



Senate

Office of the Secretary

TWENTIETH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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25 AUG -7 P1:26

SENATE

RECEIVED BY:

S.B. No. 1095

Introduced by SEN. WIN GATCHALIAN

AN ACT
PROHIBITING ALL PUBLIC TELECOMMUNICATIONS ENTITIES AND
INFORMATION AND COMMUNICATIONS TECHNOLOGY PROVIDERS FROM
IMPOSING AN EXPIRATION PERIOD ON THE VALIDITY OF PREPAID LOAD
CREDITS AND THEIR FORFEITURE

EXPLANATORY NOTE

This legislation seeks to eliminate the expiration and forfeiture of all denominations of prepaid load credits. It will have an impact on **175,074,174** prepaid subscribers, representing **97.4%** of the total number of mobile subscribers¹ in the country as of the first quarter of 2025, who are at risk of losing their hard-earned prepaid load credits due to inactivity or non-usage before the expiration period.

The National Telecommunications Commission (NTC), the Department of Information and Communications Technology (DICT), and the Department of Trade and Industry (DTI), pursuant to their respective mandates, promulgated Joint Memorandum Circular No. 05-12-2017 on December 20, 2017.² It prescribed the validity of prepaid load credits of all information and communications technology (ICT) providers and public telecommunications entities (PTEs) with a denomination of

¹ National Telecommunications Commission, March 2025 estimates.

² Prescribing a One (1) Year Expiration Period for Prepaid Loads.

Php300 and above to one year effective starting January 5, 2018. The following were excluded from its coverage: (1) prepaid load purchased for promos and (2) bucket of services with specific period of use duly approved by the DTI and/or the NTC.

The 2017 circular amended Memorandum Circular (MC) No. 03-07-2009 or the "Guidelines on Prepaid Loads" which provided for the expiration periods of prepaid load depending on the amount of credits purchased, with higher credits corresponding to longer validity periods. Considering that more than 90% of the costs of the networks are fixed, the carrying cost per subscriber decreases as the subscribers multiply,³ allowing PTEs and ICT providers to extend the validity periods of prepaid load without incurring considerably higher costs or immense financial losses.

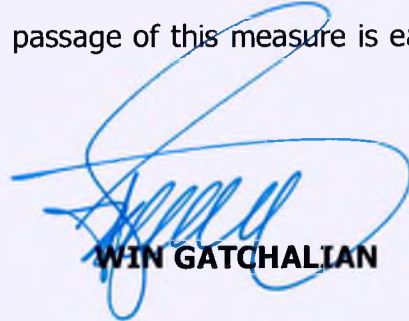
The number of prepaid subscribers has more than doubled from approximately 75 million in 2009, when MC No. 03-07-2009 was issued, to 175 million in the first quarter of 2025 alone, a clear indication of how the prepaid call and text industry has penetrated the everyday lives of consumers in the Philippines, effectively making prepaid load an essential commodity. Maintaining a system that enforces the expiration of prepaid credits purchased with consumers' hard-earned money compels them to use their prepaid load unnecessarily, simply to avoid forfeiture and prevent being left with zero balance, resulting in a waste of the consumer's funds, but a gain for public telecommunications entities (PTEs) and the ICT providers.

This bill seeks to prohibit the imposition of an expiration period on the validity of all denominations of prepaid load credits, whether purchased through prepaid card or electronic loading, as well as the eventual forfeiture of such credits in active prepaid accounts. Every peso spent by the consumer to purchase prepaid load credits must remain usable until fully consumed. By safeguarding the value of each peso, the telecommunications industry can play a vital role in advancing the mobile economy, bringing the benefits of rapid technological innovation and digital revolution within

³ NTC-DICT-DTI Joint Memorandum Circular No. 05-12-2017.

reach of the poor and disadvantaged, and thereby fostering more inclusive and prosperous societies.

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



WIN GATCHALIAN



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

1 SECTION 1. *Title.* – This Act shall be known as the "*Prepaid Load Forever Act.*"

2
3 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
4 recognize the vital role of information and communications technology in nation-
5 building. It likewise recognizes the primary role of the private sector as an engine of
6 economic growth and guarantees the right of individuals and private entities to own,
7 establish, and operate economic enterprises. However, as the Constitution provides
8 that the use of property bears a social function, the right of private entities is subject
9 to the duty of the State to intervene when the common good so requires – including
10 protecting the interest of consumers, promoting their general welfare, and
11 establishing standards of conduct of business and industry. Towards this end, the
12 State shall implement measures to protect the consumer against unfair and

1 unconscionable sales acts and practices, and provide information and education to
2 facilitate sound choice and proper exercise of consumer rights.

