

HOUSE OF REPRESENTATIVES

H. No. 4

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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 House of Representatives of the Philippines in Congress assembled:

CHAPTER 1

GENERAL PROVISIONS

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

2 SEC. 2. *Declaration of Policy.* – It is the policy of the State to promote and maintain
3 a robust electronic commerce (eCommerce) environment in the country by building trust between
4 online merchants and consumers. The State recognizes the value and potential of the digital
5 economy to increase competition and improve productivity, thus the need to establish secure and
6 reliable eCommerce platforms where goods and services are transacted online with appropriate
7 transparency and utmost efficiency to encourage the creation of new products, services, business
8 models and processes. Towards these ends, the State shall ensure an effective regulation of

1 commercial activities through the internet or electronic means to ensure that consumer rights and
2 data privacy are protected, innovation is encouraged, fair advertising practices and competition are
3 promoted, online transactions are secured, intellectual property rights are respected, and where
4 product standards and safety are observed.

5

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

7

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

11

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

14

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

19

20 (d) *Consumer* refers to a person who is a purchaser, lessee, recipient or prospective
21 purchaser, lessor or recipient of consumer products, services, credit, technology,
22 advertising or promotion, and other items in eCommerce;

23

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

27

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

29

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

- 1 (h) *Digital financial services* refer to services of a financial nature that are made available
2 to the public through the internet, including banking services, insurance and
3 insurance-related services, payment and money transmission services, including
4 remittance services, online lending services, online investment services, and other
5 similar or related services;
6
- 7 (i) *Electronic commerce* or *eCommerce* refers to the production, distribution, marketing,
8 sale, or delivery of goods and services by electronic means;
9
- 10 (j) *eCommerce platform operator* refers to a natural or juridical person that solicits the
11 purchase of goods and services through digital platforms and marketplaces whose
12 business is to connect consumers and online merchants, facilitating sales of
13 products, goods or services through the internet with the presence and use of
14 monetary transactions. These shall include social media websites and any other
15 similar platforms in so far that it is used for business.
16
- 17 (k) *Functionality* refers to the ability of the digital content or digital service to perform
18 its functions according to its purpose;
19
- 20 (l) *Goods* refer to physically or digitally produced items over which ownership rights
21 may be established and whose economic ownership may be passed from one
22 institutional unit to another by engaging in transactions;
23
- 24 (m) *Internet access and service provider* refer to an entity that provides households,
25 businesses, and government access to the internet through the physical transport
26 infrastructure;
27
- 28 (n) *Internet retailing of consumer goods and services* refers to engaging in any eCommerce
29 activity other than online travel services, online media, ride hailing services, and
30 digital financial services;
31
- 32 (o) *Internet transaction* refers to the sale or purchase of goods or services, whether
33 between businesses, households, individuals, governments, and other public or

1 private organizations, conducted over the internet. At least one point of these
2 transactions is conducted over the internet but the payment and ultimate delivery
3 of the goods or service may be conducted on or offline:
4

5 (p) *Interoperability* refers to the ability of the digital content or digital service to function
6 with hardware or software different from those with which digital content or digital
7 services of the same type are normally used;
8

9 (q) *Online merchant* refers to a natural or juridical person, regardless of location, that
10 directly sells, manufactures goods, or offers for sale, any good or service, either
11 individually or through a platform, in the ordinary course of business, over the
12 internet, through a website, an online marketplace, a social media website or
13 application or through other similar means;
14

15 (r) *Online media* refers to digital media products or services pertaining to advertising,
16 gaming, subscription music, and video on demand, available through an online
17 platform, application, website, webpage, social media account, or other similar
18 platforms operated by the provider, regardless of whether the provider is
19 authorized to engage in eCommerce;
20

21 (s) *Online travel services* refer to services that facilitate the reservation, purchase or
22 discounting of flights, hotel accommodations, and vacation rental spaces, through
23 an online platform, application, website, webpage, social media account, or other
24 similar platform operated by the provider, regardless of whether the provider is
25 authorized to engage in eCommerce in the Philippines;
26

