

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

TWENTIETH CONGRESS  
First Regular Session

HOUSE BILL NO. 3462



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Introduced by: **REP. SALVADOR A. PLEYTO, SR.**

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### **EXPLANATORY NOTE**

Artificial Intelligence (AI) presents a transformative opportunity to accelerate economic growth, enhance public services, and address complex societal challenges. However, the rapid advancement and adoption of AI systems also introduce significant risks related to data privacy, algorithmic bias, accountability, and ethical use.

There is a need for a comprehensive legal framework that balances the promotion of innovation with the imperative to protect public welfare and ensure responsible development.

This bill seeks to establish a clear and progressive policy for AI in the Philippines. It proposes the creation of a specialized regulatory body, the Philippine Artificial Intelligence Commission (PAIC), which will be responsible for overseeing AI governance.

The bill also provides for robust support mechanisms for AI research and development, while simultaneously instituting ethical guidelines, data protection standards, and accountability measures to mitigate potential harm. By creating a forward-looking and adaptable regulatory environment, the Philippines can harness the full potential of AI to build a smarter, more inclusive, and more competitive nation.

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

  
**SALVADOR A. PLEYTO, SR.**

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**AN ACT PROMOTING THE DEVELOPMENT AND REGULATION OF  
ARTIFICIAL INTELLIGENCE IN THE PHILIPPINES, CREATING FOR THE  
PURPOSE THE PHILIPPINE ARTIFICIAL INTELLIGENCE COMMISSION,  
AND FOR OTHER PURPOSES**

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

ARTICLE I: GENERAL PROVISIONS

**Section 1. Short Title.** - This Act shall be known as the "Philippine Artificial Intelligence Act of 2025."

**Sec. 2. Declaration of Policy.** - It is the policy of the State to foster a national environment conducive to the development, adoption, and ethical use of Artificial Intelligence. The State shall:

- Promote the Philippines as a hub for AI research, development, and innovation;
- Ensure that AI systems are developed and used in a manner that respects human dignity, fundamental rights, and democratic values;
- Establish a clear and flexible regulatory framework to govern AI systems, with a focus on risk-based oversight;
- Protect consumers and citizens from the potential harms of AI, including discrimination, privacy violations, and misinformation;
- Encourage public-private partnerships to facilitate the growth of the AI sector and address AI-related challenges.

**Sec. 3. *Definition of Terms.*** - For the purpose of this Act, the following terms shall be defined as follows:

- a. Artificial Intelligence (AI) - refers to a system with the ability to process information, recognize patterns, make decisions, or generate content using algorithms and models, often with minimal human intervention.
- b. AI System - refers to a machine-based system that, for explicit or implicit objectives, infers from the input it receives and uses models to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments.
- c. High-Risk AI System - refers to an AI System that poses a significant risk of harm to the health, safety, or fundamental rights of individuals, as defined by the Philippine Artificial Intelligence Commission.
- d. AI Developer - refers to any person, company, or entity that creates or modifies an AI System.
- e. AI User - refers to any person, company, or entity that deploys or uses an AI System.
- f. Algorithmic Transparency - refers to the principle that the internal workings of an AI System, including its data sources, logic, and decision-making processes, should be understandable and explainable.

## ARTICLE II: THE PHILIPPINE ARTIFICIAL INTELLIGENCE COMMISSION (PAIC)

**Sec. 4. *Creation of the Philippine Artificial Intelligence Commission.*** - There is hereby created an independent body to be known as the Philippine Artificial Intelligence Commission (PAIC), hereinafter referred to as the "Commission," which shall be attached to the Department of Information and Communications Technology (DICT) for administrative purposes only.

**Sec. 5. *Powers and Functions.*** - The Commission shall be the primary government entity responsible for the oversight and regulation of AI in the Philippines. Its powers and functions shall include, but not be limited to:

- a. Formulating and implementing a National AI Strategy and Roadmap;
- b. Developing, publishing, and updating ethical guidelines and standards for the development and use of AI Systems;
- c. Classifying AI Systems as High-Risk or Low-Risk and establishing corresponding regulatory requirements;
- d. Conducting impact assessments and audits on High-Risk AI Systems;

- e. Promoting and funding AI-related research and development through grants, subsidies, and incentives;
- f. Collaborating with educational institutions to develop AI-focused curricula and training programs;
- g. Imposing penalties for violations of this Act and its implementing rules and regulations; and
- h. Serving as the central repository for AI-related data and information

### ARTICLE III: AI DEVELOPMENT AND REGULATION

**Sec. 6. *Promotion of AI Development.*** - The State shall provide incentives to AI Developers, including, but not limited to:

- a. Tax incentives for investments in AI research and development;
- b. Subsidies for AI startups and small and medium-sized enterprises (SMEs);
- c. Creation of AI-focused incubators, accelerators, and innovation hubs; and
- e. Facilitation of access to public datasets for AI training, subject to privacy safeguards.

**Sec. 7. *Ethical Principles and Data Privacy.*** - All AI Developers and AI Users shall adhere to the following principles:

- a. **Human Oversight and Control:** AI Systems should remain subject to human oversight, and humans must be ultimately responsible for decisions made by or with the assistance of AI.
- b. **Privacy by Design:** AI Systems shall be developed and deployed with data privacy and security measures as a core design principle, in full compliance with the Data Privacy Act of 2012.
- c. **Algorithmic Transparency and Explainability:** For High-Risk AI Systems, Developers and Users shall ensure that their algorithms are transparent, auditable, and their outputs are explainable to a reasonable degree.
- d. **Fairness and Non-Discrimination:** AI Systems shall be designed to be free from inherent bias and shall not perpetuate or reinforce discrimination based on race, gender, religion, or other protected characteristics.

**Sec. 8. *Accountability and Liability.***

- a. For High-Risk AI Systems: The AI Developer or AI User shall be held accountable for any harm, damage, or discrimination caused by the system, unless it can be proven that the harm was caused by a user's gross negligence or misuse.
- b. Audit Trail: AI Systems, particularly High-Risk ones, shall be required to maintain a comprehensive audit trail of all data used, decisions made, and modifications to the system.

**Sec. 9. *Penalties.*** - Any person, company, or entity found in violation of this Act or the rules and regulations issued by the Commission shall be subject to the following penalties:

- a. Administrative fines ranging from One Hundred Thousand Pesos (₱100,000.00) to Ten Million Pesos (₱10,000,000.00), depending on the severity of the violation;
- b. Suspension or revocation of business permits, licenses, or government contracts; and
- c. Other such penalties as may be prescribed by the Commission.

ARTICLE IV: FINAL PROVISIONS

**Sec. 10. *Implementing Rules and Regulations (IRR).*** - Within ninety (90) days from the effectivity of this Act, the PAIC, in coordination with the DICT and other relevant government agencies, shall formulate the necessary rules and regulations to implement the provisions of this Act.

**Sec. 11. *Separability Clause.*** - If any provision or part of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

**Sec. 12. *Repealing Clause.*** - All laws, presidential decrees, executive orders, proclamations, and administrative regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

**Sec. 13. *Effectivity.*** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,