3
4 SEC. 3. *Definition of Terms.* – As used in this Act:

- 5 a. *Active Prepaid Account* refers to a number with any activity involving voice,
6 short messaging system (SMS) or text, mobile data, value added services
7 (VAS), or any other telecommunications service;
- 8 b. *Dormant Prepaid Account* refers to a number without any activity involving
9 voice, short messaging system (SMS) or text, mobile data, value added
10 services (VAS), or any other telecommunications service within a period of
11 one year;
- 12 c. *Information and Communications Technology* or *ICT* refers to the totality
13 of electronic means to access, create, collect, store, process, receive,
14 transmit, present, and disseminate information;
- 15 d. *ICT Provider* refers to any entity in the ICT sector, which includes
16 telecommunications and broadcast information operators, ICT equipment
17 manufacturers, multimedia content developers and providers, ICT solution
18 providers, internet service providers, ICT training institutions, software
19 developers, and ICT-ES providers;
- 20 e. *Prepaid Load Credit* refers to the monetary value or the consumable amount
21 that a subscriber purchases in advance, whether through prepaid card or
22 electronic load, to enable the use of telecommunications services such as
23 voice, SMS, and data;
- 24 f. *Prepaid subscription* refers to the subscription wherein credit is purchased
25 in advance of service use. The purchased credit is used to pay for mobile
26 phone services at the point the service is accessed or consumed. If there is
27 no available credit, then access to the requested service is denied.

1 g. *Prepaid Subscriber* refers to any person, natural or juridical, who avails or
2 purchase in advance for telecommunications services from a public
3 telecommunications entity and/or information and communications
4 technology provider by purchasing credit in advance of service use. Such
5 prepaid credit is deducted at the time the service is accessed or consumed,
6 serving as payment for the corresponding service;

7 h. *Public Telecommunications Entity* or *PTE* refers to any duly authorized
8 public telecommunications entity that offers voice, short messaging system
9 (SMS) or text, mobile data, value added services (VAS), or any other
10 telecommunications services to the public for a fee; and

11 i. *Telecommunications* refers to any process which enables a
12 telecommunications entity to relay and receive voice, data, electronic
13 messages, written or printed matter, fixed or moving pictures, words, music
14 or visible or audible signals, or any control signals of any design and for any
15 purpose by wire, radio, or other electromagnetic, spectral, optical, or
16 technological means.

17
18 SEC. 4. *Prohibited Acts*. – The following shall constitute prohibited acts of any
19 PTE or ICT provider and are hereby declared to be unlawful:

- 20 a. Imposition of an expiration period on the validity of unused prepaid load
21 credits, whether purchased via prepaid card or electronic load;
22 b. Forfeiture of such prepaid load credits on an active prepaid account, save
23 for the purpose of availing of the mobile number portability service; and
24 c. Refusal to give a refund to any prepaid subscriber whose load credits were
25 forfeited without any valid cause.

26 In view of paragraph (b), a prepaid account that has become dormant shall be
27 deducted one peso for every day of inactivity from its remaining load credits until such
28 credits are fully consumed. The prepaid subscriber must be notified of the deduction
29 made.

1 SEC. 5. *Penal Provision.* – Any director, officer, employee, or agent of a PTE or
2 ICT provider providing prepaid telecommunications services who shall violate any of
3 the acts mentioned under Section 4 hereof shall, upon conviction, be subject to the
4 penalty of a fine of not less than One Hundred Thousand Pesos (PhP100,000.00) but
5 not to exceed One Million Pesos (PhP1,000,000.00), or imprisonment of not less than
6 two (2) years but not more than six (6) years, or both, upon the discretion of the
7 court.

8 If the violation was committed by or in the interest of a juridical person duly
9 licensed to engage in business in the Philippines, the following penalties shall be
10 imposed on the juridical entity:

- 11 a. First offense – a fine of Five Hundred Thousand Pesos (PhP500,000.00);
- 12 b. Second offense – a fine of One Million Pesos (PhP1,000,000.00) plus
13 suspension of license to engage in business for a period of thirty (30) days;
14 and
- 15 c. Third offense – a fine of Two Million Pesos (PhP2,000,000.00) plus
16 immediate revocation of license to engage in business.

17
18 SEC. 6. *Implementing Rules and Regulations (IRR).* – Within ninety (90) days
19 from the effectivity of this Act, the National Telecommunications Commission (NTC)
20 shall coordinate with the Department of Information and Communications Technology
21 (DICT) and the Department of Trade and Industry (DTI) to promulgate rules and
22 regulations and other issuances as may be necessary to ensure the effective
23 implementation of this Act, including the issuance of proper and adequate information
24 dissemination of its contents and benefits to the general public.

25 The IRR issued pursuant to this Act shall take effect fifteen (15) days after its
26 publication in a newspaper of general circulation.

1 SEC. 7. *Separability Clause.* – If any provision of this Act is held invalid or
2 unconstitutional, the other provisions not affected thereby shall remain in full force
3 and effect.

4
5 SEC. 8. *Repealing Clause.* – All laws, decrees, executive orders, proclamations,
6 rules and regulations, and issuances, or parts thereof which are inconsistent with the
7 provisions of this Act, are hereby repealed, amended, or modified accordingly.

8
9 SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days after its
10 publication in the Official Gazette or in any newspaper of general circulation in the
11 Philippines.

Approved,