

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



EIGHTEENTH CONGRESS
First Regular Session

5554

House Bill No. _____

Introduced by Honorable JOSE "JUN" L. ONG, JR.

EXPLANATORY NOTE

**AN ACT PROHIBITING ALL PUBLIC TELECOMMUNICATIONS
ENTITIES AND INFORMATION AND COMMUNICATIONS
TECHNOLOGY PROVIDERS FROM IMPOSING AN EXPIRATION
PERIOD ON THE VALIDITY OF MOBILE PREPAID LOAD AND
INTERNET CREDITS AND THEIR FORFEITURE, PROVIDING
PENALTIES FOR VIOLATIONS THEREOF**

The prepaid purchase of mobile and internet credits is resorted to by many Filipinos who find it more cost efficient to buy credits in fixed amounts or those who do not have credit lines which will make them eligible to avail of postpaid lines that are offered by service providers. With the convenience of prepaid loads, mobile and internet service users can go about their routines without the need of having to pay on a monthly basis and instead top up only when they find it necessary.

However, a major problem associated with prepaid load credits, both internet and mobile, is that they are subject to expiration depending on the amount purchased. There is a total of 142, 432, 163 prepaid mobile subscribers in the Philippines. That means 96.6 % of the total mobile subscribers in the country continues to experience


subscribers in the Philippines. That means 96.6 % of the total mobile subscribers in the country continues to experience prepaid cellular and internet load expiration up to this day to the detriment of our people as prepaid load users do not get the full value, they pay for due to expiration dates and forfeiture of unutilized load credits.

The phenomenal surge in the number of mobile and internet prepaid subscribers spells out big business for telecommunications networks selling credits. Thus, justice demand that unused mobile and internet credits should not be forfeited. Rather, network providers are duty-bound to respect the contract of sale effected between them and the prepaid users upon purchase of prepaid load credits.

Considering the consumers paid hard-earned money in the purchase of these prepaid loads, it is not only fair, but more importantly is only proper that these do not have expiration on use as service is not perishable and therefore does not require an expiration.

This bill seeks to make the imposition of expiration periods on the validity of prepaid loads and forfeiture of unused credits as prohibited acts and punishable by law.

In view thereof, early consideration and approval of this bill is earnestly sought.


JOSE "JUN" L. ONG, JR.

Representative
Second District, Northern Samar

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SECTION 1. Title. – This Act shall be known as the “Prepaid Load and Sim Card Protection Act of 2019.”

Section 2. Declaration of Policy. – It is hereby declared the policy of the State to protect the interest of consumers, promote their general welfare, and establish standards of good conduct of business and industry. The State shall recognize the vital role of information and communications technology in nation- building. It likewise recognizes the primary role of the private sector as an engine of economic growth and guarantees the right of individuals and private entities, to own, establish, and operate economic enterprises. However, as the Constitution provides the use of property bears a social function, the right of private entities is subject to the duty of the State to intervene when the common good so requires – including protection of consumers, promotion of their general welfare and establishment of standards of conduct of business and industry. The State shall implement measures to achieve, among others, the protection of consumers against deceptive, unfair, and unconscionable sales acts and practices.

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

- a. *Prepaid Load credits* – shall refer to the monetary value or the consumable amount loaded to a mobile or landline phone via pre-paid cards, loading establishments and/or electronic transfers that enable a consumer to use telecommunication, mobile, and internet services.
- b. *Pre-paid*- shall refer to the type of mobile or landline phone account that requires its owners to purchase load credits before services are used.
- c. *Pre-paid card*- shall refer to a card with corresponding peso value that has to be purchased to enable a subscriber to use telecommunication and/ or internet services.
- d. *Prepaid Subscriber* refers to any person, natural or juridical, who avails of telecommunications services from a public telecommunications entity and/ or information and communications technology provider by purchasing credit in advance of service use. The purchased credit is used to pay for telecommunications services at the point the service is accessed or consumed.
- e. *Public Telecommunications Entity or PTE* refers to any duly authorized public telecommunications entity that offers voice, short messaging system (SMS) or text, mobile data, value added services (VAS), or any other telecommunications services to the public for a fee; and
- f. *Telecommunications* refers to any process which enables a telecommunications entity to relay and receive voice, data, electronic messages, written or printed matter, fixed or moving pictures , words, music or visible or audible signals, or any control signals of any design and for any purpose by wire, radio, or other electromagnetic, spectral, optical or technological means.
- g. *Dormancy* refers to the absence of mobile activity on the SIM card from its purchase or within one year from the date of last reloading if there is absence of activity.

SECTION 4. Prohibited Acts. – the following shall constitute prohibited acts of any telecommunication company providing pre-paid services both mobile and internet and are hereby declared unlawful.

- a. Imposition of an expiration period on the validity of unused prepaid load credits, whether purchased via prepaid card or electronic load;
- b. Forfeiture of such prepaid load credits on an active prepaid account, save for the purpose of availing of the mobile number portability service; and
- c. Refusal to give a refund to any prepaid subscriber whose load credits were forfeited without any valid cause.

In view of paragraph b, a prepaid account that has become dormant shall be deducted one peso for everyday of inactivity from its remaining load credits until such credits are fully consumed.

SECTION 5. Penalties. – Any director, officer, employee, or agent of a telecommunication company providing pre-paid services who shall commit 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 (P 100,000.00) but not to exceed One Million Pesos (P 1, 000,000), or imprisonment of not less than two (2) years but not more than six (6) years, or both upon the discretion of the court.

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

- a. *First Offense* – Fine of Five Hundred Thousand pesos plus suspension of license to engage in business for a period of (30 days).
- b. *Second Offense* – Fine of One Million pesos plus suspension of license to engage in business for a period of (60 days).
- c. *Third Offense* – Fine of Two Million pesos plus immediate revocation of license to engage in business.

SECTION 6. Information Dissemination. – The Philippine Information Agency (PIA) in coordination with the Department of Information, Communications and Technology (DICT) shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public.

SECTION 7. Implementing Rules and Regulations. – The Department of Information, Communications and Technology (DITC) in coordination with the National Telecommunications Commission (NTC) and the

Department of Trade and Industry shall formulate the necessary rules and regulations to implement the provisions of this Act within 90 days after its effectivity. The government agencies shall also be responsible in the promulgation of other issuances necessary in the effective implementation of this Act.

The IRR issued shall immediately take effect fifteen days after its publication in a newspaper of general circulation.

SECTION 8. Separability Clause. – If any provisions of this Act are deemed valid or unconstitutional, the other provisions not affected shall hereby remain in full force and effect.

SECTION 9. Repealing Clause. – All laws, decrees, executive order, proclamations, rules and regulations, and issuances or parts thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

Section 10. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,