

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. 8534



Introduced by Representatives JEFFREY SORIANO and JOCELYN P. TULFO

EXPLANATORY NOTE

This bill seeks to establish a clear legal framework for the regulation of Transportation Network Companies (TNCs) and Transportation Network Drivers (TNDs) operating in the Philippines.

With the rapid growth of app-based ride-hailing services, transportation network services have become an important component of the country's urban mobility system. However, the absence of a comprehensive statutory framework governing their operations has resulted in regulatory gaps affecting passenger safety, driver accountability, and fair competition within the transport sector.

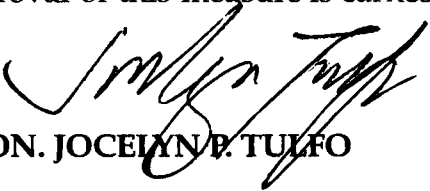
The measure recognizes transportation network companies as legitimate transport service providers and prescribes the requirements, guidelines, and standards necessary for their operation.

To protect the riding public, the bill establishes minimum operational standards for TNCs and their drivers. Among others, it requires TNCs to obtain permits from the Land Transportation Franchising and Regulatory Board (LTFRB), maintain updated driver databases, conduct vehicle safety inspections, and adopt policies that promote passenger safety and accountability. It likewise mandates zero tolerance for illegal drug and alcohol use by drivers and requires transparent fare-setting mechanisms, including clear disclosure of dynamic pricing policies.

By institutionalizing standards for transportation network services, this measure aims to promote safe, reliable, and efficient ride-hailing services while ensuring accountability among operators and drivers. At the same time, it encourages innovation and competition in the transport sector in a manner that protects the public interest.

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


HON. JEFFREY SORIANO


HON. JOCELYN P. TULFO

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AN ACT
RECOGNIZING TRANSPORTATION NETWORK COMPANIES AND
DRIVERS, PRESCRIBING REQUIREMENTS, GUIDELINES AND STANDARDS
FOR THEIR OPERATION, PROVIDING PENALTIES FOR VIOLATION
THEREOF, AND FOR OTHER PURPOSES

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 “*Transportation Network Service Act*”.

SEC. 2. *Declaration of Policy.* — It is the policy of the State to provide and promote adequate and efficient modes of transportation in the country. Toward this end, the State shall enact measures for the regulation of transportation network services to ensure that the paramount interest of the public is protected and conserved, while encouraging free enterprise and economic development.

SEC. 3. *Definition of Terms.* — As used in this Act:

- a. Board refers to the Land Transportation Franchising and Regulatory Board (LTFRB);
- b. Passenger refers to an individual who uses a transportation network company’s service platform to connect to a driver for transportation network services, including all other persons who accompany said individual for the duration of such service;
- c. Personal vehicle refers to a motor vehicle that satisfies all of the following conditions:
 1. owned, leased, or otherwise authorized to be used by the driver;
 2. not a public utility vehicle as defined in Republic Act No. 10586 and other related laws;

- d. Service platform refers to any internet site or online-enabled application software or system that permits the pre-arrangement of transportation network services;
- e. Transportation Network Company (TNC) refers to a business organization whether a corporation, partnership, or sole proprietorship licensed to operate in the Philippines, that provides pre-arranged transportation services for compensation using an internet-based application or digital platform technology to connect passengers and drivers using their personal vehicles;
- f. Transportation Network Driver (TND) refers to an individual who:
 - 1. satisfies the requirements in this Act;
 - 2. pays a fee to a TNC to connect to a passenger for the purpose of engaging in transportation network services; and
 - 3. operates a personal vehicle to engage in transportation network services for compensation; and
- g. Transportation Network Services (TNS) refers to a transportation of a passenger between points chosen by the passenger and that is pre-arranged with a TND through the use of a TNC's service platform. The TNS begins from the moment the TND accepts a request for transportation on the TNC's service platform and ends when the TND completes the transaction on the service platform or when the trip is complete and the passenger exits the TND's vehicle, whichever is later.

SEC. 4. *Nature of Transportation Network Companies and Drivers.* — TNDs are hereby considered as common carriers for purposes of determining the liability and degree of diligence that must be observed in the course of transportation network services, and the presumption of negligence in case of breach of contract of carriage shall likewise apply to them. TNCs shall be required to exercise the diligence of a good father of a family in the course of complying with its obligations under this Act and the regulations that the Board may issue in relation thereto. TNCs shall be solidarily liable with TNDs in case the latter has been found guilty of any violation of laws, rules and regulation that involves a passenger as defined in this act.

