Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
EIGHTEENTH CONGRESS  
Second Regular Session  

HOUSE BILL NO. 7805  
(In substitution of House Bills Numbered 6122 and 6958)

Introduced by Representatives Gatchalian, Yap (E.), Garbin, Barba, Singson-Meehan, Tan (A.S.), Cueva, Villar, Alvarez (F.), Vergara, Zubiri, Biron, Quano-Dizon, Suntay, Ty (A.), Collantes, Duavit, Aumentado, Campos, Sagarbarria, Lopez, Reyes, Baronda, Revilla, Tiangco, Cua, Kho, Olivarez, Martinez, Garcia (J.E.), Matugas, Pacquiao, Panotes, Babasa, Calixto, Espino, Go (M.), Unabia, Villa, Banas-Nogales, Canama, Garin (S.), Mercado, Tan (Shernee), Bordado, Co (E.), Arenas, Escudero, Savellano, Romualdo, De Venecia, Bolilia, Crisologo, Castro (F.L.), Gaite, Haresco, Go (C.), Fortun, Villarica, Lara, Tambunting, Lazatin, Velasco, Robes, Nieto, Remulla, Daza, Dalipe and Rodriguez

AN ACT  
PROVIDING PROTECTION TO CONSUMERS AND MERCHANTS ENGAGED IN  
INTERNET TRANSACTIONS, CREATING FOR THE PURPOSE THE ELECTRONIC  
COMMERCE BUREAU, AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER 1  
GENERAL PROVISIONS

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 and maintain a robust electronic commerce (eCommerce) environment in the country by building trust between online merchants and consumers. The State recognizes the value and potential of the digital economy to increase competition and improve productivity, thus the need to establish secure and reliable eCommerce platforms where goods and services are transacted online with appropriate transparency and utmost efficiency to encourage the creation of new products, services, business models and processes. Towards these ends, the State
shall ensure an effective regulation of commercial activities through the internet or electronic means to ensure that consumer rights and data privacy are protected, innovation is encouraged, fair advertising practices and competition are promoted, online transactions are secured, intellectual property rights are respected, and where product standards and safety are observed.

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

(a) Business to business transaction refers to internet transactions conducted over marketplaces that facilitate business to business electronic sales of new and used merchandise using the internet;

(b) Business to consumer transaction refers to the process of selling products and services by businesses to consumers who are end-users, generally for a profit;

(c) 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;

(d) Consumer refers to a 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;

(e) Consumer-to-consumer transactions (C2Cs) refer to one-off, petty, or occasional low-value transactions of an individual or group of individuals to another that are not made in the ordinary course of business of any party to the transaction;

(f) Digital content refers to data which are produced and supplied in electronic form;

(g) 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;

(h) **Digital financial services** refer to services of a financial nature that are
made available to the public through the internet, including banking
services, insurance and insurance-related services, payment and
money transmission services, including remittance services, online
lending services, online investment services, and other similar or
related services;

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

(j) **eCommerce platform operator** refers to a natural or juridical person
that solicits the purchase of goods and services through digital
platforms and marketplaces whose business is to connect consumers
and online merchants, facilitating sales of products, goods or services
through the internet with the presence and use of monetary
transactions. These shall include social media websites and any other
similar platforms in so far that it is used for business;

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

(l) **Goods** refer to physically or digitally 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;

(m) **Internet access and service provider** refer to an entity that provides
households, businesses, and government access to the internet
through the physical transport infrastructure;
(n) Internet retailing of consumer goods refers to engaging in any
eCommerce activity other than online travel services, online media,
ride hailing services, and digital financial services:

(o) Internet transaction refers to the sale or purchase of goods or services,
whether between businesses, households, individuals, governments,
and other public or private organizations, conducted over the internet.
At least one point of these transactions is conducted over the internet
but the payment and ultimate delivery of the goods or service may be
conducted on or offline;

(p) 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;

(q) Online merchant refers to a natural or juridical person, regardless of
location, that directly sells, manufactures goods, or offers for sale, any
good or service, either individually or through a platform, 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;