27 (t) *Price* refers to money or a digital representation of value that is due in exchange for
28 the supply of goods, services, digital content, or digital service;
29

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

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

2
3 (w) *Ride hailing service* refers to the delivery of food, goods or other merchandise, or of
4 personal transport services, contracted through an online platform, application,
5 website, webpage, social media account, or other similar platform operated by the
6 provider, regardless of whether the provider is authorized to engage in eCommerce
7 in the Philippines;

8
9 (x) *Ride hailing service partner* refers to third-parties who offer their services to transport
10 or deliver food, parcels or any other item, on behalf of ride hailing service
11 providers; and

12
13 (y) *Ride hailing service provider* refers to those, who in the ordinary course of trade or
14 business, provide for or facilitate ride hailing services.

15
16 **SEC. 4. *Scope and Coverage.*** – Unless otherwise specified, this Act shall apply to any
17 stage of all business-to-business and business-to-consumer eCommerce and internet transactions
18 including those related to the following activities:

19
20 (a) Internet retail of consumer goods and services;

21 (b) Online travel services;

22 (c) Online media providers;

23 (d) Ride hailing services; and

24 (e) Digital financial services.

25
26 Consumer-to-consumer transactions shall be exempt from the operation of this Act,
27 without prejudice to the application of other laws.

28
29 Unless expressly specified, nothing in this Act shall be construed as to diminish or deprive
30 the regulatory jurisdiction conferred by law upon other government agencies with respect to
31 regulated services that fall within the scope of eCommerce.

32
33 **SEC. 5. *Extra-territorial Application.*** – A person engaging in eCommerce who
34 purposefully avails of the Philippine market shall be deemed as doing business in the Philippines

1 and be subject to applicable Philippine laws and regulations, including this Act. One who purposely
2 avails of the Philippine market without establishing any real or legal presence in the Philippines
3 shall be required to notify the eCommerce Bureau created under Section 7 of this Act for inclusion
4 in the Registry of Online Business established under Section 11 of this Act, or may designate a
5 resident agent who shall be authorized to receive on their behalf notices or processes in any legal
6 proceeding in the Philippines. The accessibility of goods and services to consumers in the
7 Philippines shall be considered in ascertaining whether one engaged in eCommerce is purposefully
8 availing the Philippine market.

9
10 **SEC. 6. *Equal Treatment of Online and Offline Commercial Activities.*** – Unless
11 otherwise specified, this Act shall be construed to ensure that those who engage in eCommerce
12 may not enjoy any benefit that is more favorable, nor be placed at a disadvantage, in relation to
13 other enterprises that offer goods and services offline in the Philippines.

14
15 **CHAPTER 2**
16 **ECOMMERCE BUREAU**

17
18 **SEC. 7. *Creation of the eCommerce Bureau.*** – To ensure the attainment of the
19 objectives of this Act and promote the growth of eCommerce, there is hereby created an
20 Electronic Commerce Bureau under the Department of Trade and Industry (DTI), hereinafter
21 referred to as the eCommerce Bureau, which shall be organized within six (6) months after the
22 effectivity of this Act. The e-Commerce Bureau shall have the following powers and functions:

- 23
24 (a) Implement, monitor, and ensure strict compliance by eCommerce stakeholders of
25 the provisions of this Act;
26
27 (b) Build trust between consumers and sellers by requiring eCommerce platform
28 operators, online merchants, or any other entity who engages in eCommerce to
29 register their business with the eCommerce Bureau;
30
31 (c) Formulate policies, plans and programs to ensure the robust and dynamic
32 development of eCommerce;