CHAPTER II

REGULATION OF TRANSPORTATION NETWORK COMPANIES

SEC. 5. *Issuance of Permits to TNCs.* — A person, organization, or entity shall not be allowed to operate a TNC without first obtaining a Permit from the Board upon compliance with the requirements set forth by this Act and other reasonable conditions as may be provided by the Board.

SEC. 6. *Application for Permit.* — The Board shall grant a Permit to a TNC upon determination that all of the following requirements are met:

- a. Submission of application in the form prescribed by the Board. The application shall have a minimum requirement that include the applicant's name, address, tax identification number, and any other information that the Board may deem necessary to assess the applicant's qualification;
- b. Proof that the applicant is licensed to do business in the Philippines and a resident agent for purposes of service of processes in the Philippines if the applicant is a foreign corporation; and
- c. Payment of an application fee to be set by the Board upon filing of the application. The applicant shall notify the Board of any material change in the information included in the application not later than fifteen (15) days after the change occurs. The Board shall prescribe a form for the disclosure of material changes.

SEC. 7. *Term and Renewal of Permit.* — A permit issued by the Board shall be valid for a period of three (3) years unless sooner revoked by the Board for any of the causes provided under Section 23.

The Board shall prescribe the form and requirements necessary for the renewal of a permit.

CHAPTER III OPERATION OF TRANSPORTATION NETWORK COMPANIES

SEC. 8. *Enforcement.* — A transportation network company shall:

- a. Create an application process for a person to apply for registration as a transportation network driver;
- b. Maintain an updated database of the TNC's transportation network drivers;
- c. Maintain a website with the following information:
 1. The TNC's customer service telephone number and/or electronic mail address;
 2. The TNC's zero tolerance policy established under this Act;
 3. The procedure for reporting a complaint about the TND;
 4. Conduct, or have a third party conduct, a safety inspection of the personal vehicle that a TND will use before the motor vehicle may be used to provide transportation network services and ensure compliance with the TNC's vehicle safety policy established under this Act; and
 5. Maintain an insurance policy as required under Section 17 of this Act.

SEC. 9. *Zero Tolerance for Illegal Drug or Alcohol Use.* — Every TNC shall develop and implement a policy prohibiting any TND from using illegal drugs or alcohol or any other substance that may render the TND incapable of driving safely while the TND is engaged in transportation network services for the TNC or is logged onto the TNC's service platform. The TNC shall:

- a. Establish a complaint procedures for reports of suspected violations of the zero tolerance policy;
- b. Conduct an investigation upon receipt of a complaint that the TND violated the zero tolerance policy required under this Section and immediately suspend a TND's access to its service platform for the duration of the investigation;
- c. *Initiate and/or refer the filing of appropriate charges of the erring TND to government agencies;*
- d. Maintain records relevant to the requirements of this Section for the purposes of enforcement.

SEC. 10. *Vehicle Safety Policy.* — TNCs shall adopt a vehicle safety policy to ensure the comfort and security of passengers using transportation network services. Such policy shall observe the following minimum standards:

- a. transportation of passengers in numbers exceeding the manufacturer's designed seating capacity shall be prohibited, notwithstanding the state's policy of encouraging ride-sharing;
- b. vehicle must be road-worthy and compliant with vehicle emission standards but, in any case, must not be more than ten (10) years old from date of manufacture; and
- c. vehicle must be equipped with proper tools and equipment.

SEC. 11. *Fare Setting and Disclosures.* — A TNC is hereby authorized to set fares but shall disclose the fare calculation method, the applicable rates being charged, and the option for an estimated fare to a passenger before the passenger arranges a trip with a TND subject to rules and regulation imposed by the Board.

If a TNC utilizes dynamic pricing to incentivize drivers in an effort to maximize the supply of available vehicles on the service platform to match the demand for rides and increase reliability, the service platform must:

- a. Provide clear and visible indication that dynamic pricing is in effect prior to requesting a trip;
- b. Include a feature that requires passengers to confirm that they understand that dynamic pricing will be applied in order for the trip request to be completed; and

- c. Provide a fare estimator that enables the user to estimate the cost under dynamic pricing prior to requesting the trip.

