

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



Senate
Office of the Secretary

'22 JUL 11 P 6 :48

SENATE

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S. No. 296

Introduced by Senator FRANCIS G. ESCUDERO

AN ACT
PROHIBITING MERCHANDISING STORES AND SERVICE ESTABLISHMENTS
FROM CHARGING MORE THAN THE CASH RETAIL PRICE OF GOODS AND
SERVICES PURCHASED WITH CREDIT CARDS AND PRESCRIBING
PENALTIES FOR ANY VIOLATION THEREOF

EXPLANATORY NOTE

Consumer rights serve not only to protect citizens from unscrupulous practices of erring businesses, moreover it is our belief that strengthening these rights will also lead to more consumer confidence and thus more robust consumer spending —a prime driver of our economy.

In this regard, the use of credit cards by consumers has become wider over the years. However, this has not been without its challenges. In particular, it has been the practice of some merchandising stores and service establishments to charge a different, albeit higher price, for items bought using credit cards; or to limit bargain sale items and services to those made with cash purchases. This means that merchants are passing on the cost of processing fees charged to them by credit card companies to the consumers.

This not only burdens consumers, but in fact discriminates against those who cannot pay in cash upon purchase. But whether or not a consumer chooses to pay in cash or charge, he or she should only pay the price indicated in the price tag - no distinction should be made as to the mode of payment. Such is the right of the consumer.

This measure is thus being proposed to level the playing field. While we acknowledge the right of big businesses to take the necessary steps to ensure profitability, this should never be taken to mean that consumers shall bear the burden

of these enterprises in doing business. The consumer, as they say, is king. This measure intends to help big businesses understand and accept this fact.

In light of the foregoing, urgent passage of this bill is proposed.

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FRANCIS G. ESCUDERO *ep*

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

1 Section 1. It shall be unlawful for any merchandising store or service
2 establishment to charge the customers more than the actual cash retail price of the
3 goods and services purchased when such purchase is done with the use of a credit
4 card and/or to limit bargain sale items and services to cash purchases.

5
6 Sec. 2. Any person who shall violate the provision of this Act shall be
7 punished with imprisonment of not less than six (6) months but not more than one
8 (1) year or a fine of not less than Twenty Thousand Pesos (P20,000.00) but not
9 more than One Hundred Thousand Pesos (P100,000.00) or both at the discretion of
10 the court. In case of a partnership, association, corporation or any other juridical
11 person, the penalty shall be imposed on the president, treasurer or any other officer
12 or person responsible for the violation. In addition, the license to operate the
13 business establishment shall be suspended for six (6) months or in the case of
14 recidivism, cancelled, as the case may be. If the offender is an alien, he shall, after
15 service of sentence, be deported immediately without further proceedings in the
16 Bureau of Immigration.

17
18 Sec. 3. This Act shall take effect 15 days following its complete publication in
19 the Official Gazette or at least two (2) newspapers of general circulation, whichever
20 comes first.

21
22 *Approved,*