice subsidy ₱2,500/month, uniform allowance ₱8,000/year). Schedule in force since 1 January 2023 (NIRC Sec. 24(A), as amended by RA 10963).

WORKED EXAMPLE · ONE PAYSLIP

Monthly basic salary	₱40,000
Less employee SSS / PhilHealth / Pag-IBIG	− ₱2,950
Taxable monthly income	₱37,050
Annualised (× 12)	₱444,600
Annual tax: ₱22,500 + 20% × ₱44,600	₱31,420
Withheld each month	**₱2,618**

The employee's 13th-month pay (₱40,000) sits under the ₱90,000 exemption, so it isn't taxed.

Net pay: about ₱34,432 a month, paid in two instalments. That's the payslip on the cover of this guide.

The three BIR forms that matter

MONTHLY

1601-C

Return and payment of tax withheld on compensation.

Due: 10th of the following month (manual/eBIRForms), or your eFPS group's date (11th–15th). December's return: 15 January.

ANNUAL

1604-C

Annual information return, with the alphalist of employees.

Due: 31 January.

PER EMPLOYEE

2316

Certificate of compensation and tax withheld.

Due: to employees by 31 January; to the BIR by 28 February. Also issued when someone leaves.

What late payment costs

Under the Tax Code, late tax attracts a **25% surcharge** plus **12% annual interest**, and may also attract a compromise penalty. Under the Ease of Paying Taxes Act (RA 11976), **micro and small taxpayers** pay a reduced **10% surcharge** and **6% interest**.

WORKED EXAMPLE

₱100,000 of withheld tax is paid **90 days late** by a regular taxpayer.

Tax withheld	₱100,000
Surcharge (25%)	₱25,000
Interest (12% p.a. × 90/365)	₱2,959
Total owed	**₱127,959**

Before any compromise penalty.

WHY IT MATTERS

A 25% surcharge on money you've already deducted from employees' pay is an entirely avoidable cost, and repeated late filing draws audit attention.

ALSO ON THE CALENDAR

Collect each new hire's TIN and any Form 2316 from a previous employer in the same year, so their annual tax is calculated correctly.

07 DATA PRIVACY

Payroll data and privacy

Payroll records hold government ID numbers, salaries and health information. Under the **Data Privacy Act of 2012 (RA 10173)**, much of this counts as sensitive personal information and needs extra protection.

Privacy checklist for employers

- [ ] Appoint a Data Protection Officer and register with the National Privacy Commission (NPC) where required
- [ ] Map what employee data you collect, where it's stored and who can access it
- [ ] Put written privacy and security policies in place: encryption, access control and retention
- [ ] Train anyone who handles payroll data
- [ ] Have a breach plan. Serious breaches must be reported to the NPC and affected people within **72 hours** of discovery (NPC Circular 16-03)

72 hrs

to notify the NPC and affected employees of a serious personal data breach

₱5M

maximum fines under the Act; some offences also carry imprisonment

OUTSOURCING YOUR TEAM?

When you outsource, your partner processes payroll data as the employer. Ask how it protects that data and who its Data Protection Officer is. Background checks also need the candidate's consent.

The compliance calendar

Two payrolls, three agencies and at least one BIR return every month, plus a busy stretch from December to February.

Every month

10th

BIR 1601-C

File and pay last month's withholding (or your eFPS date, 11th–15th)

15th

First payroll

Pay salaries and issue payslips

Agency dates

PhilHealth & Pag-IBIG

Pay last month's contributions per each agency's schedule

30/31

Payroll + SSS

Second payroll; last month's SSS contributions due

Every year

When	What
24 December	13th-month pay released
15 January	December 1601-C due
31 January	1604-C and alphalist filed; Form 2316 given to each employee
28 February	Signed 2316s submitted to the BIR
Each January	Check for new SSS, PhilHealth, Pag-IBIG and tax rates
When a wage order is issued	Review salaries against the new regional minimum

New hire

Register with SSS, PhilHealth and Pag-IBIG. Collect the TIN and any 2316 from a previous employer that year.

Leaver

Final pay within 30 days, certificate of employment within 3 days of request, and Form 2316 at separation.

Deadlines that fall on a weekend or holiday usually move to the next working day. Check each agency's current schedule for your employer number.

