Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6122

Introduced by Representative Wes Gatchalian

AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET TRANSACTIONS, CREATING FOR THIS PURPOSE THE ECORECOMMERCE 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
1st District, Valenzuela City
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HOUSE OF REPRESENTATIVES  

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HOUSE BILL NO. 6122  

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

SECTION 1. Short Title. – This act shall be known as the “Internet Transactions Act”.  

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

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

(A) Compatibility refers to the ability of the digital content or digital service to function with hardware or software with which digital content or digital services of the same type are normally used, without the need to convert the digital content or digital service;
(B)  *Consumer* refers to a natural or juridical person who is a purchaser, lessee, recipient or prospective purchaser, lessor or recipient of consumer products, services, credit, technology, advertising or promotion, and other items in eCommerce;

(C)  *Consumer-to-Consumer Transactions (C2Cs)* refer to one-off, petty, or occasional low-value transactions of an individual to another that are not made in the ordinary course of business;

(D)  *Digital contents* refer to data which are produced and supplied in electronic form;

(E)  *Digital products* refer to goods and services transacted over the internet;

(F)  *Digital service* refers to a service that allows the consumer to create, process, store or access data in electronic form or allows the sharing of or any other interaction with data in electronic form uploaded or created by the consumer or other users of that service;

(G)  *eCommerce Philippine Trustmark* refers to the mark approved by the eCommerce Bureau that assures consumer protection for online transactions and consumer complaints;

(H)  *Electronic Commerce* or *eCommerce* refers to the production, distribution, marketing, sale, or delivery of goods and services by electronic means;

(I)  *Functionality* refers to the ability of the digital content or digital service to perform its functions according to its purpose;

(J)  *Goods* or *Digital Goods* refer to physically produced items over which ownership rights may be established and whose economic ownership may be passed from one institutional unit to another by engaging in transactions;
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;

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.

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.

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;

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;

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

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.

SEC. 4. Scope and Coverage. – This Act applies to the sale or exchange of digital products, including the following:
(A) Internet retail of consumer goods;

(B) Online travel services, covering the purchase of flights, hotel accommodations, and vacation rental spaces;

(C) Digital media providers, including advertising, gaming, music subscription, and video on demand;

(D) Ride hailing services for personal transport, delivery of food and merchandise; and

(E) Financial services offered through digital online platforms, such as online payments, remittances, online lending, online investment, and online insurance services.

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

(A) Implement, monitor, and ensure strict compliance by eCommerce stakeholders of the provisions of this Act;

(B) Build trust between consumers and sellers to promote eCommerce growth;

(C) Coordinate the formulation of policies, plans and programs to increase the number of online merchants and consumers;

(D) Act as a virtual one stop shop for consumer complaints on internet transactions, and facilitate the speedy resolution of consumer complaints by the respective government agency which has jurisdiction over the complaint;
(E) Compel or petition any entity, government agency or instrumentality of take action on any matter that may impeded eCommerce;

(F) Monitor the compliance of other government agencies or instrumentalities on their compliance to the provisions of this Act and the eCommerce roadmap;

(G) Represent the Philippines in international negotiations to promote cross border eCommerce transactions;

(H) Collect, compile, analyze, abstract, and publish eCommerce data for policy formulation and program development;

(I) Prepare and conduct periodic studies on eCommerce;

(J) Collaborate with departments of the national government including local government units and government-owned or controlled corporations in implementing programs to promote eCommerce, including information, education, and campaign, as well as in ensuring a policy regime that is pro-active; and

(K) Recommend executive and legislative measures to ensure a regulatory framework that encourages growth of the sector.

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

The commissioner shall be assisted by six (6) deputy commissioners; one (1) for administration, one (1) for finance, one (1) for planning, one (1) for operations, one (1) for franchising, and one (1) for law enforcement and adjudication. All deputy commissioners must be career executive service officers with at least ten (10) years of experience and practice in eCommerce.
The commissioner and deputy commissioners shall be appointed by the President of the Philippines upon the recommendation of the Secretary of Trade and Industry.

