CHAPTER 7:
LEGAL ISSUES, INTELLECTUAL PROPERTY AND ITS PROTECTION

Group 2 & Group 8

Topic Outline

01 How to register your business

02 Laws that Protect your online business and Consumers

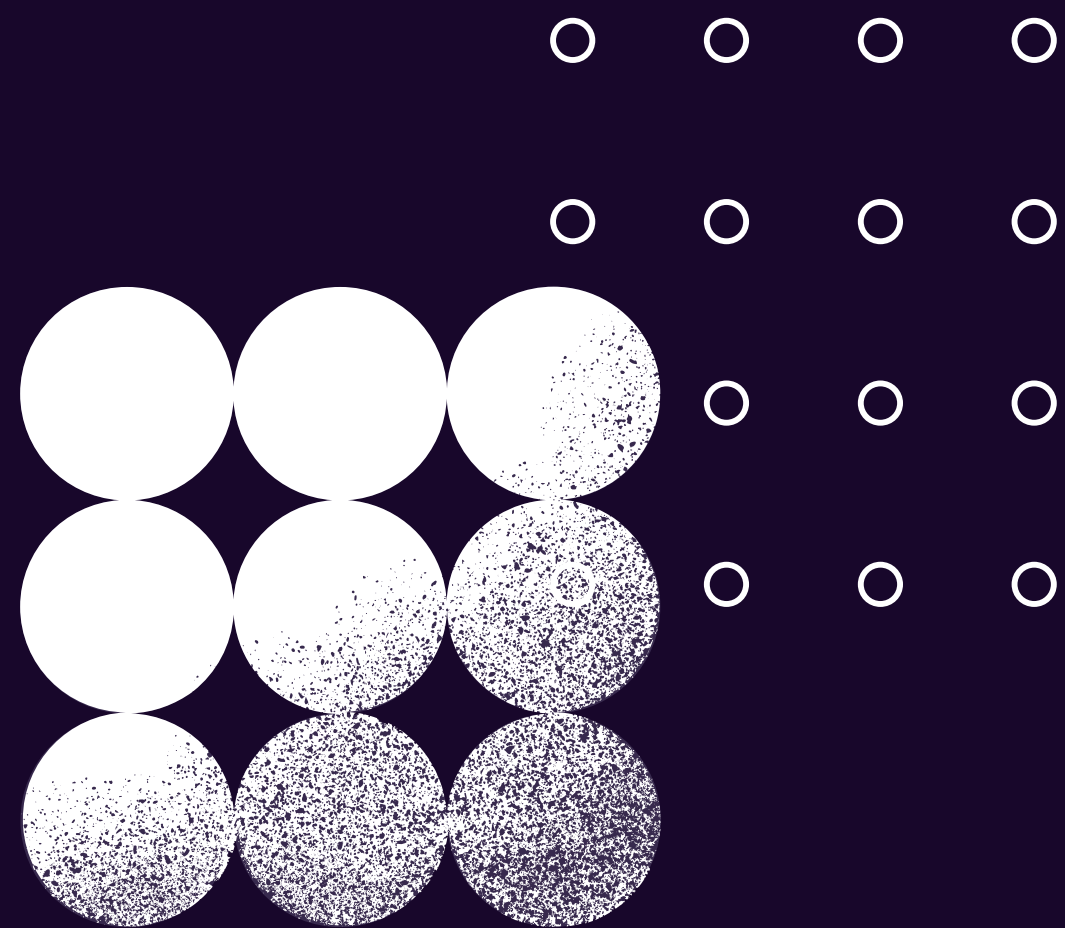**03** Some Philippine policies to be Considered

