


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



'16 JUL 20 P4:27

SENATE
S.B. No. 696

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT RECOGNIZING RIDESHARE SUPPORT COMPANIES, PROVIDING REGULATIONS GOVERNING THEIR OPERATIONS, AND CLARIFYING THE SCOPE OF COMMONWEALTH ACT NO. 146, ALSO KNOWN AS THE PUBLIC SERVICE LAW, THE TAX CODE, AND THE LAND TRANSPORTATION AND TRAFFIC CODE, AND OTHER RELEVANT LAWS

EXPLANATORY NOTE

The rain is pouring heavily and commuters are muddled together under the shade. Taxi queues are long and winding yet taxis are nowhere in sight.

Those that decide to brave the rain in search for a cab ride are met with picky drivers or unreasonable contracted rates. To make matters worse, stories of robbery perpetrated by malicious taxi drivers, has left passengers with a justifiable fear and distrust of taxis.

In any industry, increased competition would often lead to improved quality, improved service, and lower prices for consumers. For the commuting public, this is a change they have long clamored for.

Recent technological innovations ushered in an era of ride sharing, giving commuters the option of securing convenient, safe, and affordable rides through internet-based applications.

The DOTC has already recognized these innovations "as a driver for progress" and as one of the solutions to "help address the increasing demand for mobility spurred by rapid urbanization."

In support of these innovations, the DOTC issued a Memorandum Circular (MC) in 2015 to recognize these ride-sharing services under a new category called "Transportation Network Vehicle Service" and allowed them to operate within the agency's existing regulatory framework.

While the release of the MC is a significant milestone for the promotion of ride-sharing services in the country, there is a need for legislation to create and institutionalize an appropriate regulatory framework for this new type of service and to distinguish it from public transport services.

The proposed bill clarifies the regulations governing Transportation Network Companies, referred to in the bill as "Rideshare Support Companies", as well as Rideshare Network Drivers and Vehicles.

This measure seeks to promote and encourage new, affordable transportation options and ensure the safety of the riding public by imposing safety and financial responsibility standards and requirements.

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

A handwritten signature in black ink, appearing to read "Bam Aquino". The signature is written in a cursive, flowing style.

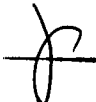
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** - This Act shall be known as the "*Rideshare Support Company*
2 *Act.*"

3 **SECTION 2. Declaration of Policy.** - It is hereby declared the policy of the State to
4 encourage new, affordable transportation options and ensure the safety of the riding public
5 by imposing safety and financial responsibility measures.

6 **SECTION 3. Definitions.** - As used in this Act, the following terms shall refer to:

7 a) *Digital network* – an online-enabled technology application service, website,
8 or system that enables a rideshare network rider to arrange a prearranged ride
9 with a rideshare network driver.

10 b) *Prearranged ride* – the provision of transportation by a rideshare network
11 driver to a rideshare network rider beginning when a rideshare network driver
12 accepts a request made by a rideshare network rider by means of a digital
13 network. A prearranged ride does not include a shared expense carpool or
14 vanpool arrangement or any other type of arrangement or service in which the
15 driver *receives* a fee that does not exceed the driver's costs associated with
16 providing the ride.

17 c) *Rideshare network driver* – an individual who (a) satisfies the requirements
18 provided in Section 5 of this Act, (b) receives requests for prearranged rides
19 from potential passengers by means of a digital network, and (c) uses a

1 rideshare network vehicle to offer or provide a prearranged ride for
2 compensation upon connection through a digital network.

3 d) *Rideshare network rider* – an individual who has obtained an account to use a
4 digital network, or another individual designated by the account holder, to
5 receive a prearranged ride.

6 e) *Rideshare network vehicle* – a vehicle seating less than fifteen (15) passengers,
7 including but not limited to any passenger automobile, truck, motorcycle, or
8 similar vehicle, that is owned, leased, rented, or authorized for use by a
9 rideshare network driver and that has been approved by a rideshare support
10 company to be used for providing prearranged rides.

11 f) *Rideshare support company* – a duly registered sole proprietorship,
12 partnership, or corporation organized under the laws of the Philippines or
13 business otherwise authorized to do business in the Philippines that supports
14 the provision of prearranged rides provided by rideshare network drivers,
15 including by gathering information from drivers and verifying compliance with
16 requirements set forth in Sections 5 of this Act and providing other support
17 services to rideshare network drivers.

