

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



'22 JUL 12 P 1 :29

**SENATE**

S. No. 389

RECEIVED BY

---

INTRODUCED BY SENATOR JOSEPH VICTOR "JV" G. EJERCITO

---

**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

Commuting in the Philippines, most specially in Metro Manila is tough. Workers, employees, students who rely on mass transportation or those who have private cars share the same problem every single day. Traffic congestion, lack of sufficient public transportation and transportation infrastructure contributes to the worsening situation in the country. The Japan International Cooperation Agency (JICA) in 2018 projected that the daily economic cost of traffic will surge to P5.4 billion if no government interventions will be made.

On May 8, 2015, the Department of Transportation and Communications (DOTC), issued Department Order No. 2015-011 recognizing the need for additional mode of public transportation to further promote mobility. The DOTC started to give accreditation of applicants of Transportation Network Vehicles Service (TNVS) in order to offer their services to the public.

In the 2018 online survey made by Research and Tech Lab (RTL) regarding the most preferred transport medium in Metro Manila showed that 46.47% choose TNVS, 24.46% go for taxis, 11.91% takes the bus, 11.01% ride the train (MRT,LRT,PNR)

and 6.15% choose UV Express.<sup>1</sup> Indubitably, with the introduction of TNVS in the country, it made Filipinos to go for convenience and comfort – for a less hassle commute and value for money fares.

With the increasing number and demand for TNVS, on June 11, 2018, the Department of Transportation issued Department Order (DO) No. 2018-013, which mandated for the Land Transportation Franchising and Regulatory Board (LTFRB) to regulate the Transportation Network Companies (TNCs) and TNVS. The Department Order specified the powers of the LTFRB in the regulation and supervision of the TNCs and TNVS, specifically the approval and denial of franchise, setting of fares, routes and operating conditions, and the imposition of fines, suspension and cancellation of franchise.<sup>2</sup> In the same way, the Department Order classified TNCs and TNVS as public utility and thus subject to the full regulation of the State.

Currently, the LTFRB has approved the operation of five TNVS, namely Grab, Joyride, TokTokgo, OWTO and ePickMeUp. In the latest number released by the LTFRB, there are 26,301 TNVS operating in the country, 25,495 are in Metro Manila.<sup>3</sup>

In light of the foregoing, the proposed measure seeks to regulate the Transport Network Service and recognize the responsibilities and rights of the Transportation Network Companies and Drivers. The LTFRB is mandated to issue, deny an application of permit, as well as to limit, suspend, or revoke a permit of the TNC in cases of violation of the law. Under this measure, the Transportation Network Drivers are considered as common carriers for purposes of determining the liability and degree of diligence that must be observed in the course of transportation network services. In order to uphold the safety of passengers, the TNCs are required to adopt a vehicle safety policy. In addition, it is imperative for TNCs to maintain an updated database of all the TNDs, a customer service assistance for reporting of complaints, and ensure compliance of the TNDs with the zero alcohol and drugs policy.

---

<sup>1</sup> <https://rtl.ph/press/The-Future-of-Transport-Network-Vehide-Services-or-TNVS>

<sup>2</sup> Department Order No. 2018-013, Department of Transportation, June 11, 2018.

<sup>3</sup> <https://pia.gov.ph/news/2022/06/06/7000-slots-sa-tnvs-bubuksan-ng-ltfrb-sa-ncr>

It is the main purpose of this bill to provide an alternative mode of public transportation for the commuters while promoting the convenience and safety of the riding public. Thus, the approval of this proposed measure is earnestly sought.



**JOSEPH VICTOR "JV" EJERCITO**

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



'22 JUL 12 P 1 :29

**SENATE**

RECEIVED BY 

**S. No. 389**

---

INTRODUCED BY SENATOR JOSEPH VICTOR "JV" G. EJERCITO

---

**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**

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

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

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

8 Sec 3. *Definition of Terms.*- As used in this Act:

9 a. *Board* refers to the Land Transportation Franchising and Regulatory Board  
10 (LTFRB);

11 b. *Passenger* refers to an individual who uses a transportation network company's  
12 service platform to connect to a driver for transportation network services,  
13 including all other persons who accompany said individual for the duration of  
14 such service;

