



Department Administrative Order No. 19-03  
Series of 2019

**IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 10962  
OTHERWISE KNOWN AS THE "GIFT CHECK ACT OF 2017"**

WHEREAS, Republic Act No. 10962 otherwise known as the "Gift Check Act of 2017" was approved into law on 19 December 2017;

WHEREAS, the State, through the Department of Trade and Industry (DTI), recognizes that a gift check represents value held in trust by the issuer thereof on behalf of its beneficiary or bearer and that consumers must not be unduly deprived of the value of their money;

WHEREAS, Section 12 of the above-mentioned Act provides that the DTI shall have the exclusive jurisdiction in the implementation of this Act and shall promulgate the necessary implementing rules and regulations;

NOW, THEREFORE, the following rules and regulations are hereby promulgated to implement the provisions of the said Act:

**RULE I  
GENERAL PROVISIONS**

**Section 1. Title.** These Rules shall be referred to as the Implementing Rules and Regulations (IRR) of Republic Act No. 10962 or the "Gift Check Act of 2017".

**Section 2. Definition of Terms.** For purposes of this IRR, the following terms and phrases shall mean or be understood as follows:

- 2.1 "Act" refers to RA 10962 entitled "An Act Regulating the Issuance, Use, and Redemption of Gift Check";
- 2.2 "Coupon or Voucher" is any instrument issued to any person, natural or juridical, for monetary consideration or otherwise, that entitles the holder to a discount off a particular good or service, or that may be exchanged for a pre-identified good or service specified on the instrument;
- 2.3 "Cessation" is when an issuer voluntarily or involuntarily stopped doing business or has declared bankruptcy/ insolvency for whatever purpose/reason;
- 2.4 "DTI" refers to the Department of Trade and Industry;
- 2.5 "DTI-CPAB" refers to the DTI's Consumer Protection and Advocacy Bureau;

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- 2.6 "DTI-FTEB" refers to the Fair Trade Enforcement Bureau;
- 2.7 "DTI-RO" refers to the DTI Regional Office that has jurisdiction over the place of business of the issuer;
- 2.8 "Expiry Date" refers to the determined date when the instrument ceases its effectivity and can no longer be used;
- 2.9 "Gift Check" also referred to as Gift Certificate or Gift Card, is any instrument issued to any person, natural or juridical, for monetary consideration, honored upon presentation at a single merchant or an affiliated group of merchants as payment for consumer goods or services. The instrument may be in the form of paper, card, code, or other device, and shall remain valid until the cessation of business of the issuer;
- 2.10 "Holder" refers to a person, natural or juridical, in possession of the gift check;
- 2.11 "Issuer" is any person, natural or juridical, who provides the instrument that holds value for which consumer goods or services will be exchanged;
- 2.12 "Merchant" refers to a person, natural or juridical, duly registered and permitted to conduct business under relevant laws;
- 2.13 "Pre-identified good or service" refers to goods or services identified beforehand by the consumer or the issuer as eligible for exchange upon presentation of the coupon or voucher;
- 2.14 "Revalidation" refers to official approval or confirmation of the gift check; and
- 2.15 "Single or affiliated group of merchants" refer to a merchant or two or more single merchants recognized by the issuer through an agreement, that upon presentation, they will honor the Issuer's gift check.

**RULE II  
SCOPE**

**Section 1. Scope.** These Rules shall apply to all issuers, single or affiliated group of merchants and holders of gift checks.

**Section 2. Exclusions.** The following kinds of instruments that are issued to consumers are excluded from the application of the Act and this IRR:

- 2.1 Those issued under loyalty;
- 2.2 Those issued as rewards;
- 2.3 Those issued under a promotional program;
- 2.4 Coupons or vouchers as defined in Sec. 2 (2.1) Rule I of this IRR; and
- 2.5 Those that are subsequently determined by the DTI as excluded .

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For instruments given as loyalty, reward, or as part of promotional program to be excluded in the purview of this IRR, such instruments must contain the word loyalty or reward or promo permit number, whichever is applicable, at the lower left corner and its expiry date at the lower right corner of the instrument.