(r) Online media refers to digital media products or services pertaining to
advertising, gaming, subscription music, and video on demand,
available through an online platform, application, website, webpage,
social media account, or other similar platforms operated by the
provider, regardless of whether the provider is authorized to engage in
eCommerce;

(s) Online travel services refer to services that facilitate the reservation,
purchase or discounting of flights, hotel accommodations, and
vacation rental spaces, through an online platform, application,
website, webpage, social media account, or other similar platform
operated by the provider, regardless of whether the provider is authorized to engage in eCommerce in the Philippines;

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

(u) *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 goods;

(v) *Repair* refers to bringing defective goods into conformity with the contract;

(w) *Ride hailing service* refers to the delivery of food, goods or other merchandise, or of personal transport services, contracted through an online platform, application, website, webpage, social media account, or other similar platform operated by the provider, regardless of whether the provider is authorized to engage in eCommerce in the Philippines;

(x) *Ride hailing service partner* refers to third-parties who offer their services to transport or deliver food, parcels or any other item, on behalf of ride hailing service providers;

(y) *Ride hailing service provider* refers to those, who in the ordinary course of trade or business, provide for or facilitate ride hailing services; and

**SEC. 4. Scope and Coverage.** - Unless otherwise specified, this Act shall apply to any stage of all business-to-business and business-to-consumer eCommerce and internet transactions including those related to the following activities:

(a) Internet retail of consumer goods and services;

(b) Online travel services;
(c) Online media providers;
(d) Ride hailing services; and
(e) Digital financial services.

Consumer-to-consumer transactions shall be exempt from the operation of this Act, without prejudice to the application of other laws.

Unless expressly specified, nothing in this Act shall be construed as to diminish or deprive the regulatory jurisdiction conferred by law upon other government agencies with respect to regulated services that fall within the scope of eCommerce.

SEC. 5. Extra-territorial Application. - A person engaging in eCommerce who purposefully avails of the Philippine market shall be deemed as doing business in the Philippines and be subject to applicable Philippine laws and regulations, including this Act. One who purposefully avails of the Philippine market without establishing any real or legal presence in the Philippines shall be required to notify the eCommerce Bureau created under Section 7 of this Act for inclusion in the Registry of Online Business established under Section 11 of this Act, or may designate a resident agent who shall be authorized to receive on their behalf notices or processes in any legal proceeding in the Philippines. The accessibility of goods and services to consumers in the Philippines shall be considered in ascertaining whether one engaged in eCommerce is purposefully availing the Philippine market.

SEC. 6. Equal Treatment of Online and Offline Commercial Activities. - Unless otherwise specified, this Act shall be construed to ensure that those who engage in eCommerce may not enjoy any benefit that is more favorable, nor be placed at a disadvantage, in relation to other enterprises that offer goods and services offline in the Philippines.

CHAPTER 2

ECOMMERCE BUREAU

SEC. 7. Creation of the eCommerce Bureau. - To ensure the attainment of the objectives of this Act and promote the growth of eCommerce, there is hereby created an eCommerce Bureau under the Department of Trade and Industry (DTI),
hereinafter referred to as the Bureau, which shall be organized within six (6) months after the effectivity of this Act. The Bureau shall have the following powers and functions:

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

(b) Build trust between consumers and sellers by requiring eCommerce platform operators, online merchants, or any other entity who engages in eCommerce to register their business with the Bureau;

(c) Formulate policies, plans and programs to ensure the robust and dynamic development of eCommerce;

(d) Identify regulatory gaps affecting the eCommerce sector that are not sufficiently addressed by this Act or by existing laws or regulations, and recommend appropriate executive or legislative measures, including those that can be undertaken by the DTI on its own, that fosters the growth of the sector;

(e) Act as a virtual central unit tasked to receive and address consumer complaints on internet transactions, facilitate the speedy resolution of consumer complaints by the respective government agency which has jurisdiction over it, and track complaints referred to or initiated by it to ensure the speedy and appropriate action by the agency to which such matters have been referred to;

(f) Coordinate with, compel or petition whenever appropriate, any entity, government agency or instrumentality to take action on any matter that may impede eCommerce;