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

(A) Treat consumers with honesty, integrity, and fairness, and refrain from engaging in illegal, fraudulent, unethical, or unfair business practices that harm consumers;

(B) Uphold their responsibilities to the public and to the State, and to apply the rights of consumers equally;

(C) Comply with applicable laws and regulations, especially the protection of intellectual property rights;

(D) Ensure that goods and services marketed and sold online to Philippine consumers conform to Philippine regulatory standards and provide accurate information about the digital products in Filipino and English;

(E) Ensure that the safety of digital products marketed or sold online are not compromised and that products that have been recalled in the offline retail market are not marketed or sold online;

(F) Be honest and truthful in all representations and all information on digital products or services must be easily accessible, complete, and correct and promoted through fair advertising and marketing practices;

(G) Be transparent to consumers about costs and avoid any hidden charges or additional costs such as customs duties, currency conversion, and shipping, or delivery;
(H) Allow for tracking of deliveries by online merchants and provide complete records of the goods purchased and have them delivered within the promised time and described condition;

(I) Offer cancellation options in order that consumers may be able to review their online orders before finally confirming their purchase, and be able to withdraw from a confirmed transaction in appropriate circumstances;

(J) Take consumer complaints seriously and address them fairly by instituting comprehensive and equitable mechanisms for consumer redress through easy, fair, and transparent methods, and provide compensation, refund, repair, and replacement, if warranted;

(K) Keep private information private by strictly complying with all applicable data privacy laws and regulations including Republic Act No. 10173, otherwise known as the "Data Privacy Act of 2012", and other similar laws and regulations;

(L) Ensure the safety and security of online payments and safeguard sensitive data by using secure technology and protocols as evidenced by visible trust certificates;

(M) Avoid online spamming except online spamming or unsolicited commercial email or bulk email subject to the control and discretion of the consumer through readily accessible configurations allowing the consumer to choose whether they wish to receive or opt-out from commercial messages by email or electronic means;

(N) Avoid improper conduct such as producing fake online reviews or spreading wrong information about competitors but allowing consumers to make critical reviews about digital products; and

(O) Educate consumers about online risks as a priority by informing the consumers about risks of internet transactions and providing competent and professional advice.
Whenever appropriate, the DTI shall issue the corresponding rules and regulations in accordance with international best practices.

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

(A) A Filipino individual who is duly licensed to do business as a single-proprietor with the DTI;

(B) A Filipino juridical entity that is duly registered with the Securities and Exchange Commission (SEC), whether as a corporation, a one-person corporation, or as a partnership;

(C) A Filipino cooperative that is duly licensed by the Cooperative Development Authority (CDA); and

(D) A foreign corporation that is duly licensed by the SEC to transact business in the Philippines.

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

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

A non-resident of the Philippines who engages in eCommerce by marketing goods or services that are accessible in the Philippines may not evade legal liability in the Philippines owing to the fact of non-residency, and shall be subject the same obligations and liabilities arising from any transaction as those who are authorized to engage in eCommerce in the Philippines.
SEC. 9. **Business Registration.** –

(A) To encourage the formation of business enterprises, the growth and integrated development of eCommerce, and protection of online consumers, all individuals engaged in internet transactions as Online Merchants or as Online eCommerce Platforms shall register as a business either as a sole proprietor, one-person corporation, partnership, corporation, or cooperatives.

(B) No person shall be allowed to engage in eCommerce, including the sale of any digital product without a license to operate. Any entity, whether natural or juridical, who offers to sell or have been found engaged in any internet transaction without a license to operate is in violation of this Act; Provided, however, That consumer to consumer transactions shall not be covered by this Act. For the first year of implementation, the penalty for unregistered online merchants and first-time offenders shall be waived upon presentation of business registration papers.

(C) All regulatory agencies responsible for business registration whether for sole proprietorships, one-person corporations, partnerships, corporations, or cooperatives, shall extend its jurisdiction or regulatory powers over business websites and other communication channels covering internet transactions. The DTI or any of the implementing agencies shall have the authority to enforce website takedown procedures, and shall report the violator to the Bureau of Internal Revenue.

(D) Consistent with Republic Act No. 11032, otherwise known as the “Ease of Doing Business Act,” all National Government agencies and local government agencies (LGUs) shall make available online registration of business permits and licenses particularly for those engaged in eCommerce.

(E) The SEC, LGUs, and the CDA shall submit to the DTI an annual list of registered enterprises for monitory and for purposes of maintaining a database of online merchants.
SEC. 10. **Regulatory Jurisdiction of the DTI.** – The DTI shall exercise primary regulatory jurisdiction over any website, webpage, social media account, or other similar platform that markets digital products that are accessible in the Philippines, regardless of whether the owner of the website, webpage, social media account, or other similar platform is authorized to engage in eCommerce in the Philippines. The jurisdiction of the DTI includes the authority to order the owner of the website, webpage, social media account, or other similar platform to desist from marketing or offering goods or services that are accessible in the Philippines on account of violation of this Act, or any other consumer or trade laws and regulations, as well as the prerogative to refer the matter to the Bureau of Internal Revenue for appropriate action.

