

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session  
**6122**  
**HOUSE BILL NO.** \_\_\_\_\_



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**Introduced by Representative Wes Gatchalian**

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**AN ACT**  
**PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET TRANSACTIONS, CREATING FOR THIS PURPOSE THE ECOMMERCE BUREAU AND APPROPRIATING FUNDS THEREFOR**

**EXPLANATORY NOTE**

There is no denying that eCommerce has radically changed the way we live our lives. Whether as a consumer or seller, technology and the internet has dramatically transformed the way business is conducted. The rise of digital technology saw the emergence of mobile networks and rapid advancement in computer technologies. Such advancement boosted humanity to where we are today. As Bill Gates said, “[digital technology] is the center of attention for businesses, governments and individuals around the world. It has spawned entirely new industries, transformed existing ones, and become a global cultural phenomenon.”

From the buyer’s perspective, eCommerce is faster, cheaper and more convenient. Consumers are presented with a variety of options to meet their every need with a tap of a finger. eCommerce provides the consumers with time-saving options and access to swift delivery of goods and services. Finally, it presents value for money largely because from the seller’s perspective, set-up costs are lower and operating costs are kept at a minimum. It has been said that from an enterprise’s perspective, eCommerce is the great equalizer, because MSME’s gain access to the same markets at low costs. Furthermore, the importance of eCommerce platforms in the ecosystem has become integral as they are able to aggregate multiple transactions. They play a key role in balancing the needs of consumers and sellers by facilitating fair and efficient trade between these two players.

Undeniably, technology has revolutionized our conventional way of buying and selling in ways unimaginable to those that have come before us.

Based on a recent 2019 study by Google and Temasek, in ASEAN alone, the Internet economy is experiencing exponential growth as total Gross Merchandise Value (GMV) in Southeast Asia has reached the \$100B mark, and is projected to reach \$300 billion in 2025. ASEAN economies have witnessed huge increases in

internet economy from 2015 to 2019 and growth rate is expected to continue at 10%-30% from 2019 to 2025.

Notably, the Philippines has the lowest GMV in 2019 at \$7B, lower than Malaysia (\$11B), Vietnam (\$12B), Singapore (\$12B), Thailand(\$16B), and Indonesia (\$40B), this – despite the Philippines' estimated 76 million active internet users and high internet penetration rate (71% vis-à-vis a global average of 54%), longer hours spent daily on internet (10 hours vis-à-vis a global average of 6 hours 42 minutes), and very high social media penetration for population aged 13+ (99% vis-à-vis a 59% global average).

This representation acknowledges that expected growth of the Philippine internet economy at 27% CAGR, is deemed to be one of the fastest among ASEAN economies. We acknowledge the findings of Google and Temasek and the aim of this bill is to ensure that this growth is achieved or even surpassed.

Indeed, eCommerce in the country is in its nascent stage, reflecting immense potential for businesses. The Philippines has not yet generated unicorns - a tech startup company that reaches a valuation of \$1 billion – nor has our economy reflected the dynamism the Indonesian and Vietnamese eCommerce markets have reached, at 2.9% and 4.0% of GDP, respectively. The Philippines' eCommerce market remains at 1.6% of GDP.

Philippine MSMEs lag behind the adoption of eCommerce because enterprises either find using digital technology platforms and tools too difficult, or are unaware of the benefits they offer. The Philippines also lacks policies and regulations that will facilitate online transactions and cross-border trade processes which should address the following concerns:

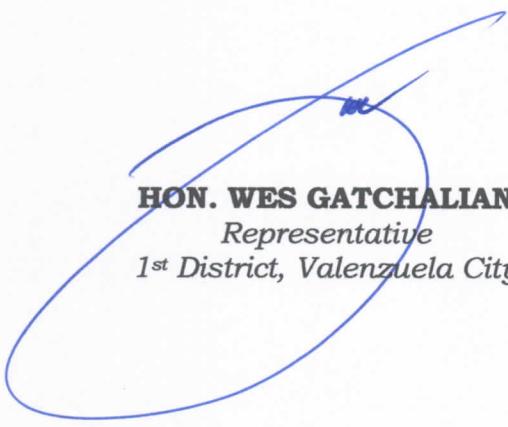
- (a) Lack of trust;
- (b) Internet infrastructure (Low internet speed experienced in Philippines);
- (c) Logistics infrastructure (Weak last-mile delivery options; challenging topographical structure);
- (d) Payment mechanisms (Payment gateways and currency exchange rates; Majority still prefer to pay in local currency against foreign currency);
- (e) Lack of governing entity at the regional level that can fight cybercrime and settle cross-border disputes;
- (f) Difficulty in the process of returning product;
- (g) Taxation (VAT, customs duties and other charges, de minimis threshold, VAT registrations of foreign e-commerce operators,

12% VAT on total value of online transactions in the Philippines);  
and

(h) **Online consumer complaints.**

This bill seeks to culture an environment founded on trust among consumers and merchants, as a means to increase the number of eCommerce participants, and ultimately achieve sustainable growth. This bill will address the need to establish a singular office that: (1) will be given the responsibility to carry out provisions of this bill; (2) will ensure the implementation of Republic Act. No. 8792 or the Electronic Commerce Act of 2000; and (3) will be the focal point in the monitoring and implementation of the Philippine eCommerce roadmap.