(g) Investigate, motu proprio, and file the appropriate cases for violations of any provision of this Act;
(h) Intervene or participate, in a manner as may be appropriate, in cases initiated or pending with other regulatory agencies involving eCommerce or violations of any provision of this Act;

(i) Monitor internet transactions and undertake consultation with stakeholders and affected agencies for the purpose of understanding market behavior in order to update policies relevant to online transactions;

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

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

(l) Prepare and conduct periodic studies on eCommerce;

(m) 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 proactive; and

(n) Ensure that those who engage in eCommerce may not enjoy any benefit that is more favorable, nor be placed at a disadvantage, in relation to other enterprises that offer goods and services offline in the Philippines.

In the exercise of the above-stated functions, the Bureau, in coordination with other government agencies, may convene public consultations or inter-agency meetings to ensure multi-stakeholder input in the development of eCommerce policies.

Government agencies and instrumentalities involved in the maintenance and development of the internet infrastructure of the Philippines, such as the
Department of Information and Communications Technology (DICT) and the National Telecommunications Commission (NTC), shall cooperate with the Bureau on issues within their respective regulatory jurisdiction that affect the conduct of eCommerce.

SEC. 8. Composition of the Bureau. – The Bureau shall be headed by a Director to be appointed by the President of the Philippines, as recommended by the Secretary of Trade and Industry.

The Director shall oversee the day-to-day operations of the Bureau and shall be assisted by three (3) Assistant Directors each for policy and administration, enforcement, and operations.

The Secretary of Trade and Industry shall determine the organizational structure and staffing pattern of the Bureau, subject to the approval of the Secretary of Budget and Management.

SEC. 9. Subpoena. - In the exercise of its powers under this Act, the Director of the Bureau shall have the power to issue summons, *subpoena ad testificandum* and *subpoena duces tecum* to alleged violators or witnesses to compel their attendance and the production of documents in investigations or proceedings before the Bureau.

The failure to comply with a *subpoena ad testificandum* or *subpoena duces tecum* shall authorize the filing of a case for indirect contempt under the Rules of Court with the Regional Trial Court. A certification duly issued by the Bureau that a respondent to the *subpoena ad testificandum* or *subpoena duces tecum* refuses to comply with the same, despite due notice, shall be sufficient evidence to authorize the Regional Trial Court to cite the respondent with contempt. The Regional Trial Court shall likewise have the authority to issue any such order or relief, including imprisonment, in order to compel compliance with the *subpoena ad testificandum* or *subpoena duces tecum*. The Regional Trial Court may, in addition, also issue a *subpoena ad testificandum* or *subpoena duces tecum* addressed to the respondents identical to the one subject of the complaint.
SEC. 10. Authority to Promulgate Rules and Regulations. - As the focal authority of the National Government for the development of policies and strategies towards the growth of eCommerce, the Bureau shall have the authority to promulgate rules and regulations covering areas or activities concerning eCommerce and to impose fines to compel compliance with such rules. The grant of this rule-making authority to the Bureau shall be ancillary to any duly constituted regulatory jurisdiction granted or that may be granted to other government agencies by law, including Executive Order No. 292, series of 1987, instituting the “Administrative Code of 1987”, Republic Act No. 7394, otherwise known as the “Consumer Act of the Philippines”, Republic Act No. 7653, as amended, otherwise known as “The New Central Bank Act”, Republic Act No. 8293, as amended, otherwise known as the “Intellectual Property Code of the Philippines”, Republic Act No. 8799, otherwise known as the “Securities Regulation Code”, Republic Act No. 9239, otherwise known as the “Optical Media Act of 2003”, Republic Act No. 9593, otherwise known as the “Tourism Act of 2009”, Republic Act No. 10173, otherwise known as the “Data Privacy Act of 2012”, Republic Act No. 10667, otherwise known as the “Philippine Competition Act”, Republic Act No. 11127, otherwise known as “The National Payment Systems Act”, and Republic Act No. 11232, otherwise known as the “Revised Corporation Code”.