18 **SECTION 4. *Permit.* –**

19 a) A person shall not operate a rideshare support company without first having
20 obtained a certificate of accreditation from the Land Transportation
21 Franchising and Regulatory Board (LTFRB) pursuant to this Act; Provided, That
22 any entity performing the functions of a rideshare support company operating
23 in the Philippines before the effective date of this Act may continue operating
24 while the LTFRB creates an accreditation process pursuant to this Act and
25 during the pendency of any application submitted pursuant to this process, as
26 long as such application is submitted within ninety (90) days after the process
27 is formally established and the LTFRB has begun accepting applications.

28 b) The LTFRB shall issue an accreditation to each rideshare support company
29 applicant that meets the following requirements:

30 (1) Has established a process, consistent with Section 5, to enable
31 individuals to become rideshare network drivers;

32 (2) Requires criminal history checks for individuals seeking to become
33 rideshare network drivers;

34 (3) Provides evidence that it meets the insurance requirements set forth
35 in Section 7;

36 (4) Provides an undertaking to comply with all obligations in this Act
37 imposed on a rideshare support company; and

38 (5) Pays a fee of Ten Thousand Pesos (Php 10,000.00) to the LTFRB, which
39 shall be due annually.

- 1 c) An accredited rideshare support company shall have authority to permit an
2 individual to act as a rideshare network driver, provided that the requirements
3 set forth in Section 5 are fulfilled by such individual. An individual permitted
4 to act as a rideshare network driver by an accredited rideshare support
5 company shall not be required to obtain any additional license or authorization
6 from the LTFRB in order to provide prearranged rides.

7 **SECTION 5. Rideshare Network Driver Requirements. –**

- 8 (a) Before allowing an individual to act as a rideshare network driver:

9 (1) The individual shall provide information to the rideshare support
10 company, which includes information regarding his or her address, age,
11 driver's license, motor vehicle registration, automobile liability insurance, and
12 such other information required by the rideshare support company; and

13 (2) The rideshare support company shall either:

14 (i) conduct or have a third party conduct a criminal background check
15 for each individual, or

16 (ii) require each individual to obtain clearance or a criminal history
17 report from the National Bureau of Investigation (NBI) and provide it
18 to the rideshare support company.

- 19 (b) A rideshare support company shall only permit an individual to act as a
20 rideshare network driver if the individual:

21 (1) Has not been convicted of any felony, including but not limited to
22 crimes against persons within the past seven years, as shown by a criminal
23 history report procured pursuant to paragraph (a)(2)(i) of this Section, or
24 clearance or other similar document issued by the NBI, as appropriate;

25 (2) Possesses a valid non-professional or professional driver's license;

26 (3) Provides proof of valid registration for the motor vehicle(s) used to
27 provide prearranged rides;

28 (4) Provides proof of compulsory third party liability coverage for the
29 motor vehicle(s) used to provide prearranged rides; and

30 (5) Is at least eighteen (18) years of age.

- 31 (c) There shall be no additional requirements that an individual must satisfy in
32 order to act as a rideshare network driver.

33 **SECTION 6. Identification of Rideshare Network Drivers and Vehicles. -** A rideshare
34 support company shall ensure that a picture of the rideshare network driver and the license
35 plate of the motor vehicle utilized for providing the prearranged ride is displayed to the
36 rideshare network rider before the rider enters the vehicle.

37 **SECTION 7. Insurance Requirements. -** A rideshare support company or rideshare
38 network driver shall ensure that during each prearranged ride a rideshare network vehicle is
39 covered by personal accident insurance underwritten by a licensed Philippine insurer for

1 covered by personal accident insurance underwritten by a licensed Philippine insurer for
2 passenger injuries arising from motor vehicle accidents during a prearranged ride in an
3 amount of at minimum Two Hundred Thousand Pesos (Php 200,000.00) per passenger.

4 **SECTION 8. Operational Requirements. –**

5 (a) If a fare is collected from a rider for a prearranged ride, the rideshare support
6 company shall ensure that the fare or fare calculation method is disclosed to the
7 rideshare network rider. If such fare or fare calculation method is so disclosed, there
8 shall be no limits or restrictions on the type or amount of fare that may be collected,
9 and for the avoidance of doubt Congress hereby recognizes that for all prearranged
10 rides provided by rideshare network drivers:

- 11 (1) There are no minimum or maximum fares or rates;
- 12 (2) A flat fare or rate may be charged;
- 13 (3) The fares or rates may be based on time and distance;
- 14 (4) Fares or rates may adjust dynamically from trip to trip; and
- 15 (5) Fares or rates shall not be regulated further by the LTFRB.

