

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Constitution Hills, Quezon City  
**SEVENTEENTH CONGRESS**  
*First Regular Session*

**HOUSE BILL NO. 4085**



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INTRODUCED BY **REPRESENTATIVE JOSEPH STO. NIÑO B. BERNOS**


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**EXPLANATORY NOTE**

Every day, many people are growing impatient on the worsening traffic situation in Metro Manila, costing many wage earners deductions in their salaries for coming to work later than the prescribed time. Hence, the need to create an efficient transportation mechanism has become a national issue – something that may be a sign of increasing consumption or spending patterns of the Filipino workers. Yet, progress for progress sake is insignificant if certain portions of its manifestations contribute to another problem that may affect the very population that experienced the economic growth.

The then-Department of Transportation and Communications, through its Department Order No. 011, issued on May 8, 2015, sought to amend a 1997 Department Order to promote mobility, by introducing newer forms of public transport corresponding to the changing times. One of the said innovations was the creation of a new category called “transportation network vehicle service” (TNVS), that links commuting public to vehicles via software applications or “apps” available online for download. We recognize its importance and potential to ease the traffic congestion and to spur competition from similar service providers to give quality and cheaper services to commuters.

To this end, this Bill seeks to institutionalize TNVS as a viable medium of transportation in the country that is subsumed under government regulation to ensure the welfare and safety of the ordinary Filipino commuter. In view of the foregoing, the passage of this Bill is highly sought.

  
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Representative  
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**AN ACT**  
**REGULATING THE TRANSPORTATION NETWORK SERVICE, IMPOSING AND**  
**AUTHORIZING FEES, PROVIDING PENALTIES FOR VIOLATIONS THEROF, AND**  
**FOR OTHER PURPOSES**

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

**CHAPTER I**  
**GENERAL PROVISIONS**

**Section 1. Short Title.** This Act shall be known as the "Transportation Network Vehicle Service Accreditation Act of 2016".

**Sec. 2. Declaration of Policy.** It shall be the policy of the State to encourage the development of alternative modes of transportation in keeping up with the latest technological innovations and in response to growing demand for an efficient and effective transportation system. Hence, the state shall enact measures for the development and regulation of transportation network companies and vehicles and to ensure the safety of both the driver and the riding public.

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

- a) *Board* refers to the Land Transportation Franchising and Regulatory Board;

- b) *Service platform* refers to any online-enabled application, software, website, or system offered or used by a transportation network company that enable the pre-arrangement of a ride with a transportation network driver;
- c) *Transportation network services* refer to a transportation provided by a transportation network driver to a transportation network passenger, beginning at the time the driver accepts a ride requested by the passenger through the service platform controlled by a transportation network company, continuing while the driver transports the passenger, and ending at the time the last requesting passenger departs from the transportation network vehicle;
- d) *Transportation Network Company (TNC)* refers to an organization, whether a corporation, partnership, sole proprietorship, or other form, operating in the Philippines that provides pre-arranged transportation services for compensation using a service platform to connect passengers with drivers using their vehicles;
- e) *Transportation network driver (TND)* refers to an individual who receives connections to potential transportation network passengers and related services from a TNC in exchange for payment of a fee to the company, and uses a transportation network vehicle to offer or provide transportation network services to a transportation network passenger through a service platform controlled by the company in exchange for compensation or payment of a fee;
- f) *Transportation network vehicle (TNV)* refers to a vehicle accredited by a TNC and used by a TND to provide transportation network services;
- g) *Transportation Network Vehicle Operators (TNVO)* refers to owners of TNVS used by a TND to provide transportation network services;
- h) *Transportation network passenger (TNP)* refers to an individual who uses a TNC's service platform to connect with a transportation network driver who provides transportation network services to the individual using a TNV between points chosen by the individual; and
- i) *Commercial liability insurance* refers to a standard insurance policy issued to a transportation network company to cover any liability claims for breach, bodily injury, death, and property damage arising during the course of the transportation network service.

**Sec. 4. Nature of Transportation Network Companies and Vehicles.** TNCs offer, represent, and/or engage themselves to carry or transport passengers who opt to avail of their service platform. TNCs are hereby declared as common carriers. A contract of carriage commences from the time a TNP makes a pre-arranged ride with the TNC and ends at the time the TNV carrying the TNP arrives at the designated location.

TNV operators are common carriers in the course of the transportation network service and are responsible for any breach in the contract of carriage.

**Sec. 5. Liabilities.** (a) The diligence required of TNCs and TNDs in the conduct of their business is extra-ordinary diligence as defined by law. A TND is presumed to be negligent when there is breach in the contract of carriage. The liability may include, but is not limited to actual and moral damages as well as indemnity for loss of earning capacity. The TNC and the owner/operator of TNV shall be jointly and solidarily liable with the TND.

(b) Taxicabs, limousines, or similar for-hire vehicles which also avail of service platforms to connect and provide transportation services to their passengers for pre-arranged rides shall likewise be covered under the provisions of this Act and remain liable under the conditions set forth under their Certificate of Public Conveyance and Necessity and other existing laws, rules, and regulations.