- 1 (d) Identify regulatory gaps affecting the eCommerce sector that are not sufficiently
2 addressed by this Act or by existing laws or regulations, and recommend
3 appropriate executive or legislative measures, including those that can be
4 undertaken by the DTI on its own, that fosters the growth of the sector.
5
- 6 (e) Act as a virtual central unit tasked to receive and address consumer complaints on
7 internet transactions, facilitate the speedy resolution of consumer complaints by
8 the respective government agency which has jurisdiction over it, and track
9 complaints referred to or initiated by it to ensure the speedy and appropriate action
10 by the agency to which such matters have been referred to;
11
- 12 (f) Coordinate with, compel or petition whenever appropriate, any entity, government
13 agency or instrumentality to take action on any matter that may impede
14 eCommerce;
15
- 16 (g) Investigate, *motu proprio*, and file the appropriate cases for violations of any
17 provision of this Act;
18
- 19 (h) Intervene or participate, in a manner as may be appropriate, in cases initiated or
20 pending with other regulatory agencies involving eCommerce or violations of any
21 provision of this Act;
22
- 23 (i) Monitor internet transactions and undertake consultation with stakeholders and
24 affected agencies for the purpose of understanding market behavior in order to
25 update policies relevant to online transactions;
26
- 27 (j) Monitor the compliance of other government agencies or instrumentalities on their
28 compliance to the provisions of this Act and the eCommerce roadmap;
29
- 30 (k) Collect, compile, analyze, abstract, and publish eCommerce data for policy
31 formulation and program development;
32
- 33 (l) Prepare and conduct periodic studies on eCommerce;

1 (m) Collaborate with departments of the National Government including local
2 government units and government-owned or controlled corporations in
3 implementing programs to promote eCommerce, including information,
4 education, and campaign, as well as in ensuring a policy regime that is proactive;
5 and

6
7 (n) Ensure that those who engage in eCommerce may not enjoy any benefit that is
8 more favorable, nor be placed at a disadvantage, in relation to other enterprises
9 that offer goods and services offline in the Philippines.

10
11 In the exercise of the above-stated functions, the eCommerce Bureau, in coordination with
12 other government agencies, may conduct public consultations or inter-agency meetings to ensure
13 multi-stakeholder input in the development of eCommerce policies.

14
15 Government agencies and instrumentalities involved in the maintenance and development
16 of the internet infrastructure of the Philippines, such as the Department of Information and
17 Communications Technology (DICT) and the National Telecommunications Commission (NTC),
18 shall cooperate with the eCommerce Bureau on issues within their respective regulatory
19 jurisdiction that affect the conduct of eCommerce.

20
21 **SEC. 8. *Composition of the eCommerce Bureau.*** – The eCommerce Bureau shall
22 be headed by a Director to be appointed by the President of the Philippines, as recommended by
23 the Secretary of Trade and Industry.

24
25 The Director shall oversee the day-to-day operations of the eCommerce Bureau and shall
26 be assisted by an Assistant Director.

27
28 The Secretary of the DTI shall determine the organizational structure and staffing pattern
29 of the eCommerce Bureau in accordance with the existing compensation and position
30 classification system subject to the evaluation and approval of the Department of Budget and
31 Management.

32
33 **SEC. 9. *Subpoena.*** - In the exercise of its powers under this Act, the Director of the
34 eCommerce Bureau shall have the power to issue summons, *subpoena ad testificandum* and *subpoena*

1 *duces tecum* to alleged violators or witnesses to compel their attendance and the production of
2 documents in investigations or proceedings before the eCommerce Bureau.

3 The failure to comply with a *subpoena ad testificandum* or *subpoena duces tecum* shall be a ground
4 for the filing of a case for indirect contempt under the Rules of Court with the Regional Trial
5 Court. A certification duly issued by the eCommerce Bureau that a respondent to the *subpoena ad*
6 *testificandum* or *subpoena duces tecum* refuses to comply with the same, despite due notice, shall be
7 sufficient evidence to authorize the Regional Trial Court to cite the respondent with contempt.
8 The Regional Trial Court shall likewise have the authority to issue any such order or relief,
9 including imprisonment, in order to compel compliance with the *subpoena ad testificandum* or *subpoena*
10 *duces tecum*. The Regional Trial Court may, in addition, also issue a *subpoena ad testificandum* or *subpoena*
11 *duces tecum* addressed to the respondents identical to the one subject of the complaint.