04 Legal issues associated with online transactions
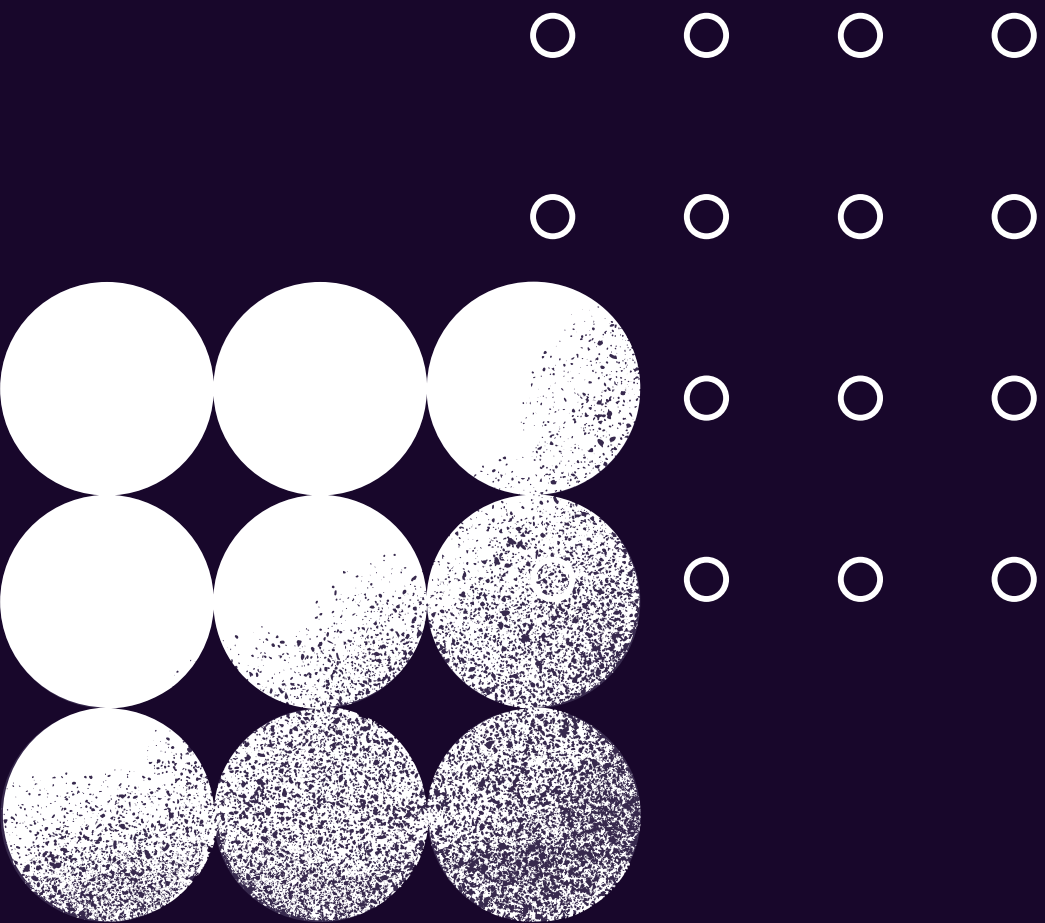
HOW TO REGISTER YOUR BUSINESS

List of government agencies that issue license, certificates, and IDs:

⟶ Department of Trade and Industry (DTI) Registration

⟶ Securities and Exchange Commission (SEC) Registration

⟶ Cooperative Development Authority (CDA) Registration

⟶ Mayor's Permit

⟶ Barangay Clearance

⟶ Bureau of Internal Revenue (BIR) Registration

⟶ National Bureau of Investigation

⟶ Intellectual Property Office (Rights)

HOW TO REGISTER YOUR BUSINESS

List of government agencies that issue license, certificates, and IDs:

Technology Licensing Office, and IDs

⟶ Social Security System (SSS)

⟶ Department of Labor and Employment (DOLE)

⟶ Home Development Mutual Fund (HDMF)

⟶ Philhealth

HOW TO REGISTER YOUR BUSINESS

Legal Compliance

→ Revenue Memorandum Circular (RMC) 55-2013

That means an online business is in by the government as legitimate as any other brick-and-mortar

Electronic Receipts

→ TRAIN Law

Tax Reform for Acceleration and Inclusion Law mandates that businesses issue electronic receipts or sales invoices.

HOW TO REGISTER YOUR BUSINESS

E-commerce Taxes

→ **12% Value-Added Tax**

Online sales that excees PHP 1.92 million annually must pay a 12% VAT.

→ **3% Monthly Revenue Tax**

For businesses with transactions below the PHP 1.92 million threshold, a simpler tax system is in place where they pay 3% of their gross monthly revenue

→ **Income Tax Exemption**

Businesses with annual earnings below PHP 250,000 are exempt from paying income tax.