1 c. *Personal vehicle* refers to a motor vehicle that satisfies all of the following  
2 conditions:

- 3 1. owned, leased, or otherwise authorized to be used by the driver;
- 4 2. not a public utility vehicle as defined in Republic Act No. 10586 and other  
5 related laws;

6 d. *Service platform* refers to any internet site or online-enabled application  
7 software or system that permits the pre-arrangement of transportation network  
8 services;

9 e. *Transportation Network Company (TNC)* refers to a business organization,  
10 whether a corporation, partnership, or sole proprietorship licensed to operate  
11 in the Philippines, that provides pre-arranged transportation services for  
12 compensation using an internet-based application or digital platform  
13 technology to connect passengers and drivers using their personal vehicles;

14 f. *Transportation Network Driver (TND)* refers to an individual who :

- 15 1. satisfies the requirements in this Act;
- 16 2. pays a fee to a TNC to connect to a passenger for the purpose of  
17 engaging in transportation network services; and
- 18 3. operates a personal vehicle to engage in transportation network services  
19 for compensation; and

20 g. *Transportation Network Services (TNS)* refers to a transportation of a  
21 passenger between points chosen by the passenger and that is pre-arranged  
22 with a TND through the use of a TNC's service platform. The TNS begins from  
23 the moment the TND accepts a request for transportation on the TNC's service  
24 platform and ends when the TND completes the transaction on the service  
25 platform or when the trip is complete and the passenger exits the TND's vehicle,  
26 whichever is later.

27 *Sec 4. Nature of Transportation Network Companies and Drivers.* - TNDs are  
28 hereby considered as common carriers for purposes of determining the liability and  
29 degree of diligence that must be observed in the course of transportation network  
30 services, and the presumption of negligence in case of breach of contract of carriage  
31 shall likewise apply to them. TNCs shall be required to exercise the diligence of a good  
32 father of a family in the course of complying with its obligations under this Act and

1 the regulations that the Board may issue in relation thereto. TNCs shall be solidarily  
2 liable with TNDs in case the latter has been found guilty of any violation of laws, rules  
3 and regulation that involves a passenger as defined in this act.

## 4 **CHAPTER II.**

### 5 **REGULATION OF TRANSPORTATION NETWORK COMPANIES**

6 *Sec 5. Issuance of Permits to TNCs.* - A person, organization, or entity shall not  
7 be allowed to operate a TNC without first obtaining a Permit from the Board upon  
8 compliance with the requirements set forth by this Act and other reasonable conditions  
9 as may be provided by the Board.

10 *Sec 6. Application for Permit.* The Board shall grant a Permit to a TNC upon  
11 determination that all of the following requirements are met:

- 12 a. Submission of application in the form prescribed by the Board. The application  
13 shall have a minimum requirement that include tire applicant's name, address,  
14 tax identification number, and any other information that the Board may deem  
15 necessary to assess the applicant's qualification;
- 16 b. Proof that the applicant is licensed to do business in the Philippines and a  
17 resident agent for purposes of service of processes in the Philippines if the  
18 applicant is a foreign corporation; and
- 19 c. Payment of an application fee to be set by the Board upon filing of the  
20 application. The applicant shall notify tire Board of any material change in the  
21 information included in the application not later than fifteen (15) days after the  
22 change occurs. The Board shall prescribe a form for the disclosure of material  
23 changes.

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

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

## 29 **CHAPTER III.**

### 30 **OPERATION OF TRANSPORTATION NETWORK COMPANIES**

31 *Sec. 8. Requirements for TNCs* - A transportation network company shall:

- 1 a. Create an application process for a person to apply for registration as a
- 2 transportation network driver;
- 3 b. Maintain an updated database of the TNC's transportation network drivers;
- 4 c. Maintain a website with the following information:
  - 5 1. The TNC's customer service telephone number and/ or electronic mail
  - 6 address;
  - 7 2. The TNC's zero tolerance policy established under this Act;
  - 8 3. The procedure for reporting a complaint about the TND;
  - 9 4. Conduct, or have a third party conduct, a safety inspection of the
  - 10 personal vehicle that a TND will use before the motor vehicle may be
  - 11 used to provide transportation network services and ensure compliance
  - 12 with the TNC's vehicle safety policy established under this Act; and
  - 13 5. Maintain an insurance policy as required under Section 17 of this Act.