12
13 **SEC. 10. Authority to Promulgate Rules and Regulations.** – As the focal authority
14 of the National Government for the development of policies and strategies towards the growth of
15 eCommerce, the eCommerce Bureau shall have the authority to promulgate rules and regulations
16 covering areas or activities concerning eCommerce and to impose fines to compel compliance
17 with such rules. The grant of this rule-making authority to the eCommerce Bureau shall be ancillary
18 to any duly constituted regulatory jurisdiction granted or that may be granted to other government
19 agencies by law, including Executive Order No. 292, series of 1987, instituting the “Administrative
20 Code of 1987”, Republic Act No. 7394, otherwise known as the “Consumer Act of the
21 Philippines”, Republic Act No. 7653, as amended, otherwise known as “The New Central Bank
22 Act”, Republic Act No. 8293, as amended, otherwise known as the “Intellectual Property Code of
23 the Philippines”, Republic Act No. 8799, otherwise known as the “Securities Regulation Code”,
24 Republic Act No. 9239, otherwise known as the “Optical Media Act of 2003”, Republic Act No.
25 9593, otherwise known as the “Tourism Act of 2009”, Republic Act No. 10173, otherwise known
26 as the “Data Privacy Act of 2012”, Republic Act No. 10667, otherwise known as the “Philippine
27 Competition Act”, Republic Act No. 11127, otherwise known as “The National Payment Systems
28 Act”, and Republic Act No. 11232, otherwise known as the “Revised Corporation Code”.

29
30 The eCommerce Bureau shall defer the exercise of rule-making power conferred by law to
31 the above-mentioned authorized government agencies with regulatory jurisdictions over
32 eCommerce providers or platforms, unless such agencies decline to exercise their jurisdiction or
33 do not act within a timely manner.

1 that are accessible in the Philippines, and directing that no payments shall be made to any entity
2 which is marketing or offering such goods or services in violation of this Act, the Consumer Act
3 of the Philippines, or any other related trade or consumer laws.

4
5 The cease and desist order shall remain in effect for a maximum of thirty (30) days unless
6 otherwise extended or made permanent by a judicial order or decision.

7
8 **SEC. 14. *Referral of Complaints.*** – The eCommerce Bureau shall refer any complaint
9 it receives involving violation of other laws committed in the course of eCommerce activities to
10 the appropriate regulatory authority for action. If the complaint or violation pertains to the
11 violation of the provisions of Republic Act No. 10175, otherwise known as the “Cybercrime
12 Prevention Act of 2012”, the matter shall be referred to the Department of Justice (DOJ) for
13 appropriate investigation. In cases where appropriate, the DTI may itself initiate the formal
14 complaint with the appropriate regulatory authority or the DOJ. The eCommerce Bureau shall
15 track any such complaint or referral made to other authorities and coordinate with them to ensure
16 that the said matters are duly resolved within a reasonable period.

17
18 **SEC. 15. *Qualifications to Engage in eCommerce.*** – The following are presumed
19 legally authorized to engage in eCommerce in the Philippines in the ordinary course of their trade
20 or business:

- 21
22 (a) An individual who is duly licensed to do business as a single-proprietor with the
23 DTI;
- 24
25 (b) A juridical entity that is duly registered with the Securities and Exchange
26 Commission (SEC), whether as a corporation, a one-person corporation, or as a
27 partnership;
- 28
29 (c) A cooperative that is duly licensed by the Cooperative Development Authority
30 (CDA);
- 31
32 (d) A foreign corporation that is duly licensed by the SEC to transact business in the
33 Philippines; and

1 (e) A non-resident foreign individual or juridical entity who has complied with Section
2 5 of this Act.

3
4 A resident of the Philippines who engages, abets, or aids in unauthorized eCommerce
5 activities in the ordinary course of trade or business shall be subject to any appropriate penalty as
6 may be provided by law and shall in the same manner as the party engaged in such unauthorized
7 eCommerce activities.