Notwithstanding the preceding paragraph, dynamic pricing may be suspended during abnormal market disruptions, such as but not limited to any change in the ground transportation market, whether actual or imminently threatened, resulting from severe weather disturbances and natural calamities, failure or shortage of electric power or other source of energy, strike, civil disorder, war, military action, national or local emergency, or other cause of an abnormal disruption of the market resulting in a disaster or the declaration of a state of emergency.

SEC. 12. *Electronic Receipt.* — Within a reasonable time after the completion of a trip, a TNC shall transmit an electronic receipt to the passenger's electronic mail address or mobile application containing the origin and destination of the trip; the total time and distance of the trip; and breakdown of the total fare paid, if any.

SEC. 13. *Identification of Transportation Network Drivers and Vehicles.* — TNCs shall make available to each prospective passenger, on its service platform, the photograph of the TND and the license plate number and description of the TND's vehicle. TNDs shall display the TNC's trade dress on the vehicle at all times it is being used to provide transportation network services.

SEC. 14. *Confidentiality of Passenger Information.* — TNCs shall not disclose a passenger's personally identifiable information and trip details to any other person unless:

- a. The passenger consents to the disclosure;
- b. The disclosure is required by a legal obligation; and
- c. The disclosure is necessary to protect or defend the terms of use of the service or to investigate a violation of those terms.
- d. The disclosure is necessary to aid law enforcement officers to investigate crimes that happened involving the driver or passenger during the ride.

In addition, a TNC shall be permitted to share a passenger's name and telephone number with a TND for the sole purpose of facilitating communication between the passenger and the driver regarding pre-arranged trips. TNCs shall prohibit the use by TNDs of a passenger's name, telephone number, or other personal information for any purpose other than those listed in this Section.

SEC. 15. *Requirements for Transportation Network Drivers.* — An individual may submit an application to a TNC for registration as a TND.

- a. Before approving an application, a TNC shall:
 1. Require the individual to submit an application that includes at least all of the following:

- i. The individual's name, address, and age;
 - ii. Information on the individual's professional driver's license;
 - iii. Proof of motor vehicle registration for the personal vehicle the individual will use to provide TNS through the TNC;
 - iv. Proof of availability of an off-street parking space for the vehicle that he will use to provide TNS; and
 - v. Proof of motor liability insurance coverage as required under Section 17 of this Act.
 - vi. Conduct a review of the individual's driving history; and
 - vii. Conduct, or have a third party conduct, a criminal background check for the individual.
2. A TNC shall not approve an application submitted under subsection (a) of this Section and shall permanently disqualify an applicant who:
- i. is below eighteen (18) years of age;
 - ii. has been sentenced by final judgment for an offense involving moral turpitude or for an offense punishable by one (1) year or more of imprisonment, within two (2) years after serving sentence;
 - iii. has been found to have committed, within three (3) years prior to the application, any violation of laws, rules and regulations governing land transportation;

A person whose application as TND has been approved shall be issued a TND Certificate which shall contain the name, address and picture of the driver, and the registration plate number of the vehicle that he will use. The form of the certificate shall be approved by the Board.

Nothing in this Section shall be interpreted to prevent a TNC from imposing additional standards or requirements for the registration of TNDs.

SEC. 16. *Drivers as Independent Contractors.* — TNDs shall be independent contractors and not employees of the TNC if all of the following conditions are met:

- a. TNC does not prescribe specific hours during which a TND must be logged into the TNC's platform;
- b. TNC does not assign a TND particular territory in which to operate; and
- c. TNC does not restrict a TND from engaging in any other occupation or business.

SEC. 17. *Insurance Requirements.* — TNCs and TNDs shall both maintain insurance policies to cover claims for incidents involving vehicles and accidental death and bodily injuries of drivers and passengers while they are providing transportation network services. The Board shall determine, upon consultation with stakeholders, the insurance coverage, including the types of coverage and the limits for each coverage, that TNCs shall maintain during the validity of their permit.

In every instance where insurance maintained by a TND has lapsed, failed to provide the required coverage, denied a claim for a required coverage, or otherwise ceased to exist, the insurance maintained by a TNC shall provide the required coverage.

A TNC shall neither require nor include a hold harmless or indemnification clause in the terms of agreement with a TND. Such clause, if included in the agreement, shall be an absolute nullity.