14 *Sec. 9. Zero Tolerance for Illegal Drug or Alcohol Use.* - Every TNC shall  
15 develop and implement a policy prohibiting any TND from using illegal drugs or alcohol  
16 or any other substance that may render the TND incapable of driving safely while tire  
17 TND is engaged in transportation network services for the TNC or is logged onto the  
18 TNC's service platform. The TNC shall;

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

28 *Sec. 10. Vehicle Safety Policy.* - TNCs shall adopt a vehicle safety policy to  
29 ensure the comfort and security of passengers using transportation network services.  
30 Such policy shall observe the following minimum standards:

- 1 a. transportation of passengers in numbers exceeding the manufacturer's
- 2 designed seating capacity shall be prohibited, notwithstanding the state's policy
- 3 of encouraging ride-sharing;
- 4 b. vehicle must be road-worthy and compliant with vehicle emission standards
- 5 but, in any case, must not be more than ten (10) years old from date of
- 6 manufacture; and
- 7 c. vehicle must be equipped with proper tools and equipment.

8 Sec. 11. *Fare Setting and Disclosures.* - A TNC is hereby authorized to set  
9 fares but shall disclose the fare calculation method, the applicable rates being charged,  
10 and the option for an estimated fare to a passenger before the passenger arranges a  
11 trip with a TND subject to rules and regulation imposed by the Board.

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

- 15 a. Provide clear and visible indication that dynamic pricing is in effect prior to
- 16 requesting a trip;
- 17 b. Include a feature that requires passengers to confirm that they understand that
- 18 dynamic pricing will be applied in order for the trip request to be completed;
- 19 and
- 20 c. Provide a fare estimator that enables the user to estimate the cost under
- 21 dynamic pricing prior to requesting the trip.

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

29 Sec. 12. *Electronic Receipt.* - Within a reasonable time after the completion of  
30 a trip, a TNC shall transmit an electronic receipt to the passenger's electronic mail  
31 address or mobile application containing the origin and destination of the trip; the  
32 total time and distance of the trip; and breakdown of the total fare paid, if any.



1           Sec. 13. *Identification of Transportation Network Drivers and Vehicles.* - TNCs  
2 shall make available to each prospective passenger, on its service platform, the  
3 photograph of the TND and the license plate number and description of the TND's  
4 vehicle. TNDs shall display tire TNC's trade dress on the vehicle at all times it is being  
5 used to provide transportation network services.

6           Sec. 14. *Confidentiality of Passenger Information.* - TNCs shall not disclose a  
7 passenger's personally identifiable information to any other person unless:

- 8           a. The passenger consents to the disclosure;
- 9           b. The disclosure is required by a legal obligation; and
- 10          c. The disclosure is necessary to protect or defend the terms of use of the service  
11           or to investigate a violation of those terms.

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

17           Sec. 15. *Requirements for Transportation Network Drivers.* - An individual  
18 may submit an application to a TNC for registration as a TND.

- 19          a. Before approving an application, a TNC shall;
  - 20           1. Require the individual to submit an application that includes at least all  
21           of the following:
    - 22           i. The individual's name, address, and age;
    - 23           ii. Information on the individual's professional driver's license;
    - 24           iii. Proof of motor vehicle registration for the personal vehicle the  
25           individual will use to provide TNS through the TNC;
    - 26           iv. Proof of availability of an off-street parking space for the vehicle  
27           that he will use to provide TNS; and
    - 28           v. Proof of motor liability insurance coverage as required under  
29           Section 17 of this Act.
    - 30           vi. Conduct a review of the individual's driving history; and
    - 31           vii. Conduct, or have a third party conduct, a criminal background  
32           checks for the individual.

1 b. A TNC shall not approve an application submitted under subsection (a) of this  
2 Section and shall permanently disqualify an applicant who:

- 3 i. is below eighteen (18) years of age;
- 4 ii. has been sentenced by final judgment for an offense involving  
5 moral turpitude or for an offense punishable by one (1) year or  
6 more of imprisonment, within two (2) years after serving  
7 sentence;
- 8 iii. has been found to have committed, within three (3) years prior  
9 to the application, any violation of laws, rules and regulations  
10 governing land transportation;

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

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

17 Sec. 16. *Drivers as Independent Contractors.*- TNDs shall be independent  
18 contractors and not employees of the TNC if all of the following conditions are met:

- 19 a. TNC does not prescribe specific hours during which a TND must be logged into  
20 the TNC's platform;
- 21 b. TNC does not assign a TND particular territory in which to operate; and
- 22 c. TNC does not restrict a TND from engaging in any other occupation or business.