8
9 A person who is authorized to engage in eCommerce in the Philippines and who facilitates
10 the sale of a digital product or service by one who is not so authorized is deemed primarily liable
11 for any obligation, damage, or fine, that may arise from the transaction or from the digital product.

12
13 A non-resident of the Philippines who engages in eCommerce by purposefully availing of
14 the Philippine market may not evade legal liability in the Philippines by virtue of non-residency or
15 non-registration, and shall be subject to the same obligations and liabilities arising from any
16 transaction as those who are authorized to engage in eCommerce in the Philippines.

17
18 **SEC. 16. *Business Registration.*** –

19
20 (a) To encourage the formation of business enterprises, the growth and integrated
21 development of the eCommerce market, and protection of online consumers, all
22 individuals engaged in eCommerce shall register as a business either as a sole
23 proprietor, one-person corporation, partnership, corporation, or cooperatives.

24
25 (b) Consistent with Republic Act No. 11032, otherwise known as the “Ease of Doing
26 Business and Efficient Government Service Delivery Act of 2018,” all national
27 government agencies and local government units (LGUs) shall make available
28 online registration of business permits and licenses particularly for those engaged
29 in eCommerce.

30
31 (c) The SEC, LGUs, and the CDA shall submit to the eCommerce Bureau an annual
32 list of registered enterprises for monitoring and for purposes of maintaining a
33 database of online merchants and eCommerce platform operators.

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CHAPTER 4
CONSUMER RIGHTS AND OBLIGATIONS
INVOLVING 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;

- 1 (i) The tracking of deliveries must be provided as part of services of online merchants
2 or eCommerce platform operators and goods purchased must be delivered within
3 the promised time and in described condition to the address provided by the
4 consumer;
- 5
- 6 (j) A cancellation option must be provided wherein consumers are given the
7 opportunity to review their online purchases before finally confirming their
8 purchase or withdrawing from a confirmed transaction in appropriate
9 circumstances;
- 10
- 11 (k) Consumer complaints must be dealt with through fair, easy, transparent and
12 equitable mechanisms for consumer redress. If warranted, compensation, refund,
13 repair, and replacement should be provided to the consumer;
- 14
- 15 (l) Data privacy laws and regulations, including Republic Act No. 10173, otherwise
16 known as the “Data Privacy Act of 2012,” and other similar laws and regulations
17 shall be strictly complied with;
- 18
- 19 (m) The safety and security of online payments and sensitive data shall be safeguarded
20 through the use of secure technology and protocols including those evidenced by
21 visible trust certificates or any appropriate similar certification as may emerge in
22 the future;
- 23
- 24 (n) The transmission of unsolicited commercial email or bulk email, except those
25 subject to the control and discretion of the consumer through readily accessible
26 configurations that allow the consumer to choose whether they wish to receive or
27 opt-out from commercial messages by email or electronic means, must be avoided;
- 28
- 29 (o) The production of fake online reviews or spreading wrong information about
30 competitors is improper and must be avoided;

- 1 (p) Consumers must be educated about the risks of transacting through the internet
2 and shall be provided competent and professional advice; and
3
4 (q) Competing fairly with other businesses and adherence to competition principles
5 and all applicable competition laws and regulations, including Republic Act No.
6 10667, otherwise known as the “Philippine Competition Act”, shall ensure the
7 robust development of eCommerce and the economy.
8

9 Whenever appropriate, the DTI shall issue rules and regulations corresponding to
10 international trends, developments and best practices that it may adopt and implement.
11

12 **SEC. 18. *Obligations of eCommerce Platform Operators.*** – eCommerce platform
13 operators shall have the following obligations:
14

15 (a) Ensure that any commercial communication shall:
16

17 (1) Be clearly identifiable as a commercial communication;
18

19 (2) Clearly identify the person on whose behalf the commercial
20 communication is made;
21

