

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
Second Regular Session

House Bill No. **7335**



---

INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

---

**EXPLANATORY NOTE**

The 1987 Constitution, in its Article II, Section 9, provides that:

“ The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation, free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.”

Prepaid call cards industry in the Philippines has evolved from the time when it can only be purchased in large denominations, to the present where small value prepaid cards and electronic loads are readily available. Nowadays, anybody can purchase a prepaid load card that suits the particular needs and budget of individual consumer.

However, there have been numerous complaints from the consuming public due to the practice of the telecommunications companies of leaving an expiration period for prepaid call cards, and likewise for unutilized load credits. At present the expiration period of prepaid call cards is two (2) years, while the expiration period of load credits ranges from three (3) days to one hundred (120) days depending on the amount of the load credits. It only follows that unutilized prepaid cards and prepaid credits will be forfeited after the lease of said expiration periods.

It is the intention of this Bill to make the telecommunication companies liable if there be an imposition of expiration period in prepaid call cards as well as unutilized load credits.

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

  
ALFRED VARGAS

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH CONGRESS**  
Second Regular Session

House Bill No. 7335

---

**INTRODUCED BY REPRESENTATIVE ALFRED VARGAS**

---

**AN ACT PROHIBITING TELECOMMUNICATION COMPANIES FROM IMPOSING AN EXPIRATION PERIOD ON THE VALIDITY OF PREPAID CALL AND TEXT CARDS AND THE FORFEITURE OF LOAD CREDITS THEREOF**

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

**SECTION 1. Short Title.** This Act shall be known as the “Prepaid Load Protection Act of 2018.”

**SECTION 2. Declaration of Policy.** It is hereby declared the policy of the State to protect the interest of the consumer, promote his general welfare and to establish standards of conduct for business and industry. Towards this end, the state shall implement measures to achieve among others, the protection of consumers against deceptive, unfair and unconscionable sales act and practices.

**SECTION 3. Definition of Terms.** For the purpose of this Act, the term:

- a) Load Credits - shall refer to the monetary value or the consumable amount loaded to a mobile or landline phone via prepaid cards or electronic transfers that enable a consumer to use telecommunication services.
- b) Prepaid - shall refer to the type of mobile or landline phone account that requires its owners to purchase load credits before services are used.
- c) Prepaid Call – shall refer to a card with corresponding peso value that has to be purchased to enable a subscriber to use telecommunication services.

**SECTION 4. Prohibited Acts.** The following shall constitute prohibited acts of any telecommunication company providing prepaid services and are hereby declared to be unlawful:

- a) Imposition of an expiration period on the validity of unused prepaid call and text cards;
- b) Forfeiture of load credits stored on an active prepaid phone account via prepaid call and text card or electronic transfer; and
- c) Refusal to give a refund to any prepaid subscriber whose load credits were forfeited without any valid cause.

**SECTION 5. Penal Provision.** Any director, officer, employee or agent of a telecommunication company providing prepaid services who shall violate 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 (P100,000.00) but not to exceed One Million Pesos (P1,000,000.00) 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 penalty shall be imposed:

- a) 1<sup>st</sup> Offense – a fine of Five Hundred Thousand Pesos (P500,000.00)
- b) 2<sup>nd</sup> Offense – suspension of license to engage in business for a period of thirty (30) days; and
- c) 3<sup>rd</sup> Offense – immediate revocation of license to engage in business.

**SECTION 6. Information Dissemination.** The Philippine Information Agency (PIA) in coordination with the National Telecommunication Commission (NTC) shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries.

**SECTION 7. Implementing Rules and Regulations (IRR).** The NTC shall formulate the necessary rules and regulations to implement the provisions of this Act within ninety (90) days after its effectivity. The rules and regulations issued pursuant to this Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

**SECTION 8. Repealing Clause.** All laws, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modify accordingly.

**SECTION 9. Separability Clause.** If any part, section or provision of this Act shall be held invalid or unconstitutional, no other part, section or provisions thereof shall be affected thereby.

**SECTION 10. Effectivity.** This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or two (2) newspapers of general circulation.

*Approved,*