In view of the foregoing, approval of this bill is earnestly sought.



**HON. WES GATCHALIAN**  
*Representative*  
*1<sup>st</sup> District, Valenzuela City*

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**HOUSE OF REPRESENTATIVES**

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**PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET**  
**TRANSACTIONS, CREATING FOR THIS PURPOSE THE ECOMMERCE BUREAU**  
**AND APPROPRIATING FUNDS THEREFOR**

*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 “*Internet*  
2        *Transactions Act*”.

3  
4        SEC. 2. **Declaration of Policy.** – It is the policy of the State to promote the  
5        growth of electronic commerce (eCommerce) in the country by building trust between  
6        online sellers and consumers. The State recognizes the growth of the digital economy  
7        where digital access to goods and services is secure, fast, and accessible to  
8        consumers, and where businesses are more readily able to adopt innovations to  
9        increase their efficiency. Towards these ends, the State shall ensure fair business  
10      and advertising practices, secure online transactions through appropriate  
11      disclosure, maintain data privacy rights, affirm the paramount importance of  
12      product safety, and enable all consumers and businesses to have meaningful access  
13      to effective mechanisms for dispute resolution.

14  
15      SEC. 3. **Definition of Terms.** – As used in this Act:

16  
17      (A) *Compatibility* refers to the ability of the digital content or digital service  
18      to function with hardware or software with which digital content or  
19      digital services of the same type are normally used, without the need to  
20      convert the digital content or digital service;

21

- 1
- 2       (B) *Consumer* refers to a natural or juridical person who is a purchaser,  
3           lessee, recipient or prospective purchaser, lessor or recipient of  
4           consumer products, services, credit, technology, advertising or  
5           promotion, and other items in eCommerce;
- 6
- 7       (C) *Consumer-to-Consumer Transactions (C2Cs)* refer to one-off, petty, or  
8           occasional low-value transactions of an individual to another that are  
9           not made in the ordinary course of business;
- 10
- 11      (D) *Digital contents* refer to data which are produced and supplied in  
12           electronic form;
- 13
- 14      (E) *Digital products* refer to goods and services transacted over the internet;
- 15
- 16      (F) *Digital service* refers to a service that allows the consumer to create,  
17           process, store or access data in electronic form or allows the sharing of  
18           or any other interaction with data in electronic form uploaded or  
19           created by the consumer or other users of that service;
- 20
- 21      (G) *eCommerce Philippine Trustmark* refers to the mark approved by the  
22           eCommerce Bureau that assures consumer protection for online  
23           transactions and consumer complaints;
- 24
- 25      (H) *Electronic Commerce* or *eCommerce* refers to the production,  
26           distribution, marketing, sale, or delivery of goods and services by  
27           electronic means;
- 28
- 29      (I) *Functionality* refers to the ability of the digital content or digital service  
30           to perform its functions according to its purpose;
- 31
- 32      (J) *Goods* or *Digital Goods* refer to physically produced items over which  
33           ownership rights may be established and whose economic ownership  
34           may be passed from one institutional unit to another by engaging in  
35           transactions;
- 36

- (K) *Interoperability* refers to the ability of the digital content or digital service to function with hardware or software different from those with which digital content or digital services of the same type are normally used;

(L) *Online eCommerce Platform* refers to a natural or juridical person that solicits the purchase of digital products through digital platforms and marketplaces whose business is to connect online buyers and online sellers, facilitating sales of products, goods or services through the internet with the presence and use of monetary transaction.

(M) *Online merchant* refers to any natural, or juridical person, irrespective of whether privately or publicly owned, that directly sells, manufactures goods, or offers for sale, any goods and services, in the ordinary course of business over the internet, through a website, an online marketplace, a social media website or application or through other similar means.

(N) *Price* refers to money or a digital representation of value that is due in the exchange for the supply of digital products, whether goods and services, digital content, or digital service;

(O) *Producer* refers to the manufacturer or importer of goods, or any person purporting to be a manufacturer who places its name, trademark, or other distinctive sign on the goods;

(P) *Repair* refers to bringing goods into conformity with the contract, in case of defective goods;

(Q) *Trader* refers to any natural person, or juridical person irrespective of whether privately or publicly owned, who is acting, including through any other person acting on the trader's name or on the trader's behalf, for purposes relating to the trader's business, craft, or profession, in relation to contracts covered by this Act.

35 SEC. 4. ***Scope and Coverage.*** – This Act applies to the sale or exchange of  
36 digital products, including the following:

- 1
- 2       (A) Internet retail of consumer goods;
- 3
- 4       (B) Online travel services, covering the purchase of flights, hotel  
5 accommodations, and vacation rental spaces;
- 6
- 7       (C) Digital media providers, including advertising, gaming, music  
8 subscription, and video on demand;
- 9
- 10      (D) Ride hailing services for personal transport, delivery of food and  
11 merchandise; and
- 12
- 13      (E) Financial services offered through digital online platforms, such as  
14 online payments, remittances, online lending, online investment, and  
15 online insurance services.
- 16

17       SEC. 5. **eCommerce Bureau.** – To coordinate and supervise the  
18 implementation of this Act, and to promote the growth of the eCommerce sector,  
19 there is hereby created the eCommerce Bureau, hereinafter referred to as the  
20 Bureau, under the Department of Trade and Industry (DTI), to perform the following  
21 functions:

22

- 23       (A) Implement, monitor, and ensure strict compliance by eCommerce  
24 stakeholders of the provisions of this Act;
- 25
- 26       (B) Build trust between consumers and sellers to promote eCommerce  
27 growth;
- 28
- 29       (C) Coordinate the formulation of policies, plans and programs to increase  
30 the number of online merchants and consumers;
- 31
- 32       (D) Act as a virtual one stop shop for consumer complaints on internet  
33 transactions, and facilitate the speedy resolution of consumer  
34 complaints by the respective government agency which has jurisdiction  
35 over the complaint;
- 36

- 1                         (E) Compel or petition any entity, government agency or instrumentality of  
2                         take action on any matter that may impeded eCommerce;
- 3
- 4                         (F) Monitor the compliance of other government agencies or  
5                         instrumentalities on their compliance to the provisions of this Act and  
6                         the eCommerce roadmap;
- 7
- 8                         (G) Represent the Philippines in international negotiations to promote  
9                         cross border eCommerce transactions;
- 10
- 11                         (H) Collect, compile, analyze, abstract, and publish eCommerce data for  
12                         policy formulation and program development;
- 13
- 14                         (I) Prepare and conduct periodic studies on eCommerce;
- 15
- 16                         (J) Collaborate with departments of the national government including  
17                         local government units and government-owned or controlled  
18                         corporations in implementing programs to promote eCommerce,  
19                         including information, education, and campaign, as well as in ensuring  
20                         a policy regime that is pro-active; and
- 21
- 22                         (K) Recommend executive and legislative measures to ensure a regulatory  
23                         framework that encourages growth of the sector.
- 24

25                         SEC. 6. ***Composition of the Bureau.*** – The Bureau shall be headed by a  
26                         commissioner who must have sufficient knowledge and background in production,  
27                         distribution, marketing, sale, or delivery of goods and services by electronic means.

28

29                         The commissioner shall be assisted by six (6) deputy commissioners; one (1)  
30                         for administration, one (1) for finance, one (1) for planning, one (1) for operations,  
31                         one (1) for franchising, and one (1) for law enforcement and adjudication. All deputy  
32                         commissioners must be career executive service officers with at least ten (10) years  
33                         of experience and practice in eCommerce.

1       The commissioner and deputy commissioners shall be appointed by the  
2 President of the Philippines upon the recommendation of the Secretary of Trade and  
3 Industry.

4

5       SEC. 7. ***Code of Conduct.*** – To build trust in online businesses and in  
6 keeping consumers' interests primordial, all businesses engaged in eCommerce are  
7 expected to act responsibly, consistent with the following principles:

- 8
- 9           (A) Treat consumers with honesty, integrity, and fairness, and refrain from  
10 engaging in illegal, fraudulent, unethical, or unfair business practices  
11 that harm consumers;
- 12
- 13          (B) Uphold their responsibilities to the public and to the State, and to apply  
14 the rights of consumers equally;
- 15
- 16          (C) Comply with applicable laws and regulations, especially the protection  
17 of intellectual property rights;
- 18
- 19          (D) Ensure that goods and services marketed and sold online to Philippine  
20 consumers conform to Philippine regulatory standards and provide  
21 accurate information about the digital products in Filipino and English;
- 22
- 23          (E) Ensure that the safety of digital products marketed or sold online are  
24 not compromised and that products that have been recalled in the  
25 offline retail market are not marketed or sold online;
- 26
- 27          (F) Be honest and truthful in all representations and all information on  
28 digital products or services must be easily accessible, complete, and  
29 correct and promoted through fair advertising and marketing practices;
- 30
- 31          (G) Be transparent to consumers about costs and avoid any hidden charges  
32 or additional costs such as customs duties, currency conversion, and  
33 shipping, or delivery;
- 34

- 1                   (H) Allow for tracking of deliveries by online merchants and provide  
2                   complete records of the goods purchased and have them delivered  
3                   within the promised time and described condition;
- 4
- 5                   (I) Offer cancellation options in order that consumers may be able to  
6                   review their online orders before finally confirming their purchase, and  
7                   be able to withdraw from a confirmed transaction in appropriate  
8                   circumstances;
- 9
- 10                  (J) Take consumer complaints seriously and address them fairly by  
11                  instituting comprehensive and equitable mechanisms for consumer  
12                  redress through easy, fair, and transparent methods, and provide  
13                  compensation, refund, repair, and replacement, if warranted;
- 14
- 15                  (K) Keep private information private by strictly complying with all  
16                  applicable data privacy laws and regulations including Republic Act No.  
17                  10173, otherwise known as the "*Data Privacy Act of 2012*", and other  
18                  similar laws and regulations;
- 19
- 20                  (L) Ensure the safety and security of online payments and safeguard  
21                  sensitive data by using secure technology and protocols as evidenced  
22                  by visible trust certificates;
- 23
- 24                  (M) Avoid online spamming except online spamming or unsolicited  
25                  commercial email or bulk email subject to the control and discretion of  
26                  the consumer through readily accessible configurations allowing the  
27                  consumer to choose whether they wish to receive or opt-out from  
28                  commercial messages by email or electronic means;
- 29
- 30                  (N) Avoid improper conduct such as producing fake online reviews or  
31                  spreading wrong information about competitors but allowing  
32                  consumers to make critical reviews about digital products; and
- 33
- 34                  (O) Educate consumers about online risks as a priority by informing the  
35                  consumers about risks of internet transactions and providing  
36                  competent and professional advice.