The Bureau shall defer the exercise of rule-making power to the above-listed government agencies conferred by law with regulatory jurisdictions over eCommerce providers or platforms, unless the other agency declines to exercise its jurisdiction or does not act within a timely manner.

SEC. 11. Registry of Online Business (ROB). – Within a period of one (1) year from the effectivity of this Act, the Bureau shall, in coordination with the DICT, establish, manage and maintain a ROB which shall provide consumers access to data and information of registered online business entities for purposes of verifying the validity, existence of and other relevant information pertaining to business entities.

The DICT, in consultation with the DTI, the National Privacy Commission (NPC), the Philippine Competition Commission (PCC) and other concerned agencies, shall issue the rules and regulations to govern the development, management, operation, and maintenance of the ROB.
CHAPTER 3  
SUPERVISION OF ECOMMERCE  

SEC. 12. Authority to Issue Take Down Order. – The Secretary of Trade and Industry, upon due notice and hearing regarding violations of this Act, the Consumer Act of the Philippines, or any other related trade or consumer laws, operating to the grave and irreparable prejudice of a consumer or a rights holder, shall have the power to issue an order directing that a website, webpage, online application, social media account, or other similar platform, be taken down, made inaccessible in the Philippines, or that no entity shall process any payment to any of those entities, or otherwise be rendered commercially inoperative, in order to abate any further violations.

The said provisional take down order shall be directed against the owner or operator of the website, webpage, online application, social media account, as well as duly registered internet service provider, as well as payment gateways or channels. Copies of the order shall likewise be served on other government agencies whose cooperation would be required for the enforcement of the same.

The order shall remain in effect for a maximum period of thirty (30) days unless otherwise extended or made permanent by a judicial order or decision.

SEC. 13. Cease and Desist Order. – The Secretary of Trade and Industry, upon due notice and hearing, shall have the power to issue an order directing a website, webpage, online application, social media account, or other similar platform operating to the grave and irreparable prejudice of a consumer or a rights holder, to desist from marketing or offering goods or services that are accessible in the Philippines, and directing that no payments shall be made to any entity which is marketing or offering such goods or services in violation of this Act, the Consumer Act of the Philippines, or any other related trade or consumer laws.

The cease and desist order shall remain in effect for a maximum of thirty (30) days unless otherwise extended or made permanent by a judicial order or decision.
SEC. 14. Referral of Complaints. – The Bureau shall refer any complaint it receives involving violation of other laws committed in the course of eCommerce activities to the appropriate regulatory authority for action. If the complaint or violation pertains to the violation of the provisions of Republic Act No. 10175, otherwise known as the “Cybercrime Prevention Act of 2012”, the matter shall be referred to the Department of Justice (DOJ) for appropriate investigation. In cases where appropriate, the DTI may itself initiate the formal complaint with the appropriate regulatory authority or the DOJ. The Bureau shall track any such complaint or referral made to other authorities and coordinate with them to ensure that the said matters are duly resolved within a reasonable period.

SEC. 15. 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) An individual who is duly licensed to do business as a single-proprietor with the DTI;

(b) A 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 cooperative that is duly licensed by the Cooperative Development Authority (CDA);

(d) A foreign corporation that is duly licensed by the SEC to transact business in the Philippines; and

(e) A non-resident foreign individual or juridical entity who has complied with Section 5 of this Act.

A resident of the Philippines who engages, abets, or aids in unauthorized eCommerce activities in the ordinary course of trade or business shall be subject to any appropriate penalty as may be provided by law and shall in the same manner as the party engaged in such unauthorized eCommerce activities.
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 purposefully availing of the Philippine market may not evade legal liability in the Philippines by virtue of non-residency or non-registration, and shall be subject to the same obligations and liabilities arising from any transaction as those who are authorized to engage in eCommerce in the Philippines.

SEC. 16. Business Registration. –

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

(b) Consistent with Republic Act No. 11032, otherwise known as the “Ease of Doing Business and Efficient Government Service Delivery Act of 2018,” all national government agencies and local government units (LGUs) shall make available online registration of business permits and licenses particularly for those engaged in eCommerce.