### **RULE III USE OF GIFT CHECKS**

#### **Section 1. Usage of Gift Checks.**

- 1.1 Gift checks shall be honored by the issuer and single or affiliated group of merchants upon presentment.
- 1.2 Gift checks shall not bear an expiry date. Neither shall there be an expiry date on the stored value, credit or balance of the gift check.
- 1.3 Gift checks shall be honored for its full value. Neither shall there be any limit on the number of presentments until utilization of the full value.

**Section 2. Instances when Gift Checks may not be honored.** The issuer, a single merchant or affiliated group of merchants may refuse to honor gift checks under the following circumstances:

- 2.1 When the gift check is lost due to no fault of the issuer; and
- 2.2 When the gift check is mutilated or defaced due to no fault of the issuer and such damage prevents the issuer from identifying the security and authenticity features thereof.

**Section 3. Applicability of Laws and Rules pertaining to Promotional Programs, Warranties, Return Policies, and Senior Citizens and Persons with Disability Discount.** Laws and Rules pertaining to promotional sales activities, loyalty programs, warranties, return policies for cash purchases, and discounts for senior citizens and persons with disability as provided for under the relevant laws and rules and regulations, shall apply likewise to purchases of goods and services that are paid for with gift checks.

### **RULE IV DUTIES AND RESPONSIBILITIES**

**Section 1. Issuer.** It shall be the duty of the issuer to:

- 1.1 Issue gift check that bears no expiry date;
- 1.2 Honor the full value, unused value, credit, or balance stored in the gift check;
- 1.3 Provide mechanism for the consumer to monitor the unused value, credit, or balance stored in the gift check;
- 1.4 If warranted, prescribe reasonable rules for revalidating, changing, upgrading, or updating the gift check provided that:
  - 1.4.1. Such rules shall be subject to the prior written approval of the DTI;
  - 1.4.2. It does not impose additional cost to the consumer; and
  - 1.4.3. It does not violate the provisions of the Act and this IRR.
- 1.5 At no cost to the holder, replace all unused gift checks or those with balance after revalidation, in accordance with Section 1 Rule IX of this IRR;

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- 1.6. Ensure that the consuming public is sufficiently notified of its impending business closure;
- 1.7. In case of business closure, shall inform in writing the DTI-FTEB/DTI-RO, and the general public through publication in a newspaper of national circulation and posting notices in conspicuous places within the establishment and its accredited merchants, at least two (2) months before the date of closure and encourage all its gift check holders to surrender the same for refund or use, at the option of the consumer; and
- 1.8. Return the unused balance of the gift check within ninety (90) days from the declaration by the DTI of the Issuer's violation of the provisions of the Act or this IRR.

**Section 2. Holder.** It shall be the duty of the Holder to:

- 2.1 Present gift checks for use to the issuer or any of its affiliated group of merchants;
- 2.2 Present to the issuer all unused gift checks or those with balance subject for revalidation in accordance with Section 1, Rule IX of this IRR;
- 2.3 Preserve the integrity of the gift check and exert reasonable care in handling the instrument; and
- 2.4 Surrender the GC prior to the business closure.

**Section 3. Single or Affiliated group of merchants.** It shall be the duty of the single or affiliated group of merchants to:

- 3.1 Honor the full value, unused value, credit, or balance stored in the gift check; and
- 3.2 Honor the reasonable rules, regulations of the issuer in the changing, updating or upgrading gift checks, as approved by the DTI, and provided that it does not impose additional cost to the consumer.

## RULE V CHANGING, UPGRADING OR UPDATING

**Section 1. Changing, Upgrading or Updating of Gift Checks.** This IRR shall not prevent any issuer from prescribing reasonable rules for changing, upgrading or updating the gift check, *provided*, that such rules shall be subject to the approval of the DTI. Changing, upgrading or updating the gift checks may not impose additional cost to the consumer and may not violate the provisions of the Act and this IRR.

**Section 2. DTI-CPAB.** The Department of Trade and Industry, through the CPAB, shall approve the rules/guidelines for changing, upgrading, or updating the gift checks for the effective implementation of the ACT and this IRR.

**Section 3. DTI-FTEB and DTI-RO.** The DTI-FTEB and DTI-RO shall perform the following functions:

- 3.1 Monitor and enforce compliance to the provisions of the Act and this IRR;
- 3.2 Handle complaints for violation of the provisions of the Act and this IRR.

