

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**SEVENTEENTH CONGRESS
Second Regular Session**

House Bill No. 6766



INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

In this fast changing world, it would be a common occurrence for matters to be rendered obsolete by technological evolution and innovation. And, it appears that even legislative codes and edicts, which have governed conducts or established standards for decades, or even centuries, are not immune. One such rule pertains to the regulation of public utilities, specifically common carriers or public transport.

The advent of mobile communications technology and smart telephony brought to us the transportation network vehicle services (TNVS) or just transport network services (TNS). Today, there are several TNVS companies providing pre-arranged transportation services for compensation using an internet-based application or digital platform technology to connect passengers and drivers using their personal vehicles.

It is said that the TNVS concept started as ride sharing internet apps (software applications). This allowed car owners to hitch another person, a passenger, and charge them for such. In this case, the car owners are usually professionals or working class persons who bring their cars to work, and who would want to have a public carpool of his vehicle, maybe on the way to work or home.

This arrangement gives so much benefit for several parties involved. On the one hand, the car owner would be able to save on money as another person shares on the fuel expenses. On the other hand, the passenger would save on bringing his or her own motor vehicle and gets a ride that is far more comfortable than regular public transport. As for the general public, this lessens traffic and road congestion.

Lately, the more popular TNVS are the full scale taxi or public transport services. In this case, car owners / drivers apply for accreditation of their motor vehicles with the TNVS company and make them available for rental

by any passenger. The passenger pays the TNVS company for the service, while the latter pays the car owner / driver afterwards.

As the accredited operators of TNVS are using relatively new, and even classy, motor vehicles, manned by courteous drivers, and most important, with pre-fixed fares which do not leave room for the usual fraud committed by unscrupulous taxi drivers, the public has since embraced this kind of public transport service.

However, these TNVS operations have put to the test the public transport regulations that have long been adopted and used, not just in the Philippines, but in several countries.

Foremost of this is the need for a special permit to operate a public transport service. As in the Philippines, it is the franchise, (Certificate of Public Convenience (CPC), which the Land Transport and Franchising Regulatory Board (LTFRB), grants to a taxi operator or common carrier. And, the grant of this franchise entails a lot of requirements. These include, among others, measures of fitness of the operator / driver; requirement that the driver is a professional driver; procurement of public liability insurance; roadworthiness of the motor vehicle; prescribed rates for the service; and, most important, that as a common carrier, the driver or the operator exercise extraordinary diligence in ferrying the passenger.

One of the most contentious issue on the TNVS operations is the limit of the number of operators which should provide this kind of service. For the longest time, the LTFRB has limited the number of taxi franchises. On the contrary, the TNVS companies accredited so many drivers which just contributed to traffic congestion in the metropolis.

Thus, while the benefit to the general public of these TNVS operations are recognized, there is still a need for regulation for its operations.

This bill, unlike most draft legislations on regulating TNVS operations prescribes minimal standards. It grants the LTFRB, the governmental adjunct that has since specialized in regulating the operations of common carriers, much flexibility, so that the government regulation would not stand in the way of technological evolution and innovation that benefits the general public.

In the view of the foregoing, the passage of the bill is hereby being earnestly sought.


ARTHUR C. YAP
Representative

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AN ACT
PRESCRIBING RIDESHARE SUPPORT COMPANIES,
PROVIDING REGULATIONS GOVERNING THEIR
OPERATIONS, AND CLARIFYING THE SCOPE OF
COMMONWEALTH ACT 146, ALSO KNOWN AS THE
TAX CODE, AND THE LAND TRANSPORTATION AND
TRAFFIC CODE, AND OTHER RELEVANT LAWS

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 “*Rideshare*
2 *Support Company Act.* ”

3 **SECTION 2. *Declaration of Policy.*** - It shall be the policy of the State
4 to provide and to promote adequate and efficient modes of public transport;
5 to protect the commuting and the general public; to encourage free enterprise
6 and economic development; and, to promote the use of technological
7 innovations for the welfare of the citizenry.

8 **SECTION 3. *Definitions.*** As used in this Act, the following terms shall
9 refer to:

10 a) Digital network – an online enabled technology application service,
11 website, or system that enables a rideshare network rider to coordinate
12 prearranged ride with a rideshare network driver.