(c) The SEC, LGUs, and the CDA shall submit to the Bureau an annual list of registered enterprises for monitoring and for purposes of maintaining a database of online merchants and eCommerce platform operators.

CHAPTER 4
CONSUMER RIGHTS AND OBLIGATIONS
INVoLINg INTERNET TRANSACTIONS

SEC. 17. Code of Conduct. – To build trust in internet transactions and to protect and uphold the interest of consumers at all times, all businesses engaged in
eCommerce are expected to act responsibly, consistent with the following principles:

(a) Consumers shall be treated with honesty, integrity, and fairness at all times;

(b) The rights of consumers shall be applied equally;

(c) Business entities shall refrain from engaging in illegal, fraudulent, unethical, or unfair business practices that harm consumers and shall comply with applicable laws and regulations, especially the protection of intellectual property rights;

(d) Accurate information about goods and services marketed and sold online to Philippine consumers shall be given and made available to consumers;

(e) Goods and services sold online must conform to Philippine regulatory standards;

(f) The safety of goods and services marketed or sold online must not be compromised and products that have been recalled in the offline retail market must not be marketed or sold online;

(g) Goods and services must be easily accessible, accurately described, and promoted through fair advertising and marketing practices;

(h) Consumers must be given the correct and complete information about costs through a sales invoice or an official receipt detailing the particular costs of the good or service purchased, including shipping or delivery charges. Hidden charges or additional costs such as customs duties or currency conversion charges must be avoided

(i) The tracking of deliveries must be provided as part of services of online merchants or eCommerce platform operators and goods
purchased must be delivered within the promised time and in
described condition to the address provided by the consumer;

(j) A cancellation option must be provided wherein consumers are given
the opportunity to review their online purchases before finally
confirming their purchase or withdrawing from a confirmed
transaction in appropriate circumstances;

(k) Consumer complaints must be dealt with through fair, easy,
transparent and equitable mechanisms for consumer redress. If
warranted, compensation, refund, repair, and replacement should be
provided to the consumer;

(l) 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 shall be strictly complied with;

(m) The safety and security of online payments and sensitive data shall be
safeguarded through the use of secure technology and protocols
including those evidenced by visible trust certificates or any
appropriate similar certification as may emerge in the future;

(n) The transmission of unsolicited commercial email or bulk email,
except those subject to the control and discretion of the consumer
through readily accessible configurations that allow the consumer to
choose whether they wish to receive or opt-out from commercial
messages by email or electronic means, must be avoided;

(o) The production of fake online reviews or spreading wrong information
about competitors is improper and must be avoided;

(p) Consumers must be educated about the risks of transacting through
the internet and shall be provided competent and professional advice;
(q) Competing fairly with other businesses and adherence to competition principles and all applicable competition laws and regulations, including Republic Act No. 10667, otherwise known as the “Philippine Competition Act”, shall ensure the robust development of eCommerce and the economy.

Whenever appropriate, the DTI shall issue rules and regulations corresponding to international trends, developments and best practices that it may adopt and implement.

SEC. 18. Obligations of eCommerce Platform Operators. – eCommerce platform operators shall have the following obligations:

(a) Ensure that any commercial communication shall:

   (1) Be clearly identifiable as a commercial communication;

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

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

   (4) Clearly identify any promotional competition or game and ensure that any condition for participation is easily accessible and presented clearly and unambiguously;

(b) Require all online merchants, prior to the commencement of online transactions to submit the following to eCommerce platform operators:

   (1) Name of the online merchant;
(2) Registration documents of the online merchant from the appropriate LGU, the DTI or SEC, and the Bureau of Internal Revenue (BIR);

(3) Geographic address at which the online merchant may be served summons or any other judicial processes in its name and behalf;

(4) Contact details of the online merchant, such as 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 in a direct and effective manner; and

(5) 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) Maintain a file of all online merchants registered under their platform containing the information provided by online merchants in paragraph (b) of this Section;

(d) Publish at a conspicuous part on their website, webpage, social media account, or other similar platform, the following general information:

(1) Name of the online merchant;

(2) Registration documents of the online merchant from the appropriate LGU, the DTI or SEC, and the BIR;

(3) Geographic address at which the online merchant may be served summons or any other judicial processes in its name and behalf;

(4) Contact details of the online merchant, a mobile or landline number, or 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, unless the eCommerce online platform establishes means to facilitate communication between online merchants and consumers; and

(5) 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) Submit to the Bureau a list of all online merchants registered under their platform. When an eCommerce platform operator discovers that an onboarded 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.