**Sec. 6. Applicability of Existing Regulations.** All memoranda and guidelines promulgated by the Board shall suppletorily apply to all claims in case of any breach by the TNC or the owner/operator of TNV on the contract of carriage without prejudice to any other administrative or court proceedings instituted by the aggrieved party.

**Sec. 7. Regulatory Authority.** TNCs and TNVOs shall be governed by the provisions of this Act and other rules adopted by the Board pursuant to this Act.

## CHAPTER II

### ACCREDITATION OF TRANSPORTATION NETWORK COMPANY

**Sec. 8. Accreditation.** A person, firm, or corporation shall only be allowed to operate a TNC by obtaining and maintaining a permit to be issued by the Board upon compliance with the requirements set forth by this Act and other reasonable conditions as may be provided by the Board.

**Sec. 9. Accreditation.** An accreditation fee to be set by the Board shall be paid upon filing of the application and before the issuance of the Certificate of TNC Accreditation.

**Sec. 10. Application for Accreditation.** (a) An application for a TNC accreditation must be in a form prescribed by the Board. The application shall contain information required by this Act and other pertinent data that the Board may deem necessary to assess and identify the applicant's qualifications to adequately serve the public.

(b) The applicant shall notify the Board of any material change in the information included in an application not later than ten (10) days after the change occurs. The Board shall prescribe a form for the disclosure of material changes.

**Sec. 11. Term and Renewal of Accreditation.** (a) An accreditation issued under this Act is valid two (2) years unless sooner revoked by the Board for reasonable cause. The Board shall prescribe the form and requirements necessary for the renewal of an accreditation;

(b) The Board shall notify each person holding an accreditation of the date of its expiration and the amount of the fee required for the renewal. The Board shall send the notice not later than thirty (30) days before the accreditation expires.

## CHAPTER III

### OPERATION OF TRANSPORTATION NETWORK COMPANIES

**Sec. 12. Agent.** A TNC shall maintain a resident agent for service of process in the country.

**Sec. 13. Fares.** A TNC charging a fare for its services shall disclose to the TNP the fare calculation method within the company's service platform or on the company's Internet website and provide the TNP with the applicable rates being charged for the service and the option to receive an estimated fare.

**Sec. 14. Identification of Vehicles and Drivers.** The TNC's service platform and/or Internet website must display a profile with photograph of the TND and the plate number and basic specifications of the TND.

**Sec. 15. Insurance Coverage.** TNCs shall maintain a commercial liability insurance policy to cover claims for incidents involving vehicle and drivers while they are providing transportation network services. It shall likewise cover claims of passengers for breach of the contract of carriage per incident coverage.

The Board shall determine, upon consultation with stakeholders, the amount that TNCs shall maintain during the validity of their accreditation.

Each TNC driver shall maintain insurance coverage.

No Term and Condition in a TNC's Terms of Service can be used or relied on by the TNC to deny insurance coverage, or otherwise evade the insurance requirements to be determined by the Board.

A TND shall at all times display a proof of transportation network company insurance coverage during provision of transportation network services. In the event of an accident, a participating driver shall provide the insurance coverage information to any other party involved in the accident, and to a police officer, upon request.

**Sec. 16. Electronic Receipt.** Upon completion of a trip, a TNC shall transmit an electronic receipt to the TNP that lists: the origin and destination of the trip; the total time and distance of the trip; and, itemization or breakdown of the total fare paid, if any.

Electronic receipts of each TND of all its transactions shall be recorded by the TNC and reported to the Bureau of Internal Revenue for purposes of taxation.

**Sec. 17. Zero-Tolerance Policy for Drug or Alcohol Use.** (a) A TNC shall:

- (1) Implement a zero-tolerance policy that prohibits a TND from using or being under the influence of illegal drugs and alcohol abuse; and
  - (2) Post in its Internet website a notice of the policy and the procedures to report a complaint about a driver with whom a TNP was unmatched and who the TNP reasonably suspects was using or was under the influence of drugs or alcohol during the course of the trip.
- (b) On receipt of a complaint alleging a violation of the zero-tolerance policy, the TNC shall conduct an investigation into the reported incident and immediately suspend the TND's access to the company's service platform for the duration of the investigation.
- (c) Maintain records relevant to any complaint for a period of at least two (2) years after receipt of the complaint.

**Sec. 18. Driver Requirements.** (a) Before allowing an individual to be a TND on its service platform, a TNC shall:

- (1) Require the individual to submit an application to the TNC, which must include information regarding the individual's address, age driver's license, driving history, motor vehicle registration, motor vehicle liability insurance, and other information required by the company;
  - (2) Conduct or have a third party conduct a local and national criminal background check for each individual; and
  - (3) Obtain and review the individual's driving record.
- (b) The TNC may not permit any individual to act as a TND on its service platform when the individual:
- (1) Has been convicted of any of the following offenses in the preceding three (3) – year period:
    - (i) Evading arrest or detention;
    - (ii) Reckless driving;



- (iii) Driving without a valid driver's license; or
  - (iv) Driving under the influence of alcohol or prohibited drugs
- (2) Has been convicted at any time of:
- (i) Fraud;
  - (ii) A sexual offense; or
  - (iii) Theft
- (3) Does not possess a valid professional driver's license; and
- (4) Does not possess proof of registration for the TNV used to provide transportation network services.