1  
2        Whenever appropriate, the DTI shall issue the corresponding rules and  
3 regulations in accordance with international best practices.  
4

5        SEC. 8. ***Qualifications to Engage in eCommerce.*** – The following are  
6 presumed legally authorized to engage in eCommerce in the Philippines in the  
7 ordinary course of their trade or business:  
8

- 9            (A) A Filipino individual who is duly licensed to do business as a single-  
10 proprietor with the DTI;
- 12           (B) A Filipino juridical entity that is duly registered with the Securities and  
13 Exchange Commission (SEC), whether as a corporation, a one-person  
14 corporation, or as a partnership;
- 16           (C) A Filipino cooperative that is duly licensed by the Cooperative  
17 Development Authority (CDA); and
- 19           (D) A foreign corporation that is duly licensed by the SEC to transact  
20 business in the Philippines.

21  
22        A resident of the Philippines who engages in unauthorized eCommerce  
23 activities in the ordinary course of trade or business shall be subject to the penal  
24 provisions of this Act.  
25

26        A person who is authorized to engage in eCommerce in the Philippines and  
27 who facilitates the sale of a digital product or service by one who is not so authorized  
28 is deemed primarily liable for any obligation, damage, or fine, that may arise from  
29 the transaction or from the digital product.  
30

31        A non-resident of the Philippines who engages in eCommerce by marketing  
32 goods or services that are accessible in the Philippines may not evade legal liability  
33 in the Philippines owing to the fact of non-residency, and shall be subject the same  
34 obligations and liabilities arising from any transaction as those who are authorized  
35 to engage in eCommerce in the Philippines.  
36

1           SEC. 9. ***Business Registration.*** –

- 2
- 3           (A) To encourage the formation of business enterprises, the growth and  
4           integrated development of eCommerce, and protection of online  
5           consumers, all individuals engaged in internet transactions as Online  
6           Merchants or as Online eCommerce Platforms shall register as a  
7           business either as a sole proprietor, one-person corporation,  
8           partnership, corporation, or cooperatives.
- 9
- 10          (B) No person shall be allowed to engage in eCommerce, including the sale  
11          of any digital product without a license to operate. Any entity, whether  
12          natural or juridical, who offers to sell or have been found engaged in  
13          any internet transaction without a license to operate is in violation of  
14          this Act; *Provided, however,* That consumer to consumer transactions  
15          shall not be covered by this Act. For the first year of implementation,  
16          the penalty for unregistered online merchants and first-time offenders  
17          shall be waived upon presentation of business registration papers.
- 18
- 19          (C) All regulatory agencies responsible for business registration whether  
20          for sole proprietorships, one-person corporations, partnerships,  
21          corporations, or cooperatives, shall extend its jurisdiction or regulatory  
22          powers over business websites and other communication channels  
23          covering internet transactions. The DTI or any of the implementing  
24          agencies shall have the authority to enforce website takedown  
25          procedures, and shall report the violator to the Bureau of Internal  
26          Revenue.
- 27
- 28          (D) Consistent with Republic Act No. 11032, otherwise known as the “*Ease*  
29          *of Doing Business Act,*” all National Government agencies and local  
30          government agencies (LGUs) shall make available online registration of  
31          business permits and licenses particularly for those engaged in  
32          eCommerce.
- 33
- 34          (E) The SEC, LGUs, and the CDA shall submit to the DTI an annual list of  
35          registered enterprises for monitory and for purposes of maintaining a  
36          database of online merchants.

1  
2        SEC. 10. ***Regulatory Jurisdiction of the DTI.*** – The DTI shall exercise  
3 primary regulatory jurisdiction over any website, webpage, social media account, or  
4 other similar platform that markets digital products that are accessible in the  
5 Philippines, regardless of whether the owner of the website, webpage, social media  
6 account, or other similar platform is authorized to engage in eCommerce in the  
7 Philippines. The jurisdiction of the DTI includes the authority to order the owner of  
8 the website, webpage, social media account, or other similar platform to desist from  
9 marketing or offering goods or services that are accessible in the Philippines on  
10 account of violation of this Act, or any other consumer or trade laws and regulations,  
11 as well as the prerogative to refer the matter to the Bureau of Internal Revenue for  
12 appropriate action.

13  
14        SEC. 11. ***Obligations of Online eCommerce Platforms.*** –  
15  
16        (A)      Online eCommerce Platforms shall ensure that any commercial  
17 communication shall:  
18  
19                (i)     Be clearly identifiable as a commercial communication;  
20  
21                (ii)    Clearly identify the person on whose behalf the commercial  
22 communication is made;  
23  
24                (iii)   Clearly identify any promotional offer including any discount,  
25 premium, or gift, and ensure that any conditions which must be  
26 met to qualify for it are easily accessible, and presented clearly  
27 and unambiguously; and  
28  
29                (iv)    Clearly identify any promotional competition or game and ensure  
30 that any conditions for participation are easily accessible and  
31 presented clearly and unambiguously.

