

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
SECOND REGULAR SESSION )



'17 JUL 20 P1:19

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SENATE

SENATE BILL NO. 1502

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INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

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AN ACT  
RECOGNIZING TRANSPORTATION NETWORK COMPANIES AND  
DRIVERS, PRESCRIBING REQUIREMENTS, GUIDELINES AND  
STANDARDS FOR THEIR OPERATION, PROVIDING PENALTIES FOR  
VIOLATION THEREOF, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Advances and innovations in technology have transformed the transportation landscape in the Philippines. Recently, the riding public have enjoyed the safety, convenience, and reliability of technology-enabled ridesharing, ride-hailing and carpooling services brought about by the so-called Transportation Network Companies (TNC).

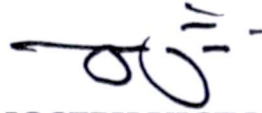
The introduction of the Department of Transportation's Department Order No. 2015-011 clearly demonstrated the Philippines' commitment to modernizing the regulatory environment—focusing on what is best for the riding public and the improvement and uplifting of the transportation situation in the country. To keep up with technological advances in the transportation sector, there is a need to craft progressive legislation responsive to such changes.

The enactment of the proposed bill will institutionalize the regulatory framework sought to be achieved by DO 2015-11 for Transportation Network Companies, Drivers and most especially, their services. Moreover, it will establish a clear set of obligations of the TNCs and its drivers to the riding public. The proposed bill mandates the TNCs to adopt a vehicle safety policy

to ensure the comfort and security of passengers using the transportation network services.

Moreover, in addition to meeting the increased demand for mobility, a clear legislative regulation for TNCs, its drivers and services, will promote a non-conventional form of transportation system that will contribute to achieving a safe, efficient and reliable transport services in the country.

In view of the foregoing, the passage of the proposed Transportation Network Service Act is earnestly sought.



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FOR THEIR OPERATION, PROVIDING PENALTIES FOR VIOLATION  
THEREOF, AND FOR OTHER PURPOSES

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

CHAPTER I.  
GENERAL PROVISIONS

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SECTION 1. Short Title. This Act shall be known as the "Transportation Network Service Act".

SECTION 2. Declaration of Policy. It is the policy of the State to provide and to promote adequate and efficient modes of transportation in the country. Toward this end, the State shall enact measures for the regulation of transportation network services to ensure that the paramount interest of the public is protected and conserved, while encouraging free enterprise and economic development.

SECTION 3. Definition of Terms. As used in this Act:

- (a) "Board" refers to the Land Transportation Franchising and Regulatory Board (LTFRB);
- (b) "Passenger" refers to an individual who uses a transportation network company's service platform to connect to a driver for transportation network services, including all other persons who accompany said individual for the duration of such service;

- 1 (c) "Personal vehicle" refers to a motor vehicle that satisfies all of the following  
2 conditions:  
3 a. owned, leased, or otherwise authorized to be used by the driver;  
4 b. not a public utility vehicle as defined in Republic Act No. 10586 and  
5 other related laws;  
6
- 7 (d) "Service platform" refers to any internet site or online-enabled application  
8 software or system that permits the pre-arrangement of transportation network  
9 services;  
10
- 11 (e) "Transportation Network Company (TNC)" refers to a business organization,  
12 whether a corporation, partnership, or sole proprietorship licensed to operate  
13 in the Philippines, that provides pre-arranged transportation services for  
14 compensation using an internet-based application or digital platform  
15 technology to connect passengers and drivers using their personal vehicles;  
16
- 17 (f) "Transportation Network Driver (TND)" refers to an individual who  
18 a. satisfies the requirements in this Act;  
19 b. pays a fee to a TNC to connect to a passenger for the purpose of engaging  
20 in transportation network services; and  
21 c. operates a personal vehicle to engage in transportation network services  
22 for compensation; and  
23
- 24 (g) "Transportation Network Services (TNS)" refers to a transportation of a  
25 passenger between points chosen by the passenger and that is pre-arranged  
26 with a TND through the use of a TNC's service platform. The TNS begins from  
27 the moment the TND accepts a request for transportation on the TNC's service  
28 platform and ends when the TND completes the transaction on the service  
29 platform or when the trip is complete and the passenger exits the TND's  
30 vehicle, whichever is later.  
31