SEC. 11. **Obligations of Online eCommerce Platforms.** –

(A) Online eCommerce Platforms shall ensure that any commercial communication shall:

(i) Be clearly identifiable as a commercial communication;

(ii) Clearly identify the person on whose behalf the commercial communication is made;

(iii) Clearly identify any promotional offer including any discount, premium, or gift, and ensure that any conditions which must be met to qualify for it are easily accessible, and presented clearly and unambiguously; and

(iv) Clearly identify any promotional competition or game and ensure that any conditions for participation are easily accessible and presented clearly and unambiguously.

(B) Online eCommerce Platforms shall require all Online Merchants, prior to the latter’s onboarding to submit 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 merchant 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.

(C) Online eCommerce Platforms shall maintain a file of all registered online merchants which shall be regularly verified and updated.

(D) Online eCommerce Platforms shall publish on their website, webpage, social media account, or other similar platform, the following general information:

(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.

(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; fir for any particular purpose for which the consumer requires them
and which the consumer made known to the seller at the time of the conclusion of the contract, and which the seller has accepted; and possess the qualities and performance capabilities indicated in any pre-contractual statement which forms an integral part of the contract.

(iii) All digital goods shall:

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

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

1. The online merchant was not, and could not reasonably have been aware of the statement in question;

2. By the time of conclusion of the contract, the statement had been corrected; or

3. The decision to buy the goods could not have been influenced by the statement.

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

(i) The consumer or a third party indicated by the consumer other than the carrier has acquired the physical possession of the goods, or when the goods are handed over to the carrier chosen
by the consumer, and that carrier was not proposed by the seller or where the seller proposes no means of carriage;

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

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

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

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

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

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

(i) The contract allows, and provides a valid reason for, such a 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
transactions, the online merchant is entitled to pursue remedies against the person
or persons liable in the chain of transactions.

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

(A) A repair or replacement must be completed within a reasonable time
and without any significant inconvenience to the consumer, taking into
account the nature of the goods and the purpose for which the
consumer acquired the goods;

(B) A proportionate reduction of the price or the termination of the
contract, including restitution of the price, in the following instances:

(i) A repair or replacement is impossible or unlawful;

(ii) The online merchant has not completed repair or replacement
within a reasonable time;

(iii) A repair or replacement may cause significant inconvenience to
the consumer; or

(iv) The online merchant has declared, or it is equally clear from the
circumstances that the online merchant may not bring the goods
in conformity with the contract within a reasonable time;

(C) The consumer is entitled to withhold the payment of any outstanding
part of the price, until the online merchant has brought the goods into
conformity with the contract;

(D) The consumer is not entitled to a remedy to the extent that the
consumer has contributed to the lack of conformity with the contract
or its effects;

(E) Where the online merchant remedies the lack of conformity with the
contract by replacement, the online merchant may take back the
replaced goods at the online merchant’s expense unless the parties have agreed otherwise after the lack of conformity with the contract has been brought to the online merchant’s attention by the consumer;

(F) Where the consumer had installed the goods in a manner consistent with their nature and purpose, before the lack of conformity with the contract became apparent, the cost for the removal of the non-conforming goods and the installation of replacement goods, and all associated costs shall be for the account of the online merchant;

(G) In case of goods that do not conform to the contract, the consumer is not liable to pay for using the non-conforming goods prior to its replacement;

(H) The consumer may choose between repair and replacement unless the option chosen is impossible, unlawful or, imposes costs upon the online merchant that is disproportionate, taking into account all circumstances, including:

(i) The value the goods would have if the goods conformed to the contract;

(ii) The significance of the lack of conformity with the contract; and

(iii) Whether the alternative remedy may be completed without significant inconvenience to the consumer.

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

SEC. 14. Right to Terminate the Contract. – If the goods delivered do not conform to the contract, the consumer may exercise the right to terminate the contract by giving notice to the online merchant. Where the lack of conformity relates to only some of the goods delivered under the contract, the consumer may terminate
the contract only in relation to the non-conforming good and any other goods which
was acquired as an accessory it.

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

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

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

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

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

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

No damages may be recovered from this Act after the lapse of four (4) years
from the time the conformity has been established.
SEC. 16. **Online Dispute Resolution.** – The DTI shall develop an online dispute resolution (ODR) platform which is a single point of entry for consumers, online merchants and traders seeking out-of-court resolution of disputes.