32  
33        (B)      Online eCommerce Platforms shall require all Online Merchants, prior  
34 to the latter's onboarding to submit the following:  
35  
36                (i)     Name of the online merchant;

- 1
- 2           (ii) Registration documents of the online merchant from the
- 3           appropriate regulatory authority, including but not limited to
- 4           business permits, certificate of registration, barangay clearance;
- 5
- 6           (iii) Geographic address at which the online merchant is established;
- 7
- 8           (iv) Details of the online merchant, a mobile or landline number, and
- 9           a valid electronic mail address, which makes it possible to
- 10          immediately and easily contact and communicate with the
- 11          online merchant and communicate in a direct and effective
- 12          manner; and
- 13
- 14           (v) Details of any professional body or similar institution with which
- 15          the online merchant is registered, in instances when the online
- 16          merchant exercises a regulated profession.
- 17
- 18          (C) Online eCommerce Platforms shall maintain a file of all registered
- 19          online merchants which shall be regularly verified and updated.
- 20
- 21          (D) Online eCommerce Platforms shall publish on their website, webpage,
- 22          social media account, or other similar platform, the following general
- 23          information:
- 24
- 25           (i) Name of the online merchant;
- 26
- 27           (ii) Registration documents of the online merchant from the
- 28           appropriate regulatory authority, including but not limited to
- 29           business permits, certificate of registration, barangay clearance;
- 30
- 31           (iii) Geographic address at which the online merchant is established;
- 32
- 33           (iv) Details of the online merchant, a mobile or landline number, and
- 34           a valid electronic mail address, which makes it possible to
- 35           immediately and easily contact and communicate with the

online seller and communicate in a direct and effective manner;  
and

- (v) Details of any professional body or similar institution with which the online merchant is registered, in instances when the online merchant exercises a regulated profession.

- (E) Online eCommerce Platforms shall submit to the Bureau a list of all online merchants registered under their platform. When an Online eCommerce Platform discovers that an online merchant has not obtained registration documents from the relevant regulatory agency, it shall report such fact to the Bureau within fifteen (15) days from discovery thereof.

Where the Online eCommerce Platform provides prices, the prices shall be indicated clearly and unambiguously and, in particular, shall indicate whether the prices are inclusive of taxes and delivery costs.

**SEC. 12. *Internet Transactions Involving Consumers.*** – An online merchant of goods shall exercise the following responsibilities:

- (A) Deliver or cause the delivery of goods to the consumer ensuring the following requirements:

- (i) The goods are of the description, type, quantity, and quality, and possess the functionality, compatibility, interoperability and other features, as required by the sales contract;

- (ii) The seller must show a sample or a model of the goods to the consumer and the goods possess the quality of and correspond to the description of the sample or model; possess the qualities and performance features, including in relation to functionality, compatibility, interoperability, accessibility, continuity, and security, normal for digital content or digital services of the same type and of which the consumer may reasonably expect; fit for any particular purpose for which the consumer requires them

1 and which the consumer made known to the seller at the time of  
2 the conclusion of the contract, and which the seller has  
3 accepted; and possess the qualities and performance capabilities  
4 indicated in any pre-contractual statement which forms an  
5 integral part of the contract.

6

7 (iii) All digital goods shall:

8

9 (a) Be delivered along with the accessories including  
10 packaging, installation instructions or other instruction  
11 as the consumer may expect to receive; and

12

13 (b) Possess qualities and performance capabilities which are  
14 normal in goods of the same type and which the consumer  
15 may expect given the nature of the goods and taking into  
16 account any public statement made by or on behalf of the  
17 seller or other persons in earlier links of the chain of  
18 transactions, including the producer, unless the online  
19 merchant shows that:

- 20
- 21 1. The online merchant was not, and could not  
22 reasonably have been aware of the statement in  
23 question;
- 24
- 25 2. By the time of conclusion of the contract, the  
26 statement had been corrected; or
- 27
- 28 3. The decision to buy the goods could not have been  
29 influenced by the statement.

30

31 (B) Be liable for any lack of conformity with the contract which exists at  
32 the time when:

33

34 (i) The consumer or a third party indicated by the consumer other  
35 than the carrier has acquired the physical possession of the  
36 goods, or when the goods are handed over to the carrier chosen

1 by the consumer, and that carrier was not proposed by the seller  
2 or where the seller proposes no means of carriage;

3

4 (ii) The goods were installed by the seller or under the seller's  
5 responsibility, and the time when the installation is completed  
6 is considered as the time when the consumer has acquired the  
7 physical possession of the goods;

8

9 (iii) The goods were intended to be installed by the consumer, and  
10 the time when the consumer had reasonable time for the  
11 installation not later than thirty (30) days after the time  
12 indicated in subparagraph (a) of paragraph B, is considered as  
13 the time when the consumer has acquired the physical  
14 possession of the goods.

15

16 (iv) The goods are incorrectly installed. Any lack of conformity  
17 resulting from the correct installation is regarded as lack of  
18 conformity with the contract of the goods if:

19

20 (a) The goods were installed by the seller or under the seller's  
21 responsibility; and

22

23 (b) The goods, intended to be installed by the consumer, were  
24 installed by the consumer and the correct installation was  
25 due to a shortcoming in the installation instructions.