32 SECTION 4. Nature of Transportation Network Companies and Drivers. TNDs are  
33 hereby considered as common carriers for purposes of determining the liability and  
34 degree of diligence that must be observed in the course of transportation network  
35 services, and the presumption of negligence in case of breach of contract of carriage  
36 shall likewise apply to them.  
37

38 TNCs shall be required to exercise the diligence of a good father of a family in  
39 the course of complying with its obligations under this Act and the regulations that  
40 the Board may issue in relation thereto. TNCs shall be solidarily liable with TNDs in  
41 case the latter has been found guilty of any violation of laws, rules and regulation that  
42 involves a passenger as defined in this act.  
43

## 44 CHAPTER II.

### 45 REGULATION OF TRANSPORTATION NETWORK COMPANIES

46

47 SECTION 5. Issuance of Permits to TNCs. A person, organization, or entity shall not  
48 be allowed to operate a TNC without first obtaining a Permit from the Board upon

1 compliance with the requirements set forth by this Act and other reasonable  
2 conditions as may be provided by the Board.

3  
4 SECTION 6. Application for Permit. The Board shall grant a Permit to a TNC upon  
5 determination that all of the following requirements are met:

- 6  
7 (a) Submission of application in the form prescribed by the Board. The application  
8 shall have a minimum requirement that include the applicant's name, address,  
9 tax identification number, and any other information that the Board may deem  
10 necessary to assess the applicant's qualification;  
11  
12 (b) Proof that the applicant is licensed to do business in the Philippines and a  
13 resident agent for purposes of service of processes in the Philippines if the  
14 applicant is a foreign corporation; and  
15  
16 (c) Payment of an application fee to be set by the Board upon filing of the  
17 application.  
18

19 The applicant shall notify the Board of any material change in the information  
20 included in the application not later than fifteen (15) days after the change occurs. The  
21 Board shall prescribe a form for the disclosure of material changes.  
22

23  
24 SECTION 7. Term and Renewal of Permit. A Permit issued by the Board shall be valid  
25 for a period of three (3) years unless sooner revoked by the Board for any of the causes  
26 provided under Section 23.

27  
28 The Board shall prescribe the form and requirements necessary for the renewal  
29 of a permit.  
30

31 **CHAPTER III.**  
32 **OPERATION OF TRANSPORTATION NETWORK COMPANIES**

33  
34 SECTION 8. Requirements for Transportation Network Companies. A transportation  
35 network company shall:

- 36  
37 (a) Create an application process for a person to apply for registration as a  
38 transportation network driver;  
39  
40 (b) Maintain an updated database of the TNC's transportation network drivers;  
41  
42 (c) Maintain a website with the following information:  
43 a. The TNC's customer service telephone number and/ or electronic mail  
44 address;  
45 b. The TNC's zero tolerance policy established under this Act;  
46 c. The procedure for reporting a complaint about the TND;  
47 d. Conduct, or have a third party conduct, a safety inspection of the  
48 personal vehicle that a TND will use before the motor vehicle may be

- 1 used to provide transportation network services and ensure compliance  
2 with the TNC's vehicle safety policy established under this Act; and  
3 e. Maintain an insurance policy as required under Section 17 of this Act.  
4

5 SECTION 9. Zero Tolerance for Illegal Drug or Alcohol Use. Every TNC shall develop  
6 and implement a policy prohibiting any TND from using illegal drugs or alcohol or  
7 any other substance that may render the TND incapable of driving safely while the  
8 TND is engaged in transportation network services for the TNC or is logged onto the  
9 TNC's service platform. The TNC shall:

- 10  
11 (a) Establish the complaint procedures for reports of suspected violations of the zero  
12 tolerance policy;  
13  
14 (b) Conduct an investigation upon receipt of a complaint that the TND violated the  
15 zero tolerance policy required under this Section and immediately suspend a  
16 TND's access to its service platform for the duration of the investigation;  
17  
18 (c) Initiate and/or refer the filing of appropriate charges of the erring TND to  
19 government agencies;  
20  
21 (d) Maintain records relevant to the requirements of this Section for the purposes of  
22 enforcement.  
23