HOW TO REGISTER YOUR BUSINESS

Registration Requirement

→ BIR Registration

All online businesses generating revenue must register with the Bureau of Internal Revenue (BIR)

Benefits of Compliance

→ Government Support Programs

Compliant businesses gain access to several benefits.

LAWS THAT PROTECT YOUR ONLINE BUSINESS AND CONSUMERS

eCommerce legislations

→ Consumer Act (RA 7394)

consumer protection on the Internet

→ Data Privacy Act (RA 10173)

against administrative or civil infringements

→ Online Content Regulation

restricting access to materials promoting indecent material online

LAWS THAT PROTECT YOUR ONLINE BUSINESS AND CONSUMERS

→ Cybercrime and Cybersecurity

 stop hacking, cracking, or unauthorized access using a computer in order to corrupt, alter, steal or destroy electronic data

→ Online Dispute Resolution & Domain-Name Regulation

 when registering official domain names with business trademarks

Some Philippine policies to be Considered

- Shipping and Delivery Policy
- Payment & Return/Refund Policy
- Terms and Conditions
- Data Protection
- Privacy Policy
- Online Advertising Compliance

LEGAL ISSUES ASSOCIATED WITH ONLINE TRANSACTIONS

As eCommerce becomes more common, legal issues related to online scammers are on the rise. Despite existing laws, stricter regulations are needed to protect businesses and consumers from:

- data privacy and security breach
- product liability
- liability issues on third-party information
- consumer identity theft
- copyright infringement
- online and email-related defamation (libel or slander)
- domain theft and cybersquatting

LEGAL ISSUES ASSOCIATED WITH ONLINE TRANSACTIONS

According to the eCommerce Law - Republic Act No. 8792, the <u>same penalties</u> in regular laws apply to eCommerce and online transactions as well.

Online fraud and scammers are punished with a minimum fine of one hundred thousand pesos (PHP100,000) and mandatory imprisonment of six (6) months to three (3) years. Other eCommerce violations have a maximum penalty of one million pesos (PHP1,000,000) or six (6) years of imprisonment.

ACTIVITY

Chapter Activities/Assessment

1. Summarize the required government licenses and certifications, identification cards needed in your company.

ACTIVITY

A. Business Registration and Permits:

- Barangay Clearance: Required for all businesses to operate in a specific barangay.
- Mayor's Permit/Business Permit: Issued by the local government unit (LGU) where the business is located.
- DTI/SEC Registration: For single proprietorships (DTI) or corporations/partnerships (SEC).
- BIR Registration: Registration with the Bureau of Internal Revenue for tax purposes, including obtaining a Tax Identification Number (TIN).

ACTIVITY

B. Specific Licenses and Certifications:
- FDA License: For businesses involved in food, drugs, cosmetics, and health-related products.
- BFAD Certification: For businesses dealing with food, drugs, and cosmetics.
- Environmental Compliance Certificate (ECC): For businesses that have significant environmental impacts.
- Fire Safety Inspection Certificate: Issued by the Bureau of Fire Protection.

C. Employment-related Requirements:
- SSS, PhilHealth, and Pag-IBIG Registration: For employee benefits and contributions.
- DOLE Registration: For businesses employing a certain number of workers.

ACTIVITY

2. List the company documents/products/service vis-a-vis the related legal regulations matter or issues.

ACTIVITY

A. Company Documents:

- Articles of Incorporation/Partnership: Legal documents required by the SEC.
- Bylaws: Internal rules governing the corporation.
- Business Plan: A document outlining the company's strategy, objectives, and financial projections.
- Employment Contracts: Agreements between the company and its employees, governed by the Labor Code of the Philippines.
- Financial Statements: Required for tax purposes and compliance with BIR regulations.

ACTIVITY

B. Products and Services:

- Product Safety Standards: Compliance with the Department of Trade and Industry (DTI) regulations and standards.
- Advertising Regulations: Compliance with the Ad Standards Council (ASC) guidelines.
- Intellectual Property: Patents, trademarks, and copyrights must be registered with the Intellectual Property Office of the Philippines (IPOPHL).
- Consumer Protection: Compliance with the Consumer Act of the Philippines, which ensures consumer rights and product safety.
- Data Privacy: Compliance with the Data Privacy Act of 2012, ensuring proper handling of personal data

THANK YOU