PART THREE

Planning and hiring

How pay flows each month, and the practical tools to hire your first (or fiftieth) team member.

09 How paying works month to month

10 Toolkit: hiring checklist and common mistakes

How paying works month to month

The two models look very different once you're running them.

With contractors

1. **Agree terms.** A service agreement covering deliverables, fees (USD or PHP) and IP ownership.
2. **Receive invoices.** Monthly or per milestone.
3. **Pay.** By international transfer: bank, Wise, Payoneer or similar.
4. **Contractor handles tax.** They register with the BIR, declare the income and fund their own benefits.

REMEMBER

Simple on paper. Everything in Section 3 still applies.

With an outsourcing partner

1. **Offer.** You choose the candidate and agree the salary; the partner can also source and screen candidates for you. The partner issues a contract that complies with Philippine law.
2. **Onboarding.** The partner registers the employee with SSS, PhilHealth and Pag-IBIG and collects tax documents.
3. **Monthly inputs.** You confirm salary changes, bonuses, overtime and leave.
4. **Payroll run.** The partner calculates gross-to-net, contributions and withholding tax.
5. **One invoice.** You pay one consolidated invoice a month, usually in USD, while your team is paid twice a month. Check whether the first month is billed in advance.
6. **Pay day.** Net salaries paid in pesos on the 15th and the last day of the month, with itemised payslips.
7. **Filings.** Contributions paid and 1601-C filed monthly. 13th-month pay, 1604-C and 2316s handled at year-end.
8. **Reporting.** You get payroll and compliance reports. Your employee gets a clean employment record for loans, visas and benefits.

BEYOND PAYROLL

Payroll is the monthly cycle, but much of the employer's work happens between pay runs: onboarding, leave and expense approvals, employee questions and, eventually, offboarding. Ask whether your partner handles that HR work too, or leaves it with you. An outsourcing and HR partner covers both.

10 TOOLKIT · A

10-step hiring checklist

Print it, share it, tick it off. Works for your first hire and your fiftieth.

- [ ] 01 **Define the role**
  Hours (including time zone), responsibilities and how you'll measure success.
- [ ] 02 **Choose the model**
  Contractor, outsourcing partner or entity (Section 2).
- [ ] 03 **Benchmark pay**
  Market salary for the role and city, and check the regional minimum wage.
- [ ] 04 **Budget the full cost**
  Salary + 12–22% statutory + benefits + fees.
- [ ] 05 **Recruit and assess**
  Recruit, or have your outsourcing partner source candidates, then run structured interviews and practical skills assessments.
- [ ] 06 **Run checks**
  Background and reference checks, with the candidate's consent under the Data Privacy Act.
- [ ] 07 **Issue a compliant offer**
  A contract under Philippine law, with probation standards spelled out.
- [ ] 08 **Register the employee**
  SSS, PhilHealth and Pag-IBIG. Collect their TIN and any prior Form 2316.
- [ ] 09 **Set them up to work**
  Equipment, accounts, a written telecommuting policy and data access rules.
- [ ] 10 **Plan the first 90 days**
  Onboarding plan, check-ins, and the probation review diarised before month 6.

Common mistakes to avoid

Most compliance problems start as one of these.

Mistake	Why it matters	Do this instead
Keeping long-term, full-time staff on contractor agreements	Misclassification exposure builds up every month	Convert them to employment through an outsourcing partner
Forgetting to accrue 13th-month pay	A full extra month of payroll lands in December	Accrue 1/12 of basic salary every month
Budgeting salary only	Statutory costs add roughly 12–22%	Budget the total cost of employment
Paying net salary in USD directly	Doesn't meet legal tender rules and complicates tax	Pay pesos through a compliant payroll
Using last year's contribution tables	SSS, PhilHealth and wage rates change	Check rates every January and after each wage order
Dismissing someone without due process	Illegal-dismissal claims can include back wages	Follow the twin-notice rule and get local advice
Treating remote staff as second-class	Breaches the Telecommuting Act and hurts retention	Match on-site terms for pay, leave and development
Collecting employee data without a plan	Data Privacy Act penalties and loss of trust	Limit access, get consent and have a 72-hour breach plan

Frequently asked questions

Can I pay employees in the Philippines without setting up a local entity?

