

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7917



Introduced by Representative MICHAEL L. ROMERO

EXPLANATORY NOTE

In the Republic of the Philippines, it's a common practice among all telecommunications company (service providers) to charge and collect advance monthly service fees, other monthly recurring fees and handset cost upon the availment of a postpaid plan (contract).

However this billing scheme proves to be deceiving and misleading the actual charges that a subscriber is consummating on a monthly basis.

The Statement of Account (**SOA**) itself is an important component of the services which acts as an envoy of the service provider and serves an evidence of the service itself.

This House Bill seeks to uphold the protection and interests of the consumer, foster general welfare and to establish fair standards of conduct for all business and industry.

Towards this end, the State shall implement measures to achieve these noble objectives.

Thus, the early passage of this bill is earnestly requested.

MICHAEL L. ROMERO Ph.D.

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AN ACT

PROHIBITING ALL TELECOMMUNICATIONS COMPANY (**SERVICE PROVIDER**) TO CHARGE AND COLLECT **ADVANCE MONTHLY SERVICE FEES / MONTHLY RECURRING FEES / HANDSET COSTS** FROM ALL SUBSCRIBERS AVAILING FOR A POSTPAID SUBSCRIPTION, TO PROMOTE CONSUMER PROTECTION UNDER ITS **SERVICE CONTRACT**, PROVIDING PENALTIES AND SANCTIONS, AND FOR OTHER PURPOSES

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

SECTION 1. DECLARATION OF POLICY – it is hereby declared a policy of the state to:

- a. Foster the interests of the consumers;
- b. Promote the general welfare and create justifiable standards of protocol for all business and industries;
- c. Protect the consumer against all forms of deception, unfair and unethical practices and schemes;
- d. Uphold the proper implementation of the rights of the consumer; and

- e. Hasten the imposition of all existing policies and guidelines of RA7394
(Consumer act of the Philippines).

SECTION 2. DEFINITION OF TERMS:

Monthly Service Fee – A type of fee collected to pay for services related to the primary product or service being purchased on a monthly basis.

Service fees are often levied when human interaction between a consumer and the company is involved, with services beyond the physical good itself considered extra. Service charges go by a number of different names depending on the industry, including booking fees (hotels), security fees (travel), maintenance fees (banking) and customer service fees.

Monthly Recurring Fee – Recurring fee is when a merchant automatically charges a subscriber for specified goods or services on a prearranged schedule. Recurring fees requires the merchant to get the subscribers permission one time up front for recurring charges, then continues with scheduled charges until the subscriber withdraws permission.

Any goods or services that a customer purchases repeatedly and regularly might be a good candidate for recurring billing. (cell phone bills, membership fees and utility bills).

Handset Cost – handset repayments that are charged per month to cover the cost of your device over time, amortized evenly.

SECTION 3. PROHIBITING THE CHARGING AND COLLECTION OF ADVANCE MONTHLY SERVICE FEES / MONTHLY RECURRING FEES / HANDSET COSTS:

- a. All telecommunications company / service provider shall be prohibited from charging and collecting advance monthly service fees, monthly

- recurring fees and handset costs from all subscribers availing for a postpaid contract/subscription; and
- b. This prohibition shall apply to all postpaid subscriptions under a service contract, regardless of the duration of its contract;
 - c. This prohibition shall apply regardless of a handset bundle or not.

SECTION 4. PENALTIES AND SANCTIONS:

For every violation of this act; or for very failure to comply with;

The Telecommunications company/Service provider shall pay a fine of not less than Two hundred thousand pesos (**P200,000.00**) for the first offense; a fine of not less than Five hundred thousand pesos (**P500,000.00**) for the second offense.

In case of subsequent offenses;

The penalty shall be a fine of not less than One million pesos (**P1,000,000.00**), and revocation of the franchise to operate.

SECTION 5. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 6. IMPLEMENTING RULES AND REGULATIONS – The departments and agencies charged, to be led by the Bureau of Communication Services (**BCS**) of the PCOO, Department of Trade and Industry (**DTI**), Department of Information and Communications Technology (**DICT**) and the National Telecommunication Commission (**NTC**) with carrying out the provisions of this Act, shall within sixty **(60)** days

after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 7. REPEALING CLAUSE – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 8. SEPARABILITY CLAUSE – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 9. EFFECTIVITY CLAUSE – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,