In the event of an accident, a TND shall provide insurance coverage information directly to interested parties, insurers and investigating police officers, upon request.

SEC. 18. *Street Hails.* — It shall be prohibited for a TND to solicit or accept street hails or otherwise provide transportation for compensation that are not pre-arranged through a TNC's service platform.

SEC. 19. *Cash Payments.* — A TND may not solicit or accept cash payments or tips over and above the fare calculated by the TNCs service platform and reflected in the electronic receipt required under Section 12.

SEC. 20. *Fleet Service.* — TNCs shall not be allowed to have their own fleet service or be authorized to enter into an agreement with a fleet operator to provide transportation network services. For purposes of this Act, a person who operates more than one (1) motor vehicle shall be considered a "fleet operator" and shall not be registered by the TNC with its service platform.

A TND shall not be allowed to register or apply two (2) or more motor vehicles to be used for transportation network services to any TNC.

SEC. 21. *Tax Treatment.* — The Bureau of Internal Revenue shall determine the tax liability of TNCs and TNDs and provide the appropriate guidelines for compliance therewith.

CHAPTER IV ENFORCEMENT

SEC. 22. *Regulatory Authority.* — The authority of the Board shall be limited to the issuance of permits and regulation of TNCs to ensure their compliance with the provisions of this Act. Such authority shall not include jurisdiction to adjudicate private causes of action arising from the provision of transportation network services.

SEC. 23. *Disciplinary Proceedings.* — The Board, after due notice and hearing, may deny an application, limit, suspend, or revoke a permit if the TNC:

- a. Makes a material misrepresentation in any application filed under this Act or rules of the Board;
- b. Fails to comply with the provisions of this Act or any rule promulgated pursuant to this Act;
- c. Violates any other law that substantially relates to the operation of TNCs;
- d. Fails to cooperate with the Board, or fails to timely respond to a request for information by the Board, in connection with an investigation pursuant to this Act; or
- e. Fails to maintain the qualifications for a permit;
- f. Violation of other existing laws of the Philippines.

In addition to denial of application or other action under the immediately preceding paragraph, the Board may assess against a TNC for each violation enumerated thereunder, a fine not exceeding one million pesos (P1,000,000.00).

SEC. 24. *Penalties.* — The Board shall determine the amount of the administrative penalty to be imposed on a person, firm, corporation or entity found violating the provisions of this Act, after considering the following factors:

- a. The seriousness of the violation or failure to comply, including the nature, circumstances, extent, and gravity of the violations, and the harm or injury that may arise as a result of the violation;
- b. The history of contraventions of or failure to comply;
- c. The efforts made to correct the violation; and
- d. Any other factor that may be just and reasonable under the circumstances.

SEC. 25. *Fees and Other Charges.* — The TNCs shall be subject to an annual supervision fee, to be determined by the Board and subject to the approval of the Secretary of the Department of Transportation. The Board shall promulgate rules and regulations governing the collection of such fees, which shall likewise be reviewed periodically and any proposed increase shall be published in two (2) newspapers of general circulation.

SEC. 26. *Records.* — All TNCs shall maintain passenger trip records for at least one (1) year from the date the trip was completed. TNCs shall also maintain all records concerning each TND for at least five (5) years after the date on which the TND ceases to engage in transportation network services for the TNC.

The Board shall have the authority to examine records of TNCs, for the purpose of enforcement of this Act, including a random sample of the TNC's records

related to pre-arranged rides and TNDs. Such examinations shall be conducted during working hours and shall not occur more than two times per year unless necessary to investigate a complaint. Records obtained by the Board, pursuant to this Section shall be kept confidential, except as may be required by law.

SEC. 27. *Reportorial Requirement.* — A TNC shall transmit a quarterly report to the Board providing an accounting of the number of vehicles it has registered to operate, number of trips provided, estimated number of passengers served, and any other information that the Board may deem necessary for the effective enforcement of this Act.

CHAPTER V FINAL PROVISIONS

SEC. 28. *Implementing Rules and Regulations.* — Within sixty (60) days from the effectivity of this Act, the Board shall promulgate the implementing rules and regulations as may be necessary to ensure the efficient and effective implementation of this Act.

SEC. 13. *Separability Clause.* — If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 14. *Repealing Clause.* — All laws, presidential decrees, executive orders, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

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

Approved,