26

27 (C) Where the contract provides that the digital content or digital service is  
28 to be supplied or made accessible to the consumer over a period of time,  
29 the seller may modify the digital content or digital service beyond what  
30 is necessary to maintain the digital content or digital service in  
31 conformity, if the following conditions are met:

32

33 (i) The contract allows, and provides a valid reason for, such a  
34 modification;

- (ii) Such a modification is made without additional cost to the consumer; and
  - (iii) The consumer is informed in a clear and comprehensible manner of the modification.

(D) Where the online merchant operates its own website, webpage, social media account, or any other similar platform, it shall publish on its homepage the following:

  - (i) Name of the online merchant;
  - (ii) Registration documents of the online merchant from the appropriate regulatory authority, including but not limited to business permits, certificate of registration, barangay clearance;
  - (iii) Geographic address at which the online merchant is established;
  - (iv) Details of the online merchant, a mobile or landline number, and a valid electronic mail address, which makes it possible to immediately and easily contact and communicate with the online seller and communicate in a direct and effective manner; and
  - (v) Details of any professional body or similar institution with which the online merchant is registered, in instances when the online merchant exercises a regulated profession

Any agreement is valid only if, at the time of the conclusion of the contract, the consumer has knowledge of the specific condition of the goods and the consumer has expressly accepted this specific condition when concluding the contract.

**SEC. 13. *Right to Redress by Online Merchants.*** – Where the online merchant is liable to the consumer because of a lack of conformity with the contract resulting from an act or omission by a person in earlier links of the chain of

1 transactions, the online merchant is entitled to pursue remedies against the person  
2 or persons liable in the chain of transactions.

3

4 The person against whom the online merchant may pursue remedies and the  
5 relevant actions and conditions to exercise must be in accordance with the following:

6

- 7 (A) A repair or replacement must be completed within a reasonable time  
8 and without any significant inconvenience to the consumer, taking into  
9 account the nature of the goods and the purpose for which the  
10 consumer acquired the goods;
- 11
- 12 (B) A proportionate reduction of the price or the termination of the  
13 contract, including restitution of the price, in the following instances:
- 14
- 15 (i) A repair or replacement is impossible or unlawful;
- 16
- 17 (ii) The online merchant has not completed repair or replacement  
18 within a reasonable time;
- 19
- 20 (iii) A repair or replacement may cause significant inconvenience to  
21 the consumer; or
- 22
- 23 (iv) The online merchant has declared, or it is equally clear from the  
24 circumstances that the online merchant may not bring the goods  
25 in conformity with the contract within a reasonable time;
- 26
- 27 (C) The consumer is entitled to withhold the payment of any outstanding  
28 part of the price, until the online merchant has brought the goods into  
29 conformity with the contract;
- 30
- 31 (D) The consumer is not entitled to a remedy to the extent that the  
32 consumer has contributed to the lack of conformity with the contract  
33 or its effects;
- 34
- 35 (E) Where the online merchant remedies the lack of conformity with the  
36 contract by replacement, the online merchant may take back the

1 replaced goods at the online merchant's expense unless the parties  
2 have agreed otherwise after the lack of conformity with the contract has  
3 been brought to the online merchant's attention by the consumer;

- 4
- 5 (F) Where the consumer had installed the goods in a manner consistent  
6 with their nature and purpose, before the lack of conformity with the  
7 contract became apparent, the cost for the removal of the non-  
8 conforming goods and the installation of replacement goods, and all  
9 associated costs shall be for the account of the online merchant;
- 10
- 11 (G) In case of goods that do not conform to the contract, the consumer is  
12 not liable to pay for using the non-conforming goods prior to its  
13 replacement;
- 14
- 15 (H) The consumer may choose between repair and replacement unless the  
16 option chosen is impossible, unlawful or, imposes costs upon the online  
17 merchant that is disproportionate, taking into account all  
18 circumstances, including:
- 19
- 20 (i) The value the goods would have if the goods conformed to the  
21 contract;
- 22
- 23 (ii) The significance of the lack of conformity with the contract; and
- 24
- 25 (iii) Whether the alternative remedy may be completed without  
26 significant inconvenience to the consumer.

27

28 The reduction of price is proportionate to the decrease in the value of the goods  
29 which were received by the consumer compared to the value the goods would have if  
30 in conformity with the contract.

31

32 SEC. 14. **Right to Terminate the Contract.** – If the goods delivered do not  
33 conform to the contract, the consumer may exercise the right to terminate the  
34 contract by giving notice to the online merchant. Where the lack of conformity relates  
35 to only some of the goods delivered under the contract, the consumer may terminate

1 the contract only in relation to the non-conforming good and any other goods which  
2 was acquired as an accessory it.

3

4 Where the consumer terminates a contract as a whole or in relation to some  
5 of the goods delivered:

6

7 (A) The online merchant shall reimburse to the consumer the price paid  
8 without undue delay and in any event not later than fourteen (14) days  
9 from receipt of the notice;

10

11 (B) Upon receipt of the reimbursement from the online merchant, the  
12 consumer shall return, at the online merchant's expense, the goods  
13 without undue delay and in any event not later than fourteen (14) days  
14 from the receipt of the reimbursement;

15

16 (C) Where the goods cannot be returned because of destruction or loss, the  
17 consumer shall pay to the online merchant the monetary value which  
18 the non-conforming goods would have had at the date when the return  
19 was to be made if they had been kept by the consumer without  
20 destruction or loss until that date, unless the destruction or loss has  
21 been caused by a lack of conformity with the goods with the contract;  
22 and

23

24 (D) The consumer shall pay for a decrease in the value of the goods only to  
25 the extent that the decrease in value exceeds depreciation through  
26 regular use. The payment for decrease in value shall not exceed the  
27 price paid for the goods.