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## RULE VI PROHIBITED ACTS

**Section 1. Prohibitions.** The following acts shall be prohibited:

- 1.1. Issuing a gift check that bears an expiry date;
- 1.2. Imposing an expiry date on the stored value, credit or balance of the gift check;
- 1.3. Refusing to honor the unused value, credit, or balance stored in the instrument;
- 1.4. Compelling holders of gift checks to consume the unused value, credit or balance stored therein in a single or pre-determined number of transactions;
- 1.5. Charging holders of gift checks for the changing, upgrading or updating of gift checks;
- 1.6. Charging for the revalidation of gift checks in accordance to Section 1, Rule IX of this IRR;
- 1.7. Refusal to revalidate gift checks in accordance to Section 1, Rule IX of this IRR;
- 1.8. Issuance of a gift check in spite of suspension or cancellation of authority to do the same, in accordance to Sections 1.2 and 1.3 of Rule VIII of this IRR; and
- 1.9. Any other act or omission which violates any of the provisions of Republic Act No. 10962 or the "Gift Check Act of 2017".

## RULE VII ADMINISTRATIVE PROCEDURE

**Section 1. Complaints.** Any complaint for violation of the Act and/or this IRR shall be made in accordance with the provisions of Chapter III, Title V of Republic Act No. 7394 (Consumer Act of the Philippines) supplemented by the provisions of Department Administrative Order No. 07, Series of 2006 (Institutionalizing the Simplified and Uniform Rules of Procedure for Administrative Cases Filed with the DTI for Violations of the Consumer Act of the Philippines and Other Trade and Industry Laws) and its amendments and all applicable laws, rules and regulations pertaining/depending on the complaint.

## RULE VIII FINES AND PENALTIES

**Section 1. Fines and Penalties.** Any person, natural or juridical who, after due notice and hearing, is declared by DTI to have violated the provision/s of the Act and/or this IRR, shall be subject to fines and penalties, per violation incurred, to be imposed by the Secretary of Trade and Industry:

- 1.1 First Offense: Fine which in no case be less than five hundred thousand pesos (PhP500,000.00) nor more than one million pesos (P1,000,000.00);
- 1.2 Second Offense: In addition to the fine, the issuance of gift check by the offending party shall be suspended for three (3) months; and
- 1.3 Third Offense: In addition to the fine, the issuance of gift check by the offending issuer shall be cancelled.

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In addition to the amount of the fine and penalties mentioned above, in all stages of the commission of the offense, offending party shall return the unused balance of the gift check within ninety (90) days from the declaration of the DTI.

**RULE IX  
OTHER PROVISIONS**

**Section 1. Transitory Provision.** Upon the effectivity of the Act and this IRR, all gift checks already issued shall be covered by the provisions of the aforementioned Act and IRR. Holders of unused gift checks shall, at no cost, be entitled to avail of replacement after revalidation by the issuer.

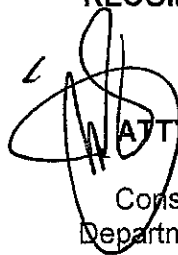
**Section 2. Separability Clause.** In the event that any provision of this IRR is declared unconstitutional, the validity of the other provisions shall not be affected by such declaration.

**Section 3. Repealing Clause.** All laws, decrees, executive orders, issuances, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

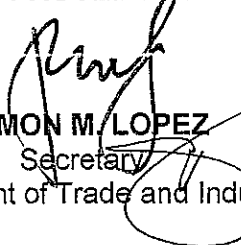
**Section 4. Effectivity.** This IRR shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation. Three (3) copies of this IRR shall be sent to the Office of the National Administrative Register at the UP Law Center, University of the Philippines, Diliman, Quezon City and the Official Gazette.

Issued this \_\_\_\_ day of FEB 18 2019 in Makati City, Philippines.

**RECOMMENDING APPROVAL:**

  
**ATTY. RUTH B. CASTELO**  
Undersecretary  
Consumer Protection Group  
Department of Trade and Industry

**APPROVED BY:**

  
**RAMON M. LOPEZ**  
Secretary  
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