23 Sec. 17. *Insurance Requirements.* - TNCs and TNDs shall both maintain  
24 insurance policies to cover claims for incidents involving vehicles and drivers while  
25 they are providing transportation network services. The Board shall determine, upon  
26 consultation with stakeholders, the insurance coverage, including the types of  
27 coverage and the limits for each coverage, that TNCs shall maintain during the validity  
28 of their permit.

29 In every instance where insurance maintained by a TND has lapsed, failed to  
30 provide the required coverage, denied a claim for a required coverage, or otherwise  
31 ceased to exist, the insurance maintained by a TNC shall provide the required  
32 coverage.

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

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

6 Sec. 18. *Street Hails.*- It shall be prohibited for a TND to solicit or accept street  
7 hails or otherwise provide transportation for compensation that are not pre-arranged  
8 through a TNC's service platform.

9 Sec. 19. *Cash Payments.* - A TND may not solicit or accept cash payments or  
10 tips over and above the fare calculated by the TNC's service platform and reflected in  
11 the electronic receipt required under Section 12.

12 Sec. 20. *Fleet Service.* - TNCs shall not be allowed to have their own fleet  
13 service or be authorized to enter into an agreement with a fleet operator to provide  
14 transportation network services. For purposes of this Act, a person who operates more  
15 than one (1) motor vehicles shall be considered a "fleet operator" and shall not be  
16 registered by the TNC with its service platform.

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

19 Sec. 21. *Tax Treatment.* - The Bureau of Internal Revenue shall determine the  
20 tax liability of TNCs and TNDs and provide the appropriate guidelines for compliance  
21 therewith.

## 22 CHAPTER IV.

### 23 ENFORCEMENT

24 Sec. 22. *Regulatory Authority.* - The authority of the Board shall be limited to  
25 the issuance of permit and regulation of TNCs to ensure their compliance with the  
26 provisions of this Act. Such authority shall not include jurisdiction to adjudicate private  
27 causes of action arising from the provision of transportation network services.

28 Sec. 23. *Disciplinary Proceedings.*- The Board, after due notice and hearing,  
29 may deny an application, limit, suspend, or revoke a permit if the TNC:

- 30 a. Makes a material misrepresentation in any application filed under this Act or  
31 rules of tire Board;

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

9 In addition to denial of application or other action under the immediately  
10 preceding paragraph, the Board may assess against a TNC for each violation  
11 enumerated thereunder, a fine not exceeding one million pesos (P1,000,000.00).

12 *Sec. 24. Penalties.* - The Board shall determine the amount of the administrative  
13 penalty to be imposed on a person, firm, corporation or entity found violating the  
14 provisions of this Act, after considering the following factors:

- 15 a. The seriousness of the violation or failure to comply, including the nature,
- 16 circumstances, extent, and gravity of the violations, and the harm or injury that
- 17 may arise as a result of the violation;
- 18 b. The history of contraventions of or failure to comply;
- 19 c. The efforts made to correct the violation; and
- 20 d. Any other factor that may be just and reasonable under the circumstances.

21 *Sec. 25. Fees and Other Charges* - The TNCs shall be subject to an annual  
22 supervision fee, to be determined by the Board and subject to the approval of the  
23 Secretary of the Department of Transportation. The Board shall promulgate rules and  
24 regulations governing the collection of such fees, which shall likewise be reviewed  
25 periodically and any proposed increase shall be published in two (2) newspapers of  
26 general circulation.

27 *Sec. 26. Records.* - All TNCs shall maintain passenger trip records for at least  
28 one (1) year from the date the trip was completed. TNCs shall also maintain all records  
29 concerning each TND for at least five (5) years after the date on which the TND ceases  
30 to engage in transportation network services for the TNC.

31 The Board shall have the authority to examine records of TNCs, for the purpose  
32 of enforcement of this Act, including a random sample of the TNC's records related to

