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SENATE
S. No. 1775

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Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article XVI provides:

Section 9. The State shall protect consumers from trade malpractices and from substandard or hazardous practices.

Republic Act No. 7934, otherwise known as the Consumer Act was passed in order to protect the interests of the consumer, promote his general welfare and to establish standards of conduct for business and industry. Because of the key role consumers play in the Philippine economy, the law was enacted to protect the rights of consumers and to put a stop to abusive practices of business establishments in the country.

The practices of giving insufficient change or giving no change at all to consumers by product sellers or service providers is something that is often taken for granted. This is usually because the change involves only a matter of five (5), ten (10), fifteen (15) or twenty (20) centavos, or small bills which when added up at the end of the day, amounts to thousands of pesos. That failure to give the change or the exact change constitutes a trade malpractice that must be stopped.

This bill seeks to (a) prohibit the giving insufficient change or no change at all to consumers; (b) to prohibit the giving of change in any form other than money; (c) require the posting of signs reminding consumers to ask for their exact change; and (d) require the use of price tags, when appropriate, that will reflect the exact price per unit or services, already incorporating the applicable tax or taxes.*


MIRIAM DEFENSOR SANTIAGO

* This bill was originally drafted by the interns of the undersigned's *Summer sa Senado* program, namely: Lourdes E. Pulido, Kristine Erika M. Lutap, Mary Shiela M. Olaso, Eva Ann A. Manalo, Kristine Sarah R. Payuan, and Anamaine B. Asinas. It was originally filed during the Thirteenth Congress, First Regular Session.

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1 AN ACT
2 REQUIRING BUSINESS ESTABLISHMENTS TO GIVE EXACT CHANGE TO
3 CONSUMERS

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

4 SECTION 1. *Short Title.* – This Act shall be known as the “Exact Change Act.”

5 SECTION 2. *Declaration of Policy.* – It is the policy of the State to protect the interest of
6 the consumer, promote his general welfare and to establish standards of conduct for business and
7 industry. Towards this end, the State shall implement measures to achieve the following
8 objectives:

- 9 (A) The protection against deceptive, unfair, and unconscionable sales acts and
10 practices;
- 11 (B) The provision of information and education to facilitate sound choices and the
12 proper exercise of rights by the consumer;
- 13 (C) The provision of adequate rights and means of redress; and
- 14 (D) The provision of penalties for offenders.

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

- 16 (A) “Consumer” means a natural person who is a purchaser or recipient of consumer
17 products, services or credit;
- 18 (B) “Business establishment” means any person or entity, whether single proprietorship,
19 partnership, or corporation, including government-owned and controlled
20 corporations or a government entity exercising its proprietary functions, engaged in,
21 doing business in the Philippines, either in selling products or providing services;

1 (C) "Consumer products and services" means goods, services and credits, debts or
2 obligations which are primarily for personal, family, household, or agricultural
3 purposes, which shall include, but is not limited to, food, drugs, cosmetics, and
4 devices;

5 (D) "Services" means services that are subject to a consumer transaction, either together
6 with, or separate from, any kind of personal property, whether tangible or
7 intangible;

8 (E) "Price tag" means any device, written, printed, affixed or attached in a consumer
9 product or displayed in a consumer retail or service establish for the purpose of
10 indicating the retail price per unit or service;

11 (F) "Change" means the excess in the payment given by a consumer for products or
12 services purchased or received;

13 (G) "Insufficient change" means a change that is less than what is due the consumer;
14 and

15 (H) "Department" means the Department of Trade and Industry.

16 SECTION 4. *Prohibition against Failing or Refusing to Give Exact Change.* – It shall be
17 unlawful for any business establishments to give insufficient change or no change at all to
18 consumers who purchased or received products or services, even if such change is only of a
19 small amount. It shall be the duty of the business establishment to give exact exchange to the
20 consumer without waiting for the consumer to ask for the same.

21 SECTION 5. *Procedure in Filing a Complaint.* –

22 (A) Not later than ten (10) working days after a violation has been committed, the
23 consumer shall write and submit a letter of complaint to the Department.

24 (B) The Department shall, in not more than ten (10) working days after the complaint
25 has been submitted, conduct an investigation and/audit and shall issue a notice to
26 the establishment involved.

1 (C) After a full investigation shall have been made by the Department, it shall issue its
2 decision and findings not later than thirty (30) days from the receipt of the
3 complaint.

4 SECTION 6. *Information Campaign.* – The Department shall undertake to implement an
5 education campaign to inform consumers of the provisions of this Act. It shall regularly publish
6 a list of the establishments found to have violated any provisions of this Act.

7 SECTION 7. *Rules and Regulations.* – It shall be the duty of the Department, in
8 coordination with other executive departments or government agencies which may be involved,
9 to formulate and issue the necessary rules and regulations to implement the provisions of this
10 Act.

11 SECTION 8. *Penalties.* – Any violation of this Act shall be punished as follows: For the
12 first offense, a violator shall be fined Five Hundred Pesos (P500.00); for the second offense, a
13 violator shall be fined Fifteen Thousand Pesos (15,000.00) and the license to operate the business
14 establishment shall be suspended for three months; and for the fourth offense, a violator shall be
15 fined Twenty-five Thousand Pesos (P25,000.00) and the license to operate shall be revoked.

16 In addition to the amount of the fine mentioned above, the total amount of change the
17 establishment failed or refused to give, as determined from the audit of the Department, shall be
18 paid by the said establishment to the government unless it can be determined with reasonable
19 certainty that the change is due and payable to a particular person or persons.

20 SECTION 9. *Separability Clause.* – If any provision or part hereof is held invalid or
21 unconstitutional, the remainder of the law of the provision not otherwise affected shall remain
22 valid and subsisting.

23 SECTION 10. *Repealing Clause.* – Any law, presidential decree or issuance, executive
24 order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent
25 with, the provisions of this Act is hereby repealed, modified or amended accordingly.

1 SECTION 11. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
2 publication in at least two (2) newspapers of general circulation.

Approved,