24 SECTION 10. Vehicle Safety Policy. TNCs shall adopt a vehicle safety policy to ensure  
25 the comfort and security of passengers using transportation network services. Such  
26 policy shall observe the following minimum standards:

- 27  
28 (a) transportation of passengers in numbers exceeding the manufacturer's  
29 designed seating capacity shall be prohibited, notwithstanding the state's  
30 policy of encouraging ride-sharing;  
31  
32 (b) vehicle must be road-worthy and compliant with vehicle emission standards  
33 but, in any case, must not be more than ten (10) years old from date of  
34 manufacture; and  
35  
36 (c) vehicle must be equipped with proper tools and equipment.  
37

38 SECTION 11. Fare Setting and Disclosures. A TNC is hereby authorized to set fares  
39 but shall disclose the fare calculation method, the applicable rates being charged, and  
40 the option for an estimated fare to a passenger before the passenger arranges a trip  
41 with a TND subject to rules and regulation imposed by the Board.  
42

43 If a TNC utilizes dynamic pricing to incentivize drivers in an effort to maximize the  
44 supply of available vehicles on the service platform to match the demand for rides and  
45 increase reliability, the service platform must:

- 46  
47 (a) Provide clear and visible indication that dynamic pricing is in effect prior to  
48 requesting a trip;

- 1  
2 (b) Include a feature that requires passengers to confirm that they understand that  
3 dynamic pricing will be applied in order for the trip request to be completed;  
4 and  
5  
6 (c) Provide a fare estimator that enables the user to estimate the cost under  
7 dynamic pricing prior to requesting the trip.  
8

9 Notwithstanding the preceding paragraph, dynamic pricing may be suspended  
10 during abnormal market disruptions, such as but not limited to any change in the  
11 ground transportation market, whether actual or imminently threatened, resulting  
12 from severe weather disturbances and natural calamities, failure or shortage of electric  
13 power or other source of energy, strike, civil disorder, war, military action, national  
14 or local emergency, or other cause of an abnormal disruption of the market resulting  
15 in a disaster or the declaration of a state of emergency.  
16

17 SECTION 12. Electronic Receipt. Within a reasonable time after the completion of a  
18 trip, a TNC shall transmit an electronic receipt to the passenger's electronic mail  
19 address or mobile application containing the origin and destination of the trip; the  
20 total time and distance of the trip; and breakdown of the total fare paid, if any.  
21

22 SECTION 13. Identification of Transportation Network Drivers and Vehicles. TNCs  
23 shall make available to each prospective passenger, on its service platform, the  
24 photograph of the TND and the license plate number and description of the TND's  
25 vehicle. TNDs shall display the TNC's trade dress on the vehicle at all times it is being  
26 used to provide transportation network services.  
27

28 SECTION 14. Confidentiality of Passenger Information. TNCs shall not disclose a  
29 passenger's personally identifiable information to any other person unless:  
30

- 31 (a) The passenger consents to the disclosure;  
32  
33 (b) The disclosure is required by a legal obligation; and  
34  
35 (c) The disclosure is necessary to protect or defend the terms of use of the service  
36 or to investigate a violation of those terms.  
37

38 In addition, a TNC shall be permitted to share a passenger's name and telephone  
39 number with a TND for the sole purpose of facilitating communication between the  
40 passenger and the driver regarding pre-arranged trips. TNCs shall prohibit the use by  
41 TNDs of a passenger's name, telephone number, or other personal information for any  
42 purpose other than those listed in this Section.  
43

44 SECTION 15. Requirements for Transportation Network Drivers. An individual may  
45 submit an application to a TNC for registration as a TND.  
46

- 47 (a) Before approving an application, a TNC shall:

- 1 a. Require the individual to submit an application that includes at least all  
2 of the following:
- 3 i. The individual's name, address, and age;
  - 4 ii. Information on the individual's professional driver's license;
  - 5 iii. Proof of motor vehicle registration for the personal vehicle the  
6 individual will use to provide TNS through the TNC;
  - 7 iv. Proof of availability of an off-street parking space for the vehicle  
8 that he will use to provide TNS; and
  - 9 v. Proof of motor liability insurance coverage as required under  
10 Section 17 of this Act.
  - 11 vi. Conduct a review of the individual's driving history; and
  - 12 vii. Conduct, or have a third party conduct, a criminal background  
13 checks for the individual.
- 14
- 15 b. A TNC shall not approve an application submitted under subsection (a)  
16 of this Section and shall permanently disqualify an applicant who:
- 17 i. is below eighteen (18) years of age;
  - 18 ii. has been sentenced by final judgment for an offense involving  
19 moral turpitude or for an offense punishable by one (1) year or  
20 more of imprisonment, within two (2) years after serving  
21 sentence;
  - 22 iii. has been found to have committed, within three (3) years prior to  
23 the application, any violation of laws, rules and regulations  
24 governing land transportation;
- 25

26 A person whose application as TND has been approved shall be issued a TND  
27 Certificate which shall contain the name, address and picture of the driver, and the  
28 registration plate number of the vehicle that he will use. The form of the certificate  
29 shall be approved by the Board.

30

31 Nothing in this Section shall be interpreted to prevent a TNC from imposing  
32 additional standards or requirements for the registration of TNDs.

33

34 SECTION 16. Drivers as Independent Contractors. TNDs shall be independent  
35 contractors and not employees of the TNC if all of the following conditions are met:

36

- 37 (a) TNC does not prescribe specific hours during which a TND must be logged  
38 into the TNC's platform;
- 39
- 40 (b) TNC does not assign a TND particular territory in which to operate; and
- 41
- 42 (c) TNC does not restrict a TND from engaging in any other occupation or  
43 business.
- 44

45 Section 17. Insurance Requirements. TNCs and TNDs shall both maintain insurance  
46 policies to cover claims for incidents involving vehicles and drivers while they are  
47 providing transportation network services. The Board shall determine, upon  
48 consultation with stakeholders, the insurance coverage, including the types of



1 coverage and the limits for each coverage, that TNCs shall maintain during the  
2 validity of their permit.

3  
4 In every instance where insurance maintained by a TND has lapsed, failed to provide  
5 the required coverage, denied a claim for a required coverage, or otherwise ceased to  
6 exist, the insurance maintained by a TNC shall provide the required coverage.

7  
8 A TNC shall neither require nor include a hold harmless or indemnification clause in  
9 the terms of agreement with a TND. Such clause, if included in the agreement, shall  
10 be an absolute nullity.

11  
12 In the event of an accident, a TND shall provide insurance coverage information  
13 directly to interested parties, insurers and investigating police officers, upon request.

14  
15 Section 18. Street Hails. It shall be prohibited for TND to solicit or accept street hails  
16 or otherwise provide transportation for compensation that are not pre-arranged  
17 through a TNC's service platform.

18  
19 Section 19. Cash Payments. A TND may not solicit or accept cash payments or tips  
20 over and above the fare calculated by the TNC's service platform and reflected in the  
21 electronic receipt required under Section 12.

22  
23 Section 20. Fleet Service. TNCs shall not be allowed to have their own fleet service or  
24 be authorized to enter into an agreement with a fleet operator to provide  
25 transportation network services. For purposes of this Act, a person who operates more  
26 than one (1) motor vehicles shall be considered a "fleet operator" and shall not be  
27 registered by the TNC with its service platform.

28  
29 A TND shall not be allowed to register or apply two (2) or more motor vehicles to be  
30 used for transportation network services to any TNC.

31  
32 Section 21. Tax Treatment. The Bureau of Internal Revenue shall determine the tax  
33 liability of TNCs and TNDs and provide the appropriate guidelines for compliance  
34 therewith.

35  
36 **CHAPTER IV.**  
37 **ENFORCEMENT**

38  
39 Section 22. Regulatory Authority. The authority of the Board shall be limited to the  
40 issuance of permit to and regulation of TNCs to ensure compliance by TNCs with the  
41 provisions of this Act. Such authority shall not include jurisdiction to adjudicate  
42 private causes of action arising from the provision of transportation network services.