Yes. You can engage independent contractors, or you can outsource: work with a Philippine outsourcing partner that acts as the legal employer and runs compliant payroll for you. For full-time, ongoing roles, outsourcing avoids misclassification risk.

What's the difference between an Employer of Record and an outsourcing partner?

An Employer of Record is the legal employer: it issues the contract, runs payroll, pays contributions and files taxes, while you direct the work. An outsourcing partner can do that and more, helping you find, equip and support your team with services such as recruitment, background checks, laptops and day-to-day HR. Remotify does both.

Is 13th-month pay mandatory for remote employees?

Yes. It applies to all rank-and-file employees who have worked at least a month in the year, whether they work remotely, on-site or hybrid. It's at least one-twelfth of their basic salary for the year, paid by 24 December.

Can I pay employees in US dollars?

You can agree salaries and budgets in USD, and your outsourcing partner can invoice you in USD. The employee's wages should be paid in legal tender, which in practice means pesos, through a compliant payroll.

What are the 2026 employer contribution rates?

SSS: 10% of the Monthly Salary Credit (up to ₱35,000) plus EC, so ₱3,530 at most. PhilHealth: 2.5% of basic salary (₱10,000–₱100,000), so ₱2,500 at most. Pag-IBIG: 2%, capped at ₱200.

Do I need a Philippine company to hire there?

No. You only need one for a large, permanent operation you want to run directly. Many companies start by outsourcing through an Employer of Record and decide on an entity later, once the team is big enough to justify it.

What's the difference between a contractor and an employee?

Control. If you direct how, when and where the work is done, the person is likely an employee under the four-fold test, whatever the contract says. Employees are entitled to statutory benefits, 13th-month pay, overtime, leave and protection against unfair dismissal.

12 KEY TAKEAWAYS

Six things to remember

01

You don't need a local entity

Contractors and outsourcing through an Employer of Record are both legal routes. Choose based on how the work will actually be done.

02

Control decides status

Full-time, supervised, ongoing work is employment in the eyes of Philippine law.

03

Budget beyond salary

Statutory costs add roughly 12–22%, and 13th-month pay is the largest single item.

04

The calendar never stops

Two payrolls, three agencies and at least one BIR return every month, plus a busy December to February.

05

Rates change

Check SSS, PhilHealth, Pag-IBIG and wage orders every year, and whenever a new wage order is issued.

06

Formal employment is what talent wants

Most Filipino remote workers want benefits and an employment record. Offering them helps you hire and keep good people.

THE BIGGER PICTURE

Paying people correctly is the foundation. Building a Philippine team that stays takes more: good hiring, a proper start, day-to-day HR support and an employer your people trust. That's what an outsourcing and HR partner provides, with the Employer of Record role as the part that makes employment and payroll compliant.

Build your team in the Philippines. We'll handle the rest.

Remotify is your outsourcing and HR partner in the Philippines and your team's local employer. We help international businesses build, employ and manage Filipino teams without setting up a local entity: we find and onboard your people, employ them under our own Philippine entity, run payroll and compliance, and support your team day to day with local HR. You stay in charge of the work. Where you live should not limit the opportunities you can access.

Employer of Record

We employ your team under Remotify's Philippine entity, with locally compliant contracts and IP protection clauses. No local entity needed.

Payroll & Compliance

Peso payroll, taxes, SSS, PhilHealth and Pag-IBIG, 13th-month pay and private health insurance (HMO) included, on one monthly invoice.

HR & Employee Support

Hands-on local HR for you and your team, from leave and expenses to terminations, plus the weekly I.N.S.P.I.R.E. programme.

Talent Match

Sourcing, AI employability ratings, candidate profiling and interview scheduling to find the right people fast.

Background Check

Employment, education and licence verification, criminal-case, reference and social media checks.

Tech Up

Laptop procurement, nationwide delivery, accountability and retrieval for your remote team.

READY WHEN YOU ARE

Ready to build your team in the Philippines?

Talk to us about hiring, employing or supporting your team in the Philippines, or beyond it through our partner network in 110+ countries. We'll walk you through the costs for your roles. There's no obligation.

Book a call → www.remotify.com

Remotify

Build your remote team with Remotify.

Your outsourcing & HR partner in the Philippines and your team's local employer.

www.remotify.com

Book a Call