Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2311

Introduced by Honorable Wes Gatchalian

AN ACT
PROHIBITING ALL PUBLIC TELECOMMUNICATIONS ENTITIES AND
INFORMATION AND COMMUNICATIONS TECHNOLOGY PROVIDERS
FROM IMPOSING AN EXPIRATION PERIOD ON THE VALIDITY OF
PREPAID LOAD CREDITS AND THEIR FORFEITURE

EXPLANATORY NOTE

Memorandum Circular No. 03-07-2009 otherwise known as the
Guidelines on Prepaid Loads, dated July 3, 2009 provided for the expiration
periods of prepaid loads depending on the amount of credits purchased.
Prepaid loads with higher value had longer expiration or validity period.
This MC was amended by Joint Memorandum Circular No. 05-12-2017. It
prescribed the validity of prepaid load credits of all information and
communications technology (ICT) providers and public telecommunications
entities (PTEs) with a denomination of PhP300 and above to one year
effective last January 5, 2018, but, excluded from its coverage: (1) prepaid
loads purchased for promos; and (2) bucket of services with specific period
of use duly approved by the DTI and/or the NTC.
expiration or validity period.

In this day and time when telecommunication has been revolutionized

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1 Prescribing a One (1) Year Expiration Period for Prepaid Loads.
by technology to a higher new level, every person wants to stay connected. A scheme that imposes the expiration of prepaid credits and its forfeiture is anti-poor, unfair and discriminating to those whose hard-earned money matters the most. The amount that you load up, you expect of course to consume, but a system that is devised to forfeit the value of the loaded amount upon the expiration of a certain period only further enriches the service providers and puts the consumer at their mercy.

This bill proposes to make it a prohibited act to impose an expiration period on the validity of prepaid load credits and their eventual forfeiture, however purchased and in whatever denomination. This should give the consumer his money’s full worth. It is important that the government find a balance between protecting the rights of a consumer where it does not also unduly hinder the industry from its gainful market or a return of their investment. In this wise, the telecommunications industry has at present an approximated 142 million prepaid subscriber, a faithful legion, a giant leap from the mere nine (9) million in 2009. These 142 million who clearly believe in the benefits of this digital revolution and who has now found the prepaid load credit an essential commodity in their everyday life and to whom this legislation we believe should largely be afforded.

In view of the foregoing, considerations, approval of this bill is earnestly sought.

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

Section 1. Title. – This Act shall be known as the “Prepaid Load Forever Act of 2019.”

Sec. 2. Declaration of Policy. – It is hereby declared the policy of the State to 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 that 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 protecting the interest of consumers, promoting their general welfare, and establishing standards of conduct of business and industry. Towards this end, the State shall implement measures to protect the consumer against unfair and unconscionable sales acts and practices, and provide
information and education to facilitate sound choice and proper exercise of
consumer rights.

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

a. Active Prepaid Account refers to a number with any activity
involving voice, short messaging system (SMS) or text, mobile data,
value added services (VAS), or any other telecommunications
service;

b. Dormant Prepaid Account refers to a number without any activity
involving voice, short messaging system (SMS) or text, mobile data,
value added services (VAS), or any other telecommunications
service within a period of one year;

c. Information and Communications Technology or ICT refers to the
totality of electronic means to access, create, collect, store,
process, receive, transmit, present, and disseminate information;

d. Information and Communications Technology or ICT Provider refers
to any entity in the ICT sector, which includes telecommunications
and broadcast information operators, ICT equipment
manufacturers, multimedia content developers and providers, ICT
solution providers, internet service providers, ICT training
institutions, software developers, and ICT-ES providers;

e. Prepaid refers to the type of account that requires its owners to
purchase load credits before telecommunications services can be
used;

f. Prepaid Load Credit refers to the monetary value or the
consumable amount loaded via prepaid card or electronic load to a
device that enables a subscriber to use telecommunications
services;

g. 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;

h. 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

i. 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.

Sec. 4. Prohibited Acts. – The following shall constitute prohibited acts of any PTE or ICT provider and are hereby declared to be 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 every day of inactivity from its remaining load credits until such credits are fully consumed.

Sec. 5. Penal Provision. – Any director, officer, employee, or agent of a PTE or ICT provider providing prepaid telecommunications services who shall violate any of the acts mentioned under Sec. 4 hereof shall, upon conviction, be subject to the penalty of a fine of not less than One Hundred Thousand Pesos (PhP 100,000.00) but not to exceed One Million Pesos (PhP
1,000,000.00) 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 the interest of a juridical
person duly licensed to engage in business in the Philippines, the following
penalties shall be imposed:

a. First offense – a fine of Five Hundred Thousand Pesos (PhP
500,000.00);

b. Second offense – a fine of One Million Pesos (PhP 1,000,000.00)
plus suspension of license to engage in business for a period of
thirty (30) days; and

c. Third offense – a fine of Two Million Pesos (PhP 2,000,000.00) plus
immediate revocation of license to engage in business.

Sec. 6. Implementing Rules and Regulations (IRR). – Within ninety (90)
days from the effectivity of this Act, the National Telecommunications
Commission shall coordinate with the Department of Information and
Communications Technology and the Department of Trade and Industry to
promulgate rules and regulations and other issuances as may be necessary
to ensure the effective implementation of this Act, including the issuance of
proper and adequate information dissemination of its contents and benefits
to the general public.

The IRR issued pursuant to this Act shall take effect fifteen (15) days
after its publication in a newspaper of general circulation.

Sec. 7. Separability Clause. – If any provision of this Act is held
invalid or unconstitutional, the other provisions not affected thereby shall
remain in full force and effect.

Sec. 8. Repealing Clause. – All laws, decrees, executive orders,
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.
Sec. 9. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,