16 (b) A rideshare network driver may travel on any route selected by the rideshare
17 network rider, including those with predetermined drop-off and pick-up points, or on
18 a route selected by the rideshare network driver.

19 (c) There shall be no minimum, maximum, cap, limit, or other restriction on the
20 number of rideshare network drivers or vehicles that may operate overall, at a
21 particular time, or in a particular location.

22 **SECTION 9. Electronic Invoices. –**

23 (a) Following the completion of a prearranged ride, a rideshare network driver shall
24 ensure that an electronic invoice is transmitted to the rideshare network rider that
25 includes:

- 26 (1) The origin and destination of the trip;
- 27 (2) The total time and distance of the trip;
- 28 (3) The first name of the rideshare network driver;
- 29 (4) The name of the affiliated entity operating the digital network; and
- 30 (5) An itemization of the total fare paid, if any.

31 (b) A rideshare network driver may directly provide such receipt to a rideshare
32 network rider, or may designate the affiliated entity operating the digital network to
33 provide such receipt to the rider.

34 (c) Provided that a receipt that complies with paragraph (a) of this section has
35 been issued to the rideshare network rider and a copy is retained by the rideshare
36 network driver or the driver's designee, the requirements in Sections 113, 232, 237,
37 and 238 of the Republic Act No. 8424, otherwise known as the Tax Code of the

1 Philippines are deemed satisfied, the receipts issued pursuant to paragraph (a) of this
2 section are deemed to be registered receipts in accordance with Section 237 of
3 Republic Act No. 8424, and no additional receipts are required to be issued in
4 connection with the prearranged ride.

5 **SECTION 10. No Other Carriers. –**

6 (a) Rideshare support companies, any affiliated entity operating the digital
7 network, and rideshare network drivers are not public services, public utilities,
8 common carriers, or public telecommunications entities as defined in Section 13(b) of
9 Commonwealth Act No. 146, Civil Code Article 1732, Section 3(b) of Republic Act No.
10 7925, or any other provision of law. In addition, no further registration shall be
11 required of rideshare network vehicles, aside from their registration with the Land
12 Transportation Office (LTO).

13 (b) For the avoidance of doubt, Congress hereby recognizes that:

14 (1) By serving rideshare network riders, rideshare support companies, any
15 affiliated entity operating the digital network, and rideshare network
16 drivers do not give the public a legal right to demand their respective
17 services; and

18 (2) Rideshare support companies and any affiliated entities operating a
19 digital network do not provide transportation services.

20 (c) No person shall be required to register a rideshare network vehicle as a for hire
21 vehicle as set forth in Section 7(b) of the Republic Act No. 4136 or any other
22 provision of law, or obtain a certificate of public convenience before acting as
23 a rideshare network driver or using a vehicle as a rideshare network vehicle.

24 (d) Section 7(a) of Republic Act No. 4136 is hereby amended to read as follows:

25 “(a) Private. – Motor vehicles registered under this classification shall
26 not be used for hire under any circumstance [.] , **PROVIDED, THAT**
27 **MOTOR VEHICLES REGISTERED UNDER THIS CLASSIFICATION MAY BE**
28 **USED AS RIDESHARE NETWORK VEHICLES SUBJECT TO COMPLIANCE**
29 **WITH THE RIDESHARE SUPPORT COMPANY ACT AND THE RELEVANT**
30 **REGULATIONS TO BE PROMULGATED BY THE LTFRB THAT ARE**
31 **CONSISTENT WITH THE RIDESHARE SUPPORT COMPANY ACT.”**

32 **SECTION 11. Records.** - A rideshare support company shall ensure that the following
33 records are maintained:

34 (a) Individual trip records for at least one (1) year from the date each trip was
35 provided; and

1 (b) Individual records of rideshare network drivers at least until the one (1) year
2 anniversary of the date on which a rideshare network driver ceases providing
3 prearranged rides.