(f) Cooperate with regulators, in accordance with existing laws and regulations, in any investigation, or resolution of consumer complaints.

SEC. 19. 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 that the following are complied with:

(1) 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. The online merchant must show a digital sample or 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 and which the consumer
made known to the online merchant at the time of the
conclusion of the contract, and which the online merchant has
accepted; and possess the qualities and performance
capabilities indicated in any pre-contractual statement which
forms an integral part of the contract.

(2) All goods shall:

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

(ii) 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 online merchant or other persons in earlier
links of the chain of transactions, including the
producer, unless the online merchant shows that: the
online merchant was not, and could not reasonably have
been aware of the statement in question; by the time of
conclusion of the contract, the statement had been
corrected; or 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:

(1) The consumer or a person acting on behalf of the consumer
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 proffered by the online merchant or
where the online merchant proposes no means of carriage;
(2) The goods have been installed by the online merchant or under the online merchant’s responsibility. The time at which the installation has been completed shall be considered the time when the consumer acquires physical possession of the goods;

(3) The goods have been installed by the consumer in accordance with the online merchant’s installation instructions. The expiration of a reasonable period for installation, which shall not be more than thirty (30) days, shall be considered the time when the consumer acquires the physical possession of the goods.

(4) 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:

(i) The goods were installed by the online merchant or under the online merchant’s responsibility; and

(ii) 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 online merchant may modify the digital content or digital service beyond what is necessary to maintain the digital content or digital service in conformity with the contract, if the following conditions are met:

(1) The contract allows, and provides a valid reason for, such a modification;

(2) Such a modification is made without additional cost to the consumer; and
(3) 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:

(1) Name of the online merchant;

(2) Registration documents of the online the appropriate LGU, the DTI or SEC, the BIR, and other appropriate regulatory authorities;

(3) Geographic address at which the online merchant may be served summons or any other judicial processes in its name and behalf;

(4) Contact 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

(5) 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. 20. 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) Repairs must be completed and replacements delivered 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:

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

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

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

(4) The online merchant has declared, or it is equally clear from the circumstances that the online merchant may not deliver 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:

(1) The value of the goods, if the goods conformed to the contract;

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

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

The reduction of price should be proportionate to the decrease in the value of the goods which were received by the consumer compared to the value of the goods if it were in conformity with the contract.

SEC. 21. Obligations of Ride Hailing Service Providers. – Ride hailing service providers shall require its consumers to register by showing valid proof of identity, email address or cellular phone number. Ride hailing service providers
shall make the identity of its providers and support staff available to the rider at all
times.

SEC. 22. Obligations of Consumers of Ride Hailing Services. – It shall
be unlawful for consumers of ride hailing services to:

(a) Cancel confirmed orders for the delivery of food or grocery items when
the said items have already been paid by or is already in the
possession of the Ride Hailing Service Partner or is otherwise in
transit to the consumer unless:

(1) The consumer uses credit card services as a means for the
payment of the service and the payment will still be credited
notwithstanding the cancellation;

(2) The consumer remits the reimbursement and payment to the
ride hailing service partner as a pre-condition for the
cancellation of the order; or

(3) The delivery of ordered food or grocery items will be or was
delayed for at least one (1) hour from the expected time of
arrival due to the fault or negligence of the ride hailing service
partner.

(b) Unreasonably shame, demean, embarrass, or humiliate ride hailing
service partners. The consumer may invoke as a defense of good faith,
a well-founded belief that the ride hailing service partner had
committed a crime or caused civil injury towards the consumer.