28

29 SEC. 15. **Damages.** – The online merchant is liable for damages to the  
30 consumer due to the lack of conformity with the contract of the goods: *Provided*, That  
31 the lack of conformity becomes apparent within two (2) years from the relevant time  
32 of establishing conformity.

33

34 No damages may be recovered from this Act after the lapse of four (4) years  
35 from the time the conformity has been established.

36

1           SEC. 16. ***Online Dispute Resolution.*** – The DTI shall develop an online  
2 dispute resolution (ODR) platform which is a single point of entry for consumers,  
3 online merchants and traders seeking out-of-court resolution of disputes.  
4

- 5           (A) The ODR shall be an interactive website which may be accessed  
6 electronically and free of charge. The DTI, through the Bureau, shall be  
7 responsible for its operation, including its maintenance, funding and  
8 date security. The ODR platform must be user-friendly and must adopt  
9 the twin principles of “privacy by design” and “design for all”, where the  
10 privacy of its users is respected from the design stage, and the ODR  
11 platform is accessible and usable by all, including vulnerable users.  
12
- 13           (B) The DTI shall establish a network of ODR contact points from, among  
14 others, the agencies involved in consumer complaints specified in  
15 Republic Act No. 7394, otherwise known as the “*Consumer Act of the*  
16 *Philippines,*” which includes the DTI’s Fair Trade Enforcement Bureau,  
17 Department of Agriculture, Department of Tourism, and the  
18 Department of Health. The National Privacy Commission and the  
19 Intellectual Property Office of the Philippines shall also form part of the  
20 ODR network.  
21
- 22           (C) Each agency shall designate one ODR contact point and communicate  
23 its name and contact details to the DTI. The head of agency shall confer  
24 responsibility to the ODR contact points in ensuring that timely and  
25 competent support is provided to the resolution of disputes relating to  
26 complaints submitted through the ODR platform.  
27
- 28           (D) The ODR platform shall have the following functions:  
29
- 30           (i) Provide an electronic form by means of which alternative dispute  
31 resolution (ADR) entities shall transmit the information;  
32
- 33           (ii) Provide a feedback system which allows the parties to express  
34 their views on the functioning of the ODR platform and on the  
35 ADR entity which handles their dispute; and  
36

- (iii) Make publicly available general information on ADR as a means of out-of-court dispute resolution and information on ADR entities which are competent to deal with disputes.
  - (E) The DTI shall ensure that the information in the website is accurate, up to date and provided in a clear, understandable and accessible way.
  - (F) Government and private sector entities which provide ADR services which are competent to deal with disputes shall be registered electronically with the ODR platform.
  - (G) Digital platforms and online retailers shall provide on their websites an electronic link to the DTI ODR platform on their homepage. That link shall be easily accessible to consumers.
  - (H) The DTI, in consultation with other concerned agencies, shall issue the implementing rules and regulations on the development, management, operations, and maintenance of the ODR platform within three (3) months from the effectivity of this Act.

**SEC. 17. *Joint and Solidary Liability.*** – Online eCommerce platforms shall share solidary liability with an online merchant under the following instances:

- (A) If the online eCommerce platform fails to exercise extraordinary diligence to prevent any loss or damage to the consumer;
  - (B) If the identity of the online merchant and the online eCommerce platform is the same;
  - (C) If the online eCommerce platform knows or should have known that the digital products sold do not comply with law, or otherwise infringes on intellectual property rights, and fails to take necessary measures;
  - (D) If the online eCommerce platform fails to publish details of its online merchant;

- 1                         (E) If the online eCommerce Platform fails to examine digital products  
2                                  related to food, drugs, and cosmetics or otherwise relates to the life or  
3                                  health of consumers;
- 4                         (F) If an online merchant is not duly registered with the appropriate  
5                                  regulatory agencies and the online eCommerce platform permits the  
6                                  online merchant to sell digital products;
- 7

9                              **SEC. 18. *Digital Payments.*** – Online eCommerce Platforms and Online

10 Merchants shall, issue paper or electronic invoices or receipts for all sales. An  
11 electronic invoice or receipt shall have the same legal effect as a physical invoice or  
12 receipt.

14                              Within sixty (60) days from the effectivity of this Act, the Bureau of Internal  
15 Revenue shall, in coordination with the Bureau of Customs, issue rules and  
16 regulations that modernize and streamline the regulatory framework and encourage  
17 the adoption of electronic payment systems by the citizenry. The DTI and the Bangko  
18 Sentral ng Pilipinas shall also develop guidelines to protect merchants and  
19 consumers covering the various digital payment solutions.