43  
44 Section 23. Disciplinary Proceedings. The Board, after due notice and hearing, may  
45 deny an application for a permit, limit, suspend, or revoke a permit if the TNC:

- 46  
47 (a) Makes a material misrepresentation in any application filed under this Act or  
48 rules of the Board;

- 1  
2 (b) Fails to comply with the provisions of this Act or any rule promulgated  
3 pursuant to this Act;  
4  
5 (c) Violates any other law that substantially relates to the operation of TNCs;  
6  
7 (d) Fails to cooperate with the Board, or fails to timely respond to a request for  
8 information by the Board, in connection with an investigation pursuant to this  
9 Act; or  
10  
11 (e) Fails to maintain the qualifications for a permit;  
12  
13 (f) Violation of other existing laws of the Philippines.  
14

15 In addition to denial of application or other action under the immediately  
16 preceding paragraph, the Board may assess against a TNC for each violation  
17 enumerated thereunder, a fine not exceeding One Million Pesos (₱1,000,000,00).  
18

19 Section 24. Penalties. The Board shall determine the amount of the administrative  
20 penalty to be imposed on a person, firm, corporation or entity found violating the  
21 provisions of this Act, after considering the following factors:  
22

- 23 (a) The seriousness of the violation or failure to comply, including the nature,  
24 circumstances, extent, and gravity of the violations, and the harm or injury that  
25 may arise as a result of the violation;  
26  
27 (b) The history of contraventions of or failure to comply;  
28  
29 (c) The efforts made to correct the violation; and  
30  
31 (d) Any other factor that may be just and reasonable under the circumstances.  
32

33 Section 25. Fees and Other Charges. The TNCs shall be subject to an annual  
34 supervision fee, to be determined by the Board and subject to the approval of the  
35 Secretary of the Department of Transportation. The Board shall promulgate rules and  
36 regulations governing the collection of such fees, which shall likewise be reviewed  
37 periodically and any proposed increase shall be published in two (2) newspapers of  
38 general circulation.  
39

40 Section 26. Records. All TNCs shall maintain passenger trip records for at least one (1)  
41 year from the date the trip was completed. TNCs shall also maintain all records  
42 concerning each TND for at least five (5) years after the date on which the TND ceases  
43 to engage in transportation network services for the TNC.  
44

45 The Board shall have the authority to examine records of TNCs, for the purpose of  
46 enforcement of this Act, including a random sample of the TNC's records related to  
47 pre-arranged rides and TNDs. Such examinations shall be conducted during working  
48 hours and shall not occur more than two times per year unless necessary to investigate

1 a complaint. Records obtained by the Board, pursuant to this Section shall be kept  
2 confidential, except as may be required by Law.

3  
4 Section 27. Reportorial Requirement. A transportation network company shall  
5 transmit a quarterly report to the Board providing an accounting of the number of  
6 vehicles it has registered to operate, number of trips provided, estimated number of  
7 passengers served, and any other information that the Board may deem necessary for  
8 the effective enforcement of this Act.

9  
10 **CHAPTER V.**  
11 **FINAL PROVISIONS**

12  
13 Section 28. Implementing Rules and Regulations. Within sixty (60) days from the  
14 effectivity of this Act, the Board shall promulgate the implementing rules and  
15 regulations as may be necessary to ensure the efficient and effective implementation  
16 of this Act.

17  
18 Section 29. Separability Clause. If any provision or part hereof is held invalid or  
19 unconstitutional, the remainder of the provision not otherwise affected shall remain  
20 valid and subsisting.

21  
22 Section 30. Repealing Clause. Any law, presidential decree or issuance, executive  
23 order, letter of instruction, administrative order, rule or regulation contrary to, or  
24 inconsistent with, the provisions of this Act is hereby repealed, modified or amended  
25 accordingly.

26  
27 Section 31. Effectivity. This Act shall take effect after fifteen (15) days following its  
28 publication in at least two (2) newspapers of general circulation.

29  
30 Approved,  
31