4 **SECTION 12. *Audit Procedures; Confidentiality of Records.* –**

5 (a) For the sole purpose of verifying that a rideshare support company is in compliance
6 with the requirements of this Act and no more than annually, the LTFRB shall have the
7 right to visually inspect a sample of records that the rideshare support company must
8 ensure are maintained pursuant to this Act. The sample shall be chosen randomly by
9 the LTFRB in a manner agreeable to both parties. The audit shall take place at a
10 mutually agreed location. Any record furnished to the LTFRB may exclude information
11 that would tend to identify specific drivers or riders.

12 (b) In response to a specific complaint against any rideshare network driver, rideshare
13 network rider, or rideshare support company, the LTFRB is authorized to visually
14 inspect those records described in this Section that are necessary to investigate and
15 resolve the complaint. The rideshare support company and the LTFRB shall endeavor
16 to have the inspection take place at a mutually agreed location. Any record furnished
17 to the LTFRB by the rideshare support company may exclude information that would
18 tend to identify specific drivers or riders, unless the identity of a driver or rider is
19 relevant to the complaint.

20 (c) Any records furnished to the LTFRB under this Act are designated confidential and
21 are not subject to disclosure to a third party by the LTFRB without prior written
22 consent of the rideshare support company, and are exempt from public disclosure.

23 **SECTION 13. *Limitations on Rideshare Support Companies.***

24 (a) A rideshare support company shall not be deemed to:

- 25 (1) Control, direct or manage the rideshare network drivers or rideshare
26 network vehicles, except where expressly agreed to in a written contract; or
27 (2) Own or operate a digital network.

28 (b) Rideshare network drivers shall not be deemed to be employed by the
29 rideshare support company or any affiliated entity operating a digital network
30 provided that:

- 31 (1) There are no minimum hours during which a driver must be logged into
32 the digital network and a driver may choose when and if to log into the digital
33 network;
34 (2) There are no restrictions on the rideshare network driver's ability to
35 engage with other digital networks; and
36 (3) There are written terms agreed to by the rideshare network driver
37 which provide that the driver is not an employee.

1 **SECTION 14. Enforcement. –**

2 (a) If the LTFRB determines that a rideshare support company has violated its
3 obligations under this Act, the LTFRB may:

- 4 (1) Impose against the rideshare support company an administrative fine
5 in an amount not to exceed Twenty Five Thousand Pesos (Php 25,000.00), if
6 the LTFRB determines that the violation is willful and endangers public safety;
7 (2) Suspend or revoke the accreditation issued to the rideshare support
8 company, if the LTFRB determines that there have been repeated violations
9 that are willful and endangers public.

10 (b) To determine the amount of an administrative fine imposed pursuant to
11 paragraph (a)(1) of this Section, the LTFRB shall consider:

- 12 (1) The severity of the violation;
13 (2) Any good faith efforts by the rideshare support company to remedy
14 the violation; and
15 (3) The history of previous violations by the rideshare support company.

16 (c) Before any fine is imposed or steps are taken to suspend or revoke a rideshare
17 support company's accreditation, the LTFRB shall provide reasonable notice to the
18 rideshare support company and the opportunity for a hearing.

19 **SECTION 15. Controlling Authority.** - Notwithstanding any other provision of law,
20 rideshare support companies and rideshare network drivers are governed exclusively by this
21 Act and any rules promulgated by the LTFRB consistent with this Act.

22 **SECTION 16. Implementing Rules and Regulations.** — The LTFRB shall issue the rules
23 and regulations necessary to implement the provisions, within ninety (90) days upon approval
24 of this Act. For any rules and regulations promulgated, the LTFRB shall not require any
25 individual or entity to obtain a permit, accreditation, or other form of license or authorization
26 not specifically called for in this Act.

27 **SECTION 17. Separability Clause.** - If any section or part of this Act is held
28 unconstitutional, no other section or provision shall be affected.

29 **SECTION 18. Repealing Clause.** - All provisions of existing laws, presidential decrees
30 or issuances, executive orders, letters of instruction, administrative orders, rules and
31 regulations contrary to or inconsistent with the provisions of this Act are hereby repealed,
32 amended, or modified accordingly.

33 **SECTION 19. Effectivity.** - This Act shall take effect fifteen (15) days after its complete
34 publication in the Official Gazette and in at least two (2) newspapers of general circulation.

35 *Approved,*