

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **2741**



Introduced by Representative Julius Cesar "Jay" V. Vergara

EXPLANATORY NOTE

Despite the effectivity of Batas Pambansa Blg. 22 ("BP 22"), or more commonly known as the "Anti-Bouncing Check Law", for over four decades, thousands upon thousands of worthless rubber checks still flow into our banking system every day, which eventually find their way in the clogged dockets of our judicial system. According to the National Prosecution Service (NPS) of the Department of Justice (DOJ), BP 22 cases rank second in their list of most number of cases that the prosecution agency filed in court in 2017, next to illegal drugs cases.

The minimal prison term and fine prescribed by the law, coupled with the existing policy of our courts to exercise caution in imposing the penalty of imprisonment, does not effectively deter the offenders from issuing unfunded checks left and right.

This proposed legislation seeks to amend the law by increasing the prescribed jail term for the offenders and eliminating the maximum amount of fine that the courts can impose in lieu of the penalty of imprisonment. The proposed amendment also clarifies that the law punishes the dishonor of checks due to closure of the account. Moreover, this House Bill provides that if the reason for the dishonor of the check is the closure of the account, all the subsequent checks issued to the same payee and drawn against the same closed account shall be deemed dishonored without need of presentment. The purpose of this provision is to relieve the payee of the burden of having to deposit such checks and still await their due dates despite the absolute certainty that they will be dishonored since the account is already closed.

Another loophole in the law that has developed over the years is the requirement that the drawer or issuer of the bounced check should personally receive the notice of dishonor. In light of this requirement, the drawers of the bounced check can easily avoid prosecution and conviction by eluding the personal receipt of the notice of dishonor which the payee and/or the drawee bank attempt to serve on them. This proposed legislation seeks to plug this loophole by providing that the service of

the notice of dishonor at the last known address of the issuer of the check shall be deemed *prima facie* evidence of valid service of such notice.

With these proposed amendments, the author hopes that the amended law will have more deterrent effect and thereby significantly reduce the number of BP 22 cases filed in courts and at the same time, facilitate the effective and expeditious prosecution of these cases. Ultimately, the objective of this bill is to strengthen public confidence in checks as a negotiable instrument.

Given the foregoing, this Bill is respectfully submitted for immediate consideration and approval.



JULIUS CESAR "JAY" V. VERGARA
Third District of Nueva Ecija

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1 **AN ACT AMENDING BATAS PAMBANSA BLG. 22, AN ACT PENALIZING**
2 **THE MAKING OR DRAWING AND ISSUANCE OF A CHECK WITHOUT**
3 **SUFFICIENT FUNDS OR CREDIT AND FOR OTHER PURPOSES**
4

5 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
6 *assembled:*
7

8 **SECTION 1.** Section 1 of Batas Pambansa Blg. 22, otherwise known as the "Anti-
9 Bouncing Check Law", is hereby amended to read as follows:
10

11 "Section 1. Checks without sufficient funds **OR DRAWN**
12 **AGAINST CLOSED ACCOUNTS.** – Any person who makes or draws
13 and issues any check to apply on account or for value, knowing at the
14 time of issue that he does not have sufficient funds in or credit, **OR HE**
15 **HAS CLOSED ACCOUNT** with the drawee bank for the payment of
16 such check in full upon its presentment, which check is subsequently
17 dishonored by the drawee bank ~~for~~ **DUE TO** insufficiency of funds or
18 credit **OR CLOSURE OF THE ACCOUNT** or would have been
19 dishonored for the same reason had not the drawer, without any valid
20 reason, ordered the bank to stop payment, shall be punished by
21 imprisonment of not less than thirty days but not more than ~~{one (1)}~~
22 **SIX (6) yearS** or by a fine of not less than but not more than double the
23 amount of the check ~~{which fine shall in no case exceed Two Hundred~~
24 ~~**Thousand Pesos**}~~, or both such fine and imprisonment at the discretion
25 of the court. **ALL SUBSEQUENT CHECKS ISSUED TO THE SAME**
26 **PAYEE OF THE DISHONORED CHECK AND AGAINST THE**
27 **SAME CLOSED ACCOUNT SHALL BE DEEMED DISHONORED**
28 **WITHOUT NEED OF PRESENTMENT UNLESS THE CLOSURE OF**
29 **THE ACCOUNT WAS DONE IN GOOD FAITH OR THE PARTIES**
30 **AGREED IN WRITING TO REVISE THE TERMS OF PAYMENT OF**
31 **THE UNDERLYING OBLIGATION.**
32