SEC. 23. Right toTerminate 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 to 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 caused by the negligence of the consumer, 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, within fourteen (14) days from receipt of reimbursement; 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. 24. Damages. – The online merchant is liable for damages to the consumer due to the lack of conformity with the contract of the goods. The consumer may claim damages within two (2) years from the relevant time of establishing conformity.

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

SEC. 25. 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 eCommerce platform operators seeking out-of-court resolution of disputes. Where an eCommerce platform operator does not have an internal dispute resolution mechanism, all complaints through an ODR against an eCommerce platform operator shall be accompanied by proof that internal dispute resolutions were exhausted.

(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 data 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, and the ODR platform is accessible and usable by all 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 Fair Trade Enforcement Bureau (FTEB) of the DTI, the Department of Agriculture (DA), the Department of Tourism (DOT), and the Department of Health (DOH). The NPC and the Intellectual Property Office of the Philippines (IPOPHIL) 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:

(1) Provide an electronic form by means of which alternative dispute resolution (ADR) entities shall transmit the information;
(2) 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

(3) 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.

(c) 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.

**SEC. 26. Limited Liability of eCommerce Platform Operators.** —

(a) eCommerce platform operators shall be solidarily liable with an online merchant to the consumer only to the extent of civil damages suffered by the consumer as a direct result of the transaction, without prejudice to liabilities that may incur under the next succeeding paragraph or the provisions of other existing laws.

(b) eCommerce platform operators shall, for civil or administrative indemnity, be held liable with an online merchant only under the following instances:

(1) If the eCommerce platform operator fails to exercise ordinary diligence in complying with its obligations under Section 18 hereof, resulting to loss or damage to the consumer;
(2) If the identity of the online merchant and the eCommerce platform operator are the same;

(3) If the eCommerce platform operator fails, after notice, to act expeditiously to remove, or disable access to goods or services appearing on their platform that they know or should have known to be not compliant with law, or otherwise infringes on intellectual property rights;

(4) If the eCommerce platform operator permits an online merchant, not otherwise authorized to do business in the Philippines, to offer its goods and services for sale, resulting to loss or damage to the consumer.

(c) eCommerce platform operators shall not be held liable under the following instances:

(1) The eCommerce platform operator relied on the accuracy, authenticity, and veracity of an online merchant’s representations, warranties or submitted registration documents, even if such information or documents are later proved to be inaccurate, false or untrue: Provided, That, the eCommerce platform operators are able to show evidence of good faith and that reasonable efforts were exerted to ascertain the accuracy and reliability of the documents or information submitted by such online merchant.

(2) The eCommerce platform operator relied on the representations, warranties or submissions of an online merchant stating that it is duly organized, valid and existing under the laws of the Philippines or under the laws of its respective jurisdictions to engage in eCommerce, or has obtained all necessary licenses, permits or approvals required for the sale of goods and services, or that said goods and services conform to applicable laws, rules and regulations.
SEC. 27. Digital Payments. – ECommerce platform operators and online merchants shall issue the appropriate paper or electronic invoices or receipts for all sales in accordance with relevant internal revenue laws and regulations. An electronic invoice or receipt shall have the same legal effect as a physical invoice or receipt.

The DTI, through the Bureau, shall, in coordination with the Bangko Sentral ng Pilipinas (BSP), the BIR, the Bureau of Customs (BOC), the DOJ, the Philippine National Police, the DICT, and the NTC, issue rules and regulations to modernize and streamline the regulatory framework and encourage the adoption of electronic payment systems by the citizenry. The DTI shall also develop guidelines to protect merchants and consumers covering the various digital payment solutions.

SEC. 28. Enforcement of Rights and Remedies. – Without prejudice to existing remedies provided under other laws, the enforcement of the rights and remedies established under this Chapter shall be through the following means:

(a) If involving complaints by a consumer where no damages are sought, the complaint shall be treated as a consumer complaint with the DTI pursuant to Title V, Chapter III of Republic Act No. 7394, otherwise known as the “Consumer Act of the Philippines”;

(b) If involving a claim for damages, the injured party shall seek recovery by filing a civil action with the appropriate trial court.