(A) The ODR shall be an interactive website which may be accessed electronically and free of charge. The DTI, through the Bureau, shall be responsible for its operation, including its maintenance, funding and date security. The ODR platform must be user-friendly and must adopt the twin principles of “privacy by design” and “design for all”, where the privacy of its users is respected from the design stage, and the ODR platform is accessible and usable by all, including vulnerable users.

(B) The DTI shall establish a network of ODR contact points from, among others, the agencies involved in consumer complaints specified in Republic Act No. 7394, otherwise known as the “Consumer Act of the Philippines,” which includes the DTI’s Fair Trade Enforcement Bureau, Department of Agriculture, Department of Tourism, and the Department of Health. The National Privacy Commission and the Intellectual Property Office of the Philippines shall also form part of the ODR network.

(C) Each agency shall designate one ODR contact point and communicate its name and contact details to the DTI. The head of agency shall confer responsibility to the ODR contact points in ensuring that timely and competent support is provided to the resolution of disputes relating to complaints submitted through the ODR platform.

(D) The ODR platform shall have the following functions:

(i) Provide an electronic form by means of which alternative dispute resolution (ADR) entities shall transmit the information;

(ii) Provide a feedback system which allows the parties to express their views on the functioning of the ODR platform and on the ADR entity which handles their dispute; and
(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;
(E) If the online eCommerce Platform fails to examine digital products related to food, drugs, and cosmetics or otherwise relates to the life or health of consumers;

(F) If an online merchant is not duly registered with the appropriate regulatory agencies and the online eCommerce platform permits the online merchant to sell digital products;

SEC. 18. **Digital Payments.** – Online eCommerce Platforms and Online Merchants shall, issue paper or electronic invoices or receipts for all sales. An electronic invoice or receipt shall have the same legal effect as a physical invoice or receipt.

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

SEC. 19. **Tax Exemption for Newly Registered eCommerce Enterprises.** – Newly registered micro-enterprises, as defined under existing laws, and which are engaged in eCommerce shall be exempt from all national and local taxes for the first two (2) years of operation under the following conditions:

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

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

(C) In the case of a corporation, each stockholder of the eCommerce enterprise must have at least a five percent (5%) share in stocks and the corporation must have no nominal stakeholders or stockholders holding the shares in trust for others: Provided, That all stockholders
of the corporation shall not have held shares of a previous or existing
corporation with at least a five percent (5%) share therein, nor
registered any former or existing sole proprietorship or partnership.

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

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

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

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

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

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

(E) The eCommerce Philippines Trustmark shall be linked to DTI’s online
ODR.

SEC. 21. **Implementing Agencies.** – The provisions of this Act and its
implementing rules and regulations shall be enforced by the following agencies:
(A) Department of Trade and Industry, with respect to consumer products;

(B) Department of Health, with respect to food, drugs, cosmetics, health products, and substances;

(C) Department of Agriculture, with respect to products related to agriculture;

(D) Intellectual Property Office of the Philippines, with respect to intellectual property, particularly on infringement of patents, trademarks, and copyrights;

(E) Optical Media Board, with respect to digital media and enforcement of online piracy;

(F) Philippine National Police, with respect to cybercrime; and

(G) Bangko Sentral ng Pilipinas, with respect to the implementation of Republic Act No. 11127, otherwise known as the “National Payment Systems Act.”

SEC. 22. **Jurisdiction.** – The implementing agencies mentioned in Section 21 of this Act shall continue to exercise the powers and duties provided to them under existing laws, unless repealed or modified accordingly. All implementing agencies must develop and implement programs to inform and educate their respective stakeholders about eCommerce, including the provisions under this Act.

SEC. 23. **Penalties.** –

(A) Online merchants found guilty of violating Section 9, paragraph (B) of this Act or who fail to register either as a sole proprietor, one-person corporation, partnership, corporation, or cooperative, shall be punished with a fine equivalent to one hundred percent (100%) of the amount of the digital goods offered or sold based on the market price as determined by the Bureau, including confiscation of the digital products as advertised, and forfeiture of license; and
Online eCommerce platforms and online merchants found guilty of violating Section 11 or Section 12 (D) of this Act shall be punished with a fine not less than Five Hundred Thousand Pesos (P500,000.00) but not more than Five Million Pesos (P5,000,000.00) or the revocation of their licenses, or both, at the discretion of the court.

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

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

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

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

Approved,