- 1 b) Prearranged ride – the provision of transportation by a rideshare
2 network driver to a rideshare network rider beginning when a rideshare
3 network driver accepts a request made by a rideshare network rider by
4 means of a digital network. A prearranged ride does not include a
5 shared expense carpool or vanpool arrangement by another type of
6 arrangement or service in which the driver receives a fee that does not
7 exceed the driver's costs associated with provided the ride.
- 8 c) Rideshare network driver – an individual who i) satisfies the
9 requirements provided in Section 5 of this Act, ii) receives requests for
10 prearranged rides from potential passengers by means of a digital
11 network, and iii) uses a rideshare network vehicle to offer or provide a
12 prearranged ride for compensation upon connection through a digital
13 network.
- 14 d) Rideshare network rider- an individual who has obtained an account to
15 use a digital network, or another individual designated by the account
16 holder, to receive a prearranged ride.
- 17 e) Rideshare network vehicle – a vehicle seating less than fifteen (15)
18 passengers, including but not limited to any passenger automobile,
19 truck, motorcycle, or similar vehicle, that is owned, leased, rented, or
20 authorized for use by a rideshare network driver and that has been
21 approved by a rideshare support company to be used for prearranged
22 rides.
- 23 f) Rideshare support company – a duly registered sole proprietorship,
24 partnership, or corporation organized under the laws of the Philippines
25 or business otherwise authorized to do business in the Philippines that

1 supports the provision of prearranged rides provided by rideshare
2 network drivers, including by gathering information from drivers and
3 verifying compliance with requirements set forth in Section 5 of this
4 Act and providing other support services to rideshare network drivers.

5 **SECTION 4. Permit.**

6 a) A person shall not operate a rideshare support company without first
7 having obtained a certificate of accreditation from the Land
8 Transportation Franchising and Regulatory Board (LTFRB)
9 pursuant to this ACT; Provided, That any entity performing the
10 functions of a rideshare support company operating in the
11 Philippines before the effective date of this Act may continue
12 operating while the LTFRB creates an accreditation process
13 pursuant to this Act and during the pendency of any application
14 submitted pursuant to this process, as long as such application is
15 submitted within ninety (90) days after the process is formally
16 established and the LTFRB has begun accepting applications.

17 b) The LTFRB shall issue an accreditation to each rideshare support
18 company applicant that meets the following requirements:

- 19 i) Has established a process, consistent with Section 5, to enable
20 individuals to become rideshare network drivers;
21 ii) Requires criminal history checks for individuals seeking to
22 become rideshare network drivers;
23 iii) Provides evidence that it meets the insurance requirements set
24 forth in Section 7;

1 iv) Provides an undertaking to comply with all obligations in this
2 Act imposed on a rideshare support company; and

3 v) Pays a fee of Ten Thousand Pesos (Php10,000.00) to the
4 LTFRB, which shall be due annually.

5 c) An accredited rideshare support company shall have authority to
6 permit an individual to act as a rideshare network driver, provided
7 that the requirements set forth in Section 5 are fulfilled by such
8 individual. An individual permitted to act as a rideshare network
9 driver by an accredited rideshare support company shall not be
10 required to obtain any additional license or authorization from the
11 LTFRB in order to provide prearranged rides.

12 **SECTION 5. *Rideshare Network Driver Requirements.***-

13 a) Before allowing an individual to act as a rideshare network driver:

14 1) The individual shall provide information to the ride share
15 support company, which includes information regarding his
16 or her address, age, driver's license, motor vehicle
17 registration, automobile liability insurance, and such other
18 information required ride share support company; and

19 2) the rideshare support company shall either:

20 i) conduct or have a third-party conduct a criminal
21 background check for each individual, or

22 ii) require each individual to obtain clearance or a
23 criminal history report from the National Bureau of
24 Investigation (NBI) and provide it to the rideshare
25 support company.

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2 b) A rideshare support company shall only permit an individual to act
3 as a rideshare network driver if the individual:

4 1) Has not been convicted of any felony, including but not limited
5 to crimes against persons within the past seven (7) years, as
6 shown by a criminal history report procured pursuant to
7 paragraph (a)(2)(i) of this Section; or clearance or other similar
8 document issued by the NBI, as appropriate;

9 2) Possesses a valid non-professional or professional driver's
10 license;

11 3) Provides proof of valid registration for the motor vehicle(s) used
12 to provide prearranged rides;

13 4) Provides proof of compulsory third party liability coverage for
14 the motor vehicle(s) used to provide prearranged rides; and

15 5) Is at least eighteen (18) years of age.

16 c) There shall be no additional requirements that an individual must
17 satisfy in order to act as a rideshare network driver.

18 **SECTION 6. *Identification of Rideshare Network Drivers and***
19 ***Vehicles.***- A rideshare support company shall ensure that a picture of the
20 rideshare network driver and the license plate of the motor vehicle utilized for
21 providing the pre-arranged ride is displayed to the rideshare network rider
22 before the rider enters the vehicle.