**Sec. 19. No Street Hails.** A TND may only accept pre-arranged rides made through a TNC's service platform or software application service.

**Sec. 20. No Cash Tips.** A TND shall not solicit nor accept cash payments from TNPs. Payment for transportation network services may be made only electronically using the TNC's service platform or software application service.

**Sec. 21. No Fleet Service.** A TNC is not allowed to have its own fleet service. Otherwise, it shall be required to secure a Certificate of Public Convenience and Necessity from the Board pursuant to the Public Service Law.

**Sec. 22. No Discrimination, Accessibility.** (a) A TNC shall adopt policies concerning non-discrimination that comply with national laws;

(b) A TND shall follow all policies concerning non-discrimination and accessibility in compliance with national laws;

(c) A TNC shall not impose additional charges for providing services to persons with disabilities;

(d) A TNC shall provide TNP an opportunity to indicate whether they require a wheelchair-accessible vehicle. If a TNC is unable to arrange wheelchair-accessible transportation network service, the company direct the passenger to an alternate provider of wheelchair-accessible service, if available;



(e) A TND may not discriminate in the provision of transportation network services based on the geographic location of a departure point or destination. A TND may refuse a request for an extended ride beyond the pre-arranged destination.

**Sec. 23. Records.** All TNCs shall maintain individual trip records for at least one (1) year after the date the trip was completed. TNCs shall also keep TND records for at least one (1) year from the time a TND's activation on the company's service platform has ended.

**Sec. 24. Personally Identifiable Information.** (a) A TNC may not disclose a TNP's personally identifiable information to a third party, unless:

- (1) The passenger consents to the disclosure;
- (2) The disclosure is required by a legal obligation; or
- (3) The disclosure is required to protect or defend the terms of use of the service or to investigate violations of those terms.

(b) In addition to the disclosures authorized under Paragraph (a), a TNC may share a TNP's name, or telephone number with the TND providing transportation network services to the passenger to facilitate correct identification of the TNP by the TND or to facilitate communication between the TNP and the TND.

## **CHAPTER IV**

### **ENFORCEMENT**

**Sec. 25. No Record Audits.** The Board may audit the records of a TNC in connection with the performance of its duties under this Act through investigations of specific alleged violations or a random sample of the TNC's records related to the TND.

Failure to provide records as required by this section constitutes a violation of this Act.

**Sec. 26. Disciplinary Action and Subsequent Penalties.** (a) The Board, after due notice and opportunity for hearing, may deny an application for an accreditation or suspend or revoke an accreditation if the applicant:

- (1) Makes a material misrepresentation or omission in any application or other information filed under this Act or rules of the Board;
- (2) Violates this Act or a rule or order of the Board;
- (3) Violates any law relating to the operation of a TNC; or
- (4) Fails to maintain the qualifications for an accreditation.

(b) In addition to the authority under the preceding paragraph (a), the Board, after due notice and opportunity for hearing, may request that the Department of Justice bring an action against a person, firm, or corporation that has violated this Act or the rules promulgated by the Board pursuant to this Act to collect a fine in the amount not to exceed fifty thousand pesos (Php 50,000.00) for each violation.

(c) Each act as enumerated in paragraph (a) of this section constitutes a violation and each day a violation continues will be considered a separate violation. In determining the amount of penalty, the Board shall consider:

- (1) The seriousness of the violation, including the nature, circumstances, extent, and gravity of any prohibited act, and the harm or potential harm, to the safety of the public;
- (2) The economic damage to the public caused by the violation;
- (3) The history of previous violations;
- (4) The amount necessary to deter future violations;
- (5) Efforts to correct the violation; and
- (6) Any other matter that justice may require.

**Sec. 27. Complaint Procedure and Notice.** (a) A TNC shall establish and maintain a complaint procedure through which any TNP or another person using the transportation network service may

submit a complaint with the Board about the company, the transportation network service, a TND, or another affiliate of the company.

(b) A TNC shall provide a notice of the complaint procedure by this section to each TNP and to each person that contacts the company to inquire about transportation network services;

(c) A TNC shall provide notice of the complaint procedure under this section to each electronic receipt requires under this Act;

(d) The Board shall approve the content and manner of delivery of the notice required by subsections (a), (b), and (c); and

(e) Failure to provide notice as required by this section is a violation 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 necessary for the implementation of this Act.

**Sec. 29. Separability Clause.** If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected by such declaration shall remain in full force and effect.

**Sec. 30. Repealing Clause.** The pertinent provisions of the Land Transportation and Traffic Code, insofar as they are inconsistent herewith, are hereby amended or modified accordingly. The provisions of other laws, decrees, executive orders, rules and regulations inconsistent with this Act are hereby repealed, amended, or modified accordingly.

**Sec. 31. Effectivity Clause.** This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) national newspapers of general circulation.