CHAPTER 5

ELECTRONIC COMMERCE PHILIPPINE TRUSTMARK

SEC. 29. ECommerce Philippine Trustmark. – To provide assurance of safety and security in internet transactions, the DTI shall lead the development of an eCommerce Philippine Trustmark hereinafter referred to as the, “Trustmark”, which may be established and operated by an industry-led private sector governance body. The DTI shall periodically assess the effectiveness of the industry-led Trustmark in promoting to the public reliable and trustworthy eCommerce services, and may opt to assume operational control over the
Trustmark if it determines that the industry-led private sector effort cannot sufficiently achieve the goals of the Trustmark.

CHAPTER 6
FINAL PROVISIONS

SEC. 30. Penalties. –

(a) Online merchants 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 goods as advertised;

(b) eCommerce platform operators and online merchants found guilty of violating Section 18, or Section 19 (d) of this Act shall be punished with a fine not less than Five hundred thousand pesos (PhP 500,000.00) but not more than Five million pesos (PhP 5,000,000.00) or the revocation of their licenses, or both, at the discretion of the courts.

(c) Ride hailing service providers found guilty of violating Section 21 of this Act shall be punished with a fine of up to Five hundred thousand pesos (PhP 500,000.00) or the revocation of their licenses, or both, at the discretion of the courts.

(d) Consumers found guilty of violating Section 22 (a) of this Act shall be punished with a fine of up to Fifty thousand pesos (PhP 50,000.00) plus one hundred percent (100%) of the amount advanced by the ride hailing service partner, or both, at the discretion of the courts.

(e) Consumers found guilty of violating Section 22 (b) and Section 23 (b) of this Act shall be punished with a fine of up to Fifty thousand pesos (PhP 50,000.00), at the discretion of the courts.
The application of these penalties shall be without prejudice to the liability of the offending party under other laws or regulations.

**SEC. 31. Oversight Committee.** – There is hereby created a Congressional Oversight Committee, hereinafter referred to as the Internet Transactions Act Congressional Oversight Committee, to be composed of five (5) members from the Senate, which shall include the Chairpersons of the Senate Committees on Trade, Commerce and Entrepreneurship, Science and Technology, and Finance, and five (5) members from the House of Representatives, which shall include the Chairpersons of the House of Representatives Committees on Trade and Industry, ICT, and Appropriations. The Internet Transactions Act Congressional Oversight Committee shall be jointly chaired by the Chairpersons of the Senate Committee on Trade and Commerce and the House of Representatives Committee on Trade and Industry. It shall meet at least every quarter of the first two years and every semester for the third year after the approval of this Act to review the implementation of this Act, evaluate the Bureau on its functions as the lead agency, determine any inherent weaknesses in the law, and recommend the necessary remedial legislation or executive measures: Provided, That the Internet Transactions Act Congressional Oversight Committee shall cease to exist after five (5) years upon the effectivity of this Act.

The Secretariat of the Internet Transactions Act Congressional Oversight Committee shall be drawn from the existing personnel of the Senate and House of Representatives Committees comprising the Internet Transactions Act Congressional Oversight Committee.

**SEC. 32. Implementing Rules and Regulations.** – The Secretary of Trade and Industry shall, in consultation with the DICT, the BSP, the DOT, the Land Transportation Franchising and Regulatory Board (LTFRB), the Optical Media Board (OMB), the IPOPIL, and other relevant government agencies and stakeholders, develop and issue the implementing rules and regulations of this Act.

**SEC. 33. Transitory Provisions.** – To ensure the continued implementation of programs to promote eCommerce, the current eCommerce Division shall continue to exercise its functions until such time that the
organizational structure and personnel of the Bureau have been determined and approved.

All affected officers and personnel of the eCommerce Division shall be absorbed by the Bureau without demotion in rank or diminution of salaries, benefits and other privileges.

SEC. 34. Appropriations. —The amount necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act.

SEC. 35. 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. 36. 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. 37. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least one (1) newspaper of general circulation. It shall also be published online, through the Official Gazette Online (www.officialgazette.gov.ph), and on the website of the DTI (www.dti.gov.ph).

Approved,