23 **SECTION 7. *Insurance Requirements.***- A rideshare support company
24 or rideshare network driver shall ensure that during each prearranged ride a
25 rideshare network vehicle is covered by personal accident insurance

1 underwritten by a licensed Philippine insurer for passenger injuries arising
2 from motor vehicle accidents during a prearranged ride in an amount of not
3 less than Two Hundred Thousand Pesos (Php200,000.00) per passenger.

4 **SECTION 8. *Operational Requirements.***

5 *a) If a fare is collected from a rider for a prearranged ride, the*
6 *rideshare support company shall ensure that the fare or fare*
7 *calculation method is disclosed to the rideshare network rider. If*
8 *such fare calculation method is so disclosed, there shall be no limits*
9 *or restrictions on the type or amount of fare that may be collected*
10 *and for the avoidance of doubt, Congress hereby recognizes that for*
11 *all prearranged rides provided by rideshare network drivers:*

12 *1) There are no minimum or maximum fares or rates;*

13 *2) A flat fare or rate may be charged;*

14 *3) The fares or rates may be based on time and distance;*

15 *4) Fares or rates may adjust dynamically from trip to trip; and*

16 *5) Fares or rates shall not be regulated further by the LTFRB.*

17 *b) A rideshare network driver may travel on any route selected by the*
18 *rideshare network rider, including those with predetermined drop-*
19 *off and pick-up points, or on a route selected by the rideshare*
20 *network driver.*

21 *c) There shall be no minimum, maximum, cap, limit, or other*
22 *restriction on the number of rideshare network drivers or vehicles*
23 *that may operate overall, at a particular time, or in a particular*
24 *location.*

25 **SECTION 9. *Electronic invoices.***

1 a) Following the completion of a prearranged ride, a rideshare network
2 driver shall ensure that an electronic invoice is transmitted to the
3 rideshare network rider that includes:

- 4 1) The origin and destination of the trip;
5 2) The total time and distance of the trip;
6 3) The first name of the rideshare network driver;
7 4) The name of the affiliated entity operating the digital network;
8 and
9 5) An itemization of the total fare paid, if any.

10 b) A rideshare network driver may directly provide such receipt to a
11 rideshare network rider, or may designate the affiliated entity
12 operating the digital network to provide such receipt to the rider.

13 c) Provided that a receipt that complies with paragraph (a) of the
14 section has been issued to the rideshare network rider and a copy is
15 retained by the rideshare network driver or the driver's designee, the
16 requirements in Sections 113, 232, 237, and 238 of Republic Act
17 No. 8424, otherwise known as the Tax Code of the Philippines are
18 deemed satisfied, the receipts issued pursuant to paragraph (a) of
19 this section are deemed to be registered receipts in accordance with
20 Section 237 of Republic Act No. 8424, and no additional receipts
21 are required to be issued in connection with the prearranged ride.

22 **SECTION 10. *No Other Carriers.***

23 a) Rideshare support companies, any affiliated entity operating the
24 digital network, and rideshare network drivers are not public
25 services, public utilities, common carriers, or public

1 telecommunications entities as defined in Section 13(b) of
2 Commonwealth Act No. 146, Civil Code Article 1732, Section 3(b)
3 of Republic Act No. 7925, or any other provision of law. In addition,
4 no further registration shall be required of rideshare network
5 vehicles, aside from their registration with the Land Transportation
6 Office (LTO).

7 b) For the avoidance of doubt, Congress hereby recognizes that:

8 1) By serving rideshare network riders, rideshare support
9 companies, any affiliated entity operating the digital network,
10 and rideshare network drivers do not give the public a legal right
11 to demand their respective services; and

12 2) Rideshare support companies and any affiliated entities
13 operating a digital network do not provide transportation
14 services.

15 c) No person shall be required to register a rideshare network vehicle
16 as a for hire vehicle as set forth in Section 7(b) of Republic Act No.
17 4136 otherwise known as the known as the "Land Transportation
18 and Traffic Code or any other provision of law, or obtain a certificate
19 of public convenience before acting as a rideshare network driver or
20 using a vehicle as a rideshare network vehicle.

21 d) Section 7(a) of Republic Act No. 4136 is hereby amended to read as
22 follows:

23 (a) "Private. – Motor vehicles registered under this classification
24 shall not be used for hire under any circumstance [.]
25 PROVIDED, THAT MOTOR VEHICLES REGISTERED

1 UNDER THIS CLASSIFICATION MAY BE USED AS
2 RIDESHARE NETWORK VEHICLES SUBJECT TO
3 COMPLIANCE WITH THE RIDESHARE SUPPORT
4 COMPANY ACT AND THE RELEVANT REGULATIONS
5 TO BE PROMULGATED BY THE LTFRB THAT ARE
6 CONSISTENT WITH THE RIDESHARE SUPPORT
7 COMPANY ACT.