21                              **SEC. 19. *Tax Exemption for Newly Registered eCommerce Enterprises.***

22                              – Newly registered micro-enterprises, as defined under existing laws, and which are  
23 engaged in eCommerce shall be exempt from all national and local taxes for the first  
24 two (2) years of operation under the following conditions:

26                         (A) The enterprise is not an affiliate, subsidiary, or a franchise of any  
27                                  existing company;

29                         (B) In the case of a sole proprietorship, one-person corporation or  
30                                  partnership, it does not have any previous or other existing registered  
31                                  companies, partnerships, or businesses; and

33                         (C) In the case of a corporation, each stockholder of the eCommerce  
34                                  enterprise must have at least a five percent (5%) share in stocks and  
35                                  the corporation must have no nominal stakeholders or stockholders  
36                                  holding the shares in trust for others: *Provided*, That all stockholders

1 of the corporation shall not have held shares of a previous or existing  
2 corporation with at least a five percent (5%) share therein, nor  
3 registered any former or existing sole proprietorship or partnership.  
4

5 SEC. 20. **eCommerce Philippine Trustmark.** – To provide assurance of  
6 safety and security in internet transactions, an eCommerce Philippine Trustmark  
7 shall be developed for online merchants.  
8

9 (A) The DTI is tasked to create an eCommerce Philippines Trustmark to be  
10 administered and managed by an industry-led private sector  
11 governance body.  
12

13 (B) The industry-led governance body comprises the following:  
14

- 15 (i) Two (2) representatives from the digital platforms;  
16 (ii) Two (2) representatives from the payment gateways;  
17 (iii) Two (2) representatives from the logistics services;  
18 (iv) Two (2) representatives from other enablers; and  
19 (v) One (1) representative from the public sector.  
20

21 (C) An eCommerce Philippine Trustmark on the website of an online  
22 merchant signifies that the company is committed to the Code of  
23 Conduct stipulated in Section 8 of this Act, guaranteeing ethical  
24 standards in the digital marketplace.  
25

26 (D) In the case of a complaint involving the purchase of their products or  
27 services, those companies with the trademark shall give consumers the  
28 option of filing claims through the trademark portal, if the company's  
29 customer care service has not been able to resolve the issue.  
30

31 (E) The eCommerce Philippines Trustmark shall be linked to DTI's online  
32 ODR.  
33

34 SEC. 21. **Implementing Agencies.** – The provisions of this Act and its  
35 implementing rules and regulations shall be enforced by the following agencies:  
36

- 1                   (A) Department of Trade and Industry, with respect to consumer products;
- 2
- 3                   (B) Department of Health, with respect to food, drugs, cosmetics, health
- 4                   products, and substances;
- 5
- 6                   (C) Department of Agriculture, with respect to products related to
- 7                   agriculture;
- 8
- 9                   (D) Intellectual Property Office of the Philippines, with respect to
- 10                  intellectual property, particularly on infringement of patents,
- 11                  trademarks, and copyrights;
- 12
- 13                  (E) Optical Media Board, with respect to digital media and enforcement of
- 14                  online piracy;
- 15
- 16                  (F) Philippine National Police, with respect to cybercrime; and
- 17
- 18                  (G) Bangko Sentral ng Pilipinas, with respect to the implementation of
- 19                  Republic Act No. 11127, otherwise known as the "*National Payment*
- 20                  *Systems Act.*"
- 21

22                  SEC. 22. ***Jurisdiction.*** – The implementing agencies mentioned in Section  
23 of this Act shall continue to exercise the powers and duties provided to them  
24 under existing laws, unless repealed or modified accordingly. All implementing  
25 agencies must develop and implement programs to inform and educate their  
26 respective stakeholders about eCommerce, including the provisions under this Act.

27

28                  SEC. 23. ***Penalties.*** –

29

- 30                  (A) Online merchants found guilty of violating Section 9, paragraph (B) of  
31                  this Act or who fail to register either as a sole proprietor, one-person  
32                  corporation, partnership, corporation, or cooperative, shall be  
33                  punished with a fine equivalent to one hundred percent (100%) of the  
34                  amount of the digital goods offered or sold based on the market price  
35                  as determined by the Bureau, including confiscation of the digital  
36                  products as advertised, and forfeiture of license; and

1  
2       (B) Online eCommerce platforms and online merchants found guilty of  
3 violating Section 11 or Section 12 (D) of this Act shall be punished with  
4 a fine not less than Five Hundred Thousand Pesos (P500,000.00) but  
5 not more than Five Million Pesos (P5,000,000.00) or the revocation of  
6 their licenses, or both, at the discretion of the court.  
7

8           SEC. 24. ***Appropriations.*** – The amount of Fifty million pesos  
9 (P50,000,000.00) for the initial operation of the Bureau is hereby appropriated out  
10 of any funds in the National Treasury not otherwise appropriated. Thereafter, such  
11 sum as may be necessary for the continued implementation of this Act shall be  
12 included in the annual General Appropriations Act.  
13

14           SEC. 25. ***Separability Clause.*** – If any provision or part of this Act is  
15 declared invalid or unconstitutional, such declaration shall not affect the validity of  
16 the remaining provisions of this Act.  
17

18           SEC. 26. ***Repealing Clause.*** – All laws, rules, and regulations, presidential  
19 decrees, letters of instruction and other presidential issuances which are  
20 incompatible or inconsistent with the provisions of this Act are hereby repealed  
21 amended, or modified accordingly.  
22

23           SEC. 27. ***Effectivity Clause.*** – This Act shall take effect thirty (30) days after  
24 its publication in the *Official Gazette* or in a newspaper of general circulation.  
25

26           Approved,