1 The same penalty shall be imposed upon any person who, having
2 sufficient funds in or credit **OR HAS AN EXISTING ACCOUNT** with
3 the drawee bank when he makes or draws and issues a check, shall fail
4 to keep sufficient funds or to maintain a credit **OR KEEP THE SAME**
5 **ACCOUNT OPEN** to cover the full amount of the check if presented
6 within a period of ninety (90) days from the date appearing thereon, for
7 which reason it is dishonored by the drawee bank. **THE SAID**
8 **PENALTY SHALL NOT, HOWEVER, BE APPLICABLE FOR**
9 **CLOSURE OF ACCOUNTS DONE IN GOOD FAITH OR THE**
10 **PARTIES AGREED IN WRITING TO REVISE THE TERMS OF**
11 **PAYMENT OF THE UNDERLYING OBLIGATION.**
12

13 Where the check is drawn by a corporation, company or entity,
14 the person or persons who actually signed the check in behalf of such
15 drawer shall be liable under this Act.”
16

17 **SECTION 2.** Section 2 of Batas Pambansa Blg. 22, otherwise known as the “Anti-
18 Bouncing Check Law”, is hereby amended to read as follows:
19

20 “Sec. 2. Evidence of knowledge of insufficient funds **OR OF**
21 **CLOSED ACCOUNT.** - The making, drawing and issuance of a check
22 payment of which is refused by the drawee because of insufficient funds
23 in or credit **OR CLOSURE OF THE ACCOUNT** with such bank, when
24 presented within ninety (90) days from the date of the check, shall be
25 prima facie evidence of knowledge of such insufficiency of funds or
26 credit **OR OF CLOSURE OF THE ACCOUNT** unless such maker or
27 drawer pays the holder thereof the amount due thereon, or makes
28 arrangements for payment in full by the drawee of such check within (5)
29 banking days after receiving notice that such check has not been paid by
30 the drawee.
31

32 **IN THE CASE OF MULTIPLE CHECKS ISSUED FROM THE**
33 **SAME CLOSED ACCOUNT AND THE EARLIEST CHECK ISSUED**
34 **THEREFROM HAS BEEN PRESENTED AND REFUSED BY THE**
35 **DRAWEE BANK DUE TO THE CLOSURE OF THE ACCOUNT, THE**
36 **MAKING, DRAWING, AND ISSUANCE OF THE SUBSEQUENTLY**
37 **ISSUED CHECKS SHALL BE PRIMA FACIE EVIDENCE OF**
38 **KNOWLEDGE OF SUCH CLOSURE OF ACCOUNT.**
39

40 **THE SERVICE OF NOTICE OF DISHONOR AT THE LAST**
41 **KNOWN ADDRESS OF THE DRAWER OR ISSUER, AS PROVIDED**
42 **BY THE LATTER TO THE DRAWEE BANK OR PAYEE OF THE**
43 **CHECK, SHALL SERVE AS PRIMA FACIE EVIDENCE OF VALID**
44 **SERVICE OF SUCH NOTICE.”**
45

1 **SECTION 3. Separability Clause.** If any provision or part of this Act is
2 declared unconstitutional, the remaining parts or provisions that are unaffected shall
3 remain in full force and effect.
4

5 **SECTION 4. Repealing Clause.** All other laws, decrees, issuances, rules and
6 regulations, or parts thereof that are not consistent with the provisions of this Act are
7 hereby repealed, amended, or modified accordingly.
8

9 **SECTION 5. Effectivity.** This Act shall take effect fifteen (15) days following
10 its publication in Official Gazette or in a newspaper of general circulation.
11

12 Approved,