8 **SECTION 11.** *Records. – A rideshare support company shall ensure*
9 *that the following records are maintained:*

- 10 a) Individual trip records for at least one (1) year from the date each
11 trip was provided; and
12 b) Individual records of rideshare network drivers at least until lapse of
13 three (3) years from the time the rideshare network driver ceases
14 provided prearranged rides.

15 **SECTION 12.** Audit procedures; Confidentiality of Records.

- 16 a) For the sole purpose of verifying that a rideshare support company is in
17 compliance with the requirements of this Act and no more than
18 annually, the LTFRB shall have the right to visually inspect a sample
19 of records that the rideshare support company must ensure are
20 maintained pursuant to this Act. The sample shall be chosen randomly
21 by the LTFRB in a manner agreeable to both parties. The audit shall
22 take place at a mutually agreed location. Any record furnished to the
23 LTFRB may exclude information that would tend to identify specific
24 drivers or riders.

1 b) In response to a specific complaint against any rideshare network
2 driver, rideshare network rider, or rideshare support company, the
3 LTFRB is authorized to visually inspect those records described in this
4 Section that are necessary to investigate and resolved the complaint.
5 The rideshare support company and the LTFRB shall endeavor to have
6 the inspection take place at a mutually agreed location. Any record
7 furnished to the LTFRB by the rideshare support company may exclude
8 information that would tend to identify specific drivers or riders, unless
9 the identity of a driver or rider is relevant to the complaint.

10 c) Any records furnished to the LTFRB under this Act are designated
11 confidential and are not subject to disclosure to a third party by the
12 LTFRB without prior written consent of the rideshare support
13 company, and are exempt from public disclosure.

14 **SECTION 13. *Limitations on Rideshare Support Companies.***

- 15 a) A rideshare support company shall not be deemed to:
- 16 1) Control, direct, or manage the rideshare network drivers or rideshare
17 network vehicles, except where expressly agreed to in a written
18 contract; or
- 19 2) Own or operate a digital network.
- 20 b) Rideshare network drivers shall not be deemed to be employed by the
21 rideshare support company or any affiliated entity operating a digital
22 network provided that:
- 23 1) There are no minimum hours during which a driver must be logged
24 into the digital network and a driver may choose when and if to log
25 into the digital network;

- 1 2) There are no restrictions on the rideshare network driver's ability to
- 2 engage with other digital networks; and
- 3 3) The are written terms agreed to by the rideshare network driver
- 4 which provide that the driver is not an employee.

5 **SECTION 14. *Enforcement.*** –

- 6 a) If the LTFRB determines that a rideshare support company has violated
- 7 its obligations under this Act, the LTFRB may:

- 8 1) Impose against the rideshare support company an administrative
- 9 fine in an amount not to exceed Twenty Five Thousand Pesos (Php
- 10 25,000.00), if the LTFRB determines that the violation is willful and
- 11 endangers public safety;

- 12 2) Suspend or revoke the accreditation issued to the rideshare support
- 13 company, if the LTFRB determines that there have been repeated
- 14 violations that are willful and endangers public.

- 15 b) To determine the amount of an administrative fine imposed pursuant to
- 16 paragraph (a)(1) of this Section, the LTFRB shall consider:

- 17 1) The severity of the violation;
- 18 2) Any good faith efforts by the rideshare support company to remedy
- 19 the violation; and
- 20 3) The history of previous violations by the rideshare support
- 21 company.

- 22 c) Before any fine is imposed or steps are taken to suspend or revoke a
- 23 rideshare support company's accreditation, the LTFRB shall provide
- 24 reasonable notice to the rideshare support company and the opportunity
- 25 for a hearing.

1 **SECTION 15. *Controlling Authority.*** Notwithstanding any other
2 provision of law, rideshare support companies and rideshare network drivers
3 are governed exclusively by this Act and any rules promulgated by the LTFRB
4 consistent with this Act.

5 **SECTION 16. *Implementing Rules and Regulations.*** Within sixty (60)
6 days from the effectivity of this Act, the LTFRB shall promulgate the
7 implementing rules and regulations as may be necessary to ensure the efficient
8 and effective implementation of this Act.

9 **SECTION 17. *Repealing Clause.*** – All laws, decrees, executive orders
10 and rules and regulations or part or parts thereof inconsistent with any
11 provision of this Act are hereby repealed, modified or amended accordingly.

12 **SECTION 18. *Separability Clause.*** – If any provision of this Act is
13 declared unconstitutional, the validity of the remaining provisions hereof shall
14 remain in full force and effect.

15 **SECTION 8. *Effectivity.*** – This Act shall take effect fifteen (15) days
16 after its publication in the *Official Gazette* or in a newspaper of general
17 circulation.

APPROVED.