22 (3) Clearly identify any promotional offer including any discount, premium, or
23 gift, and ensure that any condition which must be met to qualify for it is
24 easily accessible, and presented clearly and unambiguously; and
25

26 (4) Clearly identify any promotional competition or game and ensure that any
27 condition for participation is easily accessible and presented clearly and
28 unambiguously.
29

30 (b) Require all online merchants, prior to the commencement of online transactions
31 to submit the following to eCommerce platform operators:
32

33 (1) Name of the online merchant;

- 1 (2) Registration documents of the online merchant from the appropriate
2 LGU, the DTI or SEC, and the Bureau of Internal Revenue (BIR);
3
- 4 (3) Geographic address at which the online merchant may be served summons
5 or any other judicial processes in its name and behalf;
6
- 7 (4) Contact details of the online merchant, such as a mobile or landline
8 number, and a valid electronic mail address, which makes it possible to
9 immediately and easily contact and communicate with the online merchant
10 in a direct and effective manner; and
11
- 12 (5) Details of any professional body or similar institution with which the online
13 merchant is registered, in instances when the online merchant exercises a
14 regulated profession.
15
- 16 (c) Maintain a file of all online merchants registered under their platform containing
17 the information provided by online merchants in paragraph (b) of this Section;
18
- 19 (d) Publish at a conspicuous part on their website, webpage, social media account, or
20 other similar platform, the following general information:
21
- 22 (1) Name of the online merchant;
23
- 24 (2) Registration documents of the online merchant from the appropriate
25 LGU, the DTI or SEC, and the BIR;
26
- 27 (3) Geographic address at which the online merchant may be served summons
28 or any other judicial processes in its name and behalf;
29
- 30 (4) Contact details of the online merchant, a mobile or landline number, or a
31 valid electronic mail address, to facilitate immediate, direct, and effective
32 communication with the online merchant, unless the eCommerce

1 online platform establishes means to facilitate communication between
2 online merchants and consumers; and

3
4 (5) Details of any professional body or similar institution with which the online
5 merchant is registered, in instances when the online merchant exercises a
6 regulated profession;

7
8 (e) Submit to the eCommerce Bureau a list of all online merchants registered under
9 their platform. When an eCommerce platform operator discovers that an
10 onboarded online merchant has not obtained registration documents from the
11 relevant regulatory agency, it shall report such fact to the eCommerce Bureau
12 within fifteen (15) days from discovery thereof; and

13
14 (f) Cooperate with regulators, in accordance with existing laws and regulations, in any
15 investigation, or resolution of consumer complaints.

16
17 **SEC. 19. *Internet Transactions Involving Consumers.*** – An online merchant of
18 goods shall exercise the following responsibilities:

19
20 (a) Deliver or cause the delivery of goods to the consumer, ensuring that the following
21 are complied with:

22
23 (1) The goods are of the description, type, quantity, and quality, and possess
24 the functionality, compatibility, interoperability and other features, as
25 required by the sales contract. The online merchant must show a digital
26 sample or model of the goods to the consumer and the goods possess the
27 quality of and correspond to the description of the sample or model;
28 possess the qualities and performance features, including in relation to
29 functionality, compatibility, interoperability, accessibility, continuity, and
30 security, normal for digital content or digital services of the same type and
31 of which the consumer may reasonably expect; fit for any particular
32 purpose for which the consumer requires them and which the consumer
33 made known to the online merchant at the time of the conclusion of the
34 contract, and which the online merchant has accepted; and possess the

1 qualities and performance capabilities indicated in any pre-contractual
2 statement which forms an integral part of the contract.

3
4 (2) All goods shall:

5
6 (i) Be delivered along with the accessories including packaging,
7 installation instructions or other instruction as the consumer may
8 expect to receive; and

9
10 (ii) Possess qualities and performance capabilities which are normal in
11 goods of the same type and which the consumer may expect given
12 the nature of the goods and taking into account any public
13 statement made by or on behalf of the online merchant or other
14 persons in earlier links of the chain of transactions, including the
15 producer, unless the online merchant shows that: the online
16 merchant was not, and could not reasonably have been aware of
17 the statement in question; by the time of conclusion of the
18 contract, the statement had been corrected; or the decision to buy
19 the goods could not have been influenced by the statement.

20
21 (b) Be liable for any lack of conformity with the contract which exists at the time when:

22
23 (1) The consumer or a person acting on behalf of the consumer has acquired
24 the physical possession of the goods, or when the goods are handed over
25 to the carrier chosen by the consumer, and that carrier was not proffered
26 by the online merchant or where the online merchant proposes no means
27 of carriage;

28
29 (2) The goods have been installed by the online merchant or under the online
30 merchant's responsibility. The time at which the installation has been
31 completed shall be considered the time when the consumer acquires
32 physical possession of the goods;

- 1 (3) The goods have been installed by the consumer in accordance with the
2 online merchant's installation instructions. The expiration of a reasonable
3 period for installation, which shall not be more than thirty (30) days, shall
4 be considered the time when the consumer acquires the physical
5 possession of the goods.
6
- 7 (4) The goods are incorrectly installed. Any lack of conformity resulting from
8 the correct installation is regarded as lack of conformity with the contract
9 of the goods if:
- 10 (i) The goods were installed by the online merchant or under the
11 online merchant's responsibility; and
12
13 (ii) The goods, intended to be installed by the consumer, were installed
14 by the consumer and the correct installation was due to a
15 shortcoming in the installation instructions.
16
- 17 (c) Where the contract provides that the digital content or digital service is to be
18 supplied or made accessible to the consumer over a period of time, the online
19 merchant may modify the digital content or digital service beyond what is necessary
20 to maintain the digital content or digital service in conformity with the contract, if
21 the following conditions are met:
22
- 23 (1) The contract allows, and provides a valid reason for, such a modification;
24
25 (2) Such a modification is made without additional cost to the consumer; and
26
27 (3) The consumer is informed in a clear and comprehensible manner of the
28 modification.
29
30
- 31 (d) Where the online merchant operates its own website, webpage, social media
32 account, or any other similar platform, it shall publish on its homepage the
33 following:
34
- 35 (1) Name of the online merchant;

- 1 (2) Registration documents of the online the appropriate LGU, the DTI or
2 SEC, the BIR, and other appropriate regulatory authorities;
3
4 (3) Geographic address at which the online merchant may be served summons
5 or any other judicial processes in its name and behalf,
6
7 (4) Contact details of the online merchant, a mobile or landline number, and
8 a valid electronic mail address, which will facilitate immediate, direct, and
9 effective communication with the online merchant; and
10
11 (5) Details of any professional body or similar institution with which the online
12 merchant is registered, in instances when the online merchant exercises a
13 regulated profession.

14
15 Any agreement is valid only if, at the time of the conclusion of the contract, the consumer
16 has knowledge of the specific condition of the goods and the consumer has expressly accepted
17 this specific condition when concluding the contract.

18
19 **SEC. 20. *Right to Redress by Online Merchants.*** – Where the online merchant is
20 liable to the consumer because of a lack of conformity with the contract resulting from an act or
21 omission by a person in earlier links of the chain of transactions, the online merchant is entitled
22 to pursue remedies against the person or persons liable in the chain of transactions.

23
24 The person against whom the online merchant may pursue remedies and the relevant
25 actions and conditions to exercise must be in accordance with the following:

- 26
27 (a) Repairs must be completed and replacements delivered within a reasonable time
28 and without any significant inconvenience to the consumer, taking into account
29 the nature of the goods and the purpose for which the consumer acquired the
30 goods;
31
32 (b) A proportionate reduction of the price or the termination of the contract, including
33 restitution of the price, in the following instances:

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- (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;

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

- 4
- 5 (1) The value of the goods, if the goods conformed with the contract;
 - 6
 - 7 (2) The significance of the lack of conformity with the contract; and
 - 8
 - 9 (3) Whether the alternative remedy may be completed without significant
10 inconvenience to the consumer.

