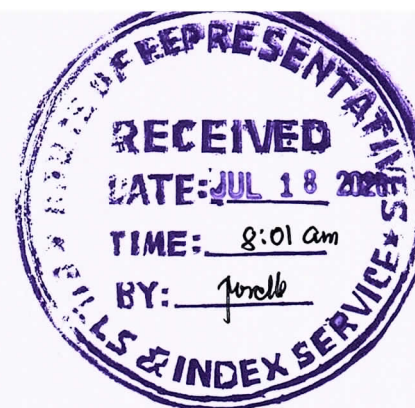


Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7118



INTRODUCED BY
REP. ALFRED VARGAS

AN ACT
PROHIBITING TELECOMMUNICATIONS COMPANIES FROM IMPOSING
AN EXPIRATION PERIOD ON THE VALIDITY OF PREPAID CALL AND
TEXT CARDS, AND THE FORFEITURE OF LOAD CREDITS THEREOF

EXPLANATORY NOTE

Recent data provided by big telecommunications companies reveal that prepaid account holders in the Philippines account for 134.59 million subscribers in 2018.¹ According to the Philippine Statistics Authority, only 100.97 million comprise the Filipino population in the 2015 census. This relatively high number of prepaid users exceeding the Philippine population implies multiple subscription per individual, and equates to an evolving landscape in the prepaid call card industry.

Nowadays, prepaid cards can be purchased in small amounts unlike before when it can only be sold in large denominations. The existence of electronic loads made it readily available and suited to the particular needs and budget of any consumer.

The 1987 Constitution, in its Article II, Section 9, provides that:

“The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation, free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.”

¹ The Global Economy. 2018. “Philippines: Mobile Phone Subscribers”.
https://www.theglobaleconomy.com/Philippines/Mobile_phone_subscribers/ (Accessed 12 July 2020)

In their efforts to uphold this State principle, the National Telecommunications Commission (NTC), Department of Information and Communications Technology (DICT), and the Department of Trade and Industry (DTI) issued a joint memorandum circular (MC 05-12-2017) in 2018, mandating telecommunications companies to extend the expiration period of all prepaid loads as part of government efforts to protect the rights of consumers in the telecommunications industry.

However, there are still numerous complaints from the consuming public of load expirations and forfeiture of unutilized load credits.

Thus, it is the intention of this bill to make the telecommunications companies liable if there be an imposition of expiration period in prepaid call cards as well as unutilized load credits.

In view of the foregoing, the immediate passage of this measure is earnestly sought.



ALFRED VARGAS

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

SECTION 1. Short Title. – This Act shall be known as the “Prepaid Load Protection Act”.

SECTION 2. Declaration of Policy. – It is hereby declared the policy of the State to protect the interest of the consumer, promote his or her general welfare, and to establish standards of conduct for business and industry. Toward this end, the State shall implement measures to achieve among others, the protection of consumers against deceptive, unfair, and unconscionable sales act and practices.

SECTION 3. Definition of Terms. – For the purpose of this Act, the term:

- (a) *Load Credits* – shall refer to the monetary value or the consumable amount loaded to a mobile or landline phone via prepaid cards or electronic transfer that enable a consumer to use telecommunications services.
- (b) *Prepaid* – shall refer to the type of mobile or landline phone account that requires its owners to purchase load credits before services are used.

- (c) *Prepaid Call and Text Card* – shall refer to a card with corresponding peso value that has to be purchased to enable a subscriber to use telecommunications services.

SECTION 4. *Prohibited Acts.* – The following shall constitute prohibited acts of any telecommunications company providing prepaid services and are hereby declared to be unlawful:

- (a) Imposition of an expiration period on the validity of unused prepaid call and text cards;
- (b) Forfeiture of load credits stored on an active prepaid phone account via prepaid call and text card or electronic transfer; and
- (c) Refusal to give a refund to any prepaid subscriber whose load credits were forfeited without any valid cause.

SECTION 5. *Penal Provisions.* – Any director, officer, employee or agent of a telecommunications company providing prepaid services who shall violate any of the acts mentioned under Section 4 hereof, shall upon conviction, be subject to the penalty of a fine of not less than One Hundred Thousand Pesos (P100,000.00) but not to exceed One Million Pesos (P1,000,000.00) or imprisonment of not less than two (2) years but not more than six (6) year, or both, upon the discretion of the court.

If the violation was committed by or in the interest of a juridical person duly licensed to engage in business in the Philippines, the following penalty shall be imposed:

- (a) 1st Offense – a fine of Five Hundred Thousand Pesos (P500,000.00)
- (b) 2nd Offense – suspension of license to engage in business for a period of thirty (30) days; and
- (c) 3rd Offense – immediate revocation of license to engage in business.

SECTION 6. *Information Dissemination.* – The Philippines Information Agency (PIA) in coordination with the National Telecommunications Commission (NTC) shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries.

SECTION 7. *Implementing Rules and Regulations (IRR).* – The National Telecommunications Commission shall formulate the necessary rules and regulations to implement the provisions of this Act within ninety (90) days after its effectivity. The rules and regulations issued pursuant to this Act

shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

SECTION 8. *Separability Clause.* – If any provision or part thereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SECTION 9. *Repealing Clause.* – All laws, presidential decree or issuance, executive orders, letter of instruction, administrative order, rule and regulation contrary to or inconsistent with the provisions of this Act are hereby repealed, modified, or amended accordingly.

SECTION 10. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,