11

12 The reduction in the price of the goods should be proportionate to the decrease in its value
13 as received by the consumer when compared to the value of the goods if it were in conformity
14 with the contract.

15

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

20

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

23

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

- 27
- 28 (1) The consumer uses credit card services as a means for the payment of the
29 service and the payment will still be credited notwithstanding the
30 cancellation;
 - 31
 - 32 (2) The consumer remits the reimbursement and payment to the ride hailing
33 service partner as a pre-condition for the cancellation of the order; or

1 (3) The delivery of ordered food or grocery items will be or was delayed for at
2 least one (1) hour from the expected time of arrival due to the fault or
3 negligence of the ride hailing service partner.
4

5 (b) Unreasonably shame, demean, embarrass, or humiliate ride hailing service partners.
6 As a defense of good faith, the consumer may invoke a well-founded belief that
7 the ride hailing service partner had committed a crime or caused civil injury
8 towards the consumer.
9

10 **SEC. 23. *Right to Terminate the Contract.*** – If the goods delivered do not conform
11 to the contract, the consumer may exercise the right to terminate the contract by giving notice to
12 the online merchant. Where the lack of conformity relates to only some of the goods delivered
13 under the contract, the consumer may terminate the contract only in relation to the non-
14 conforming good and any other goods which was acquired as an accessory to it.
15

16 Where the consumer terminates a contract as a whole or in relation to some of the goods
17 delivered:
18

19 (a) The online merchant shall reimburse to the consumer the price paid without undue
20 delay and in any event not later than fourteen (14) days from receipt of the notice;
21

22 (b) Upon receipt of the reimbursement from the online merchant, the consumer shall
23 return, at the online merchant's expense, the goods without undue delay and in any
24 event not later than fourteen (14) days from the receipt of the reimbursement;
25

26 (c) Where the goods cannot be returned because of destruction or loss caused by the
27 negligence of the consumer, the consumer shall pay to the online merchant, within
28 fourteen (14) days from receipt of reimbursement, the monetary value which the
29 non-conforming goods would have had at the date when the return was to be made
30 if they had been kept by the consumer without destruction or loss until that date,
31 unless the destruction or loss has been caused by a lack of conformity of the goods
32 with the contract; and

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

4
5 **SEC. 24. Damages.** – The online merchant is liable for damages to the consumer due
6 to the lack of conformity with the contract of the goods. The consumer may claim damages within
7 two (2) years from the relevant time of establishing conformity.

8
9 No damages may be recovered by virtue of this Act after the lapse of four (4) years from
10 the time the conformity has been established.

11
12 **SEC. 25. Online Dispute Resolution.** – The DTI shall develop an online dispute
13 resolution (ODR) platform which is a single point of entry for consumers, online merchants, and
14 eCommerce platform operators seeking out-of-court resolution of disputes. Where an
15 eCommerce platform operator does not have an internal dispute resolution mechanism, all
16 complaints through an ODR against an eCommerce platform operator shall be accompanied by
17 proof that internal dispute resolutions were exhausted.

18
19 (a) The ODR shall be an interactive website which may be accessed electronically and
20 free of charge. The DTI, through the eCommerce Bureau, shall be responsible for
21 its operation, including its maintenance, funding and data security. The ODR
22 platform must be user-friendly and must adopt the twin principles of “privacy by
23 design” and “design for all”, where the privacy of its users is respected, and the
24 ODR platform is accessible and usable by all users.

25
26 (b) The DTI shall establish a network of ODR contact points from, among others,
27 the agencies involved in consumer complaints specified in Republic Act No. 7394,
28 otherwise known as the “Consumer Act of the Philippines,” which includes the
29 Fair Trade Enforcement Bureau of the DTI, the Department of Agriculture, the
30 Department of Tourism (DOT), and the Department of Health. The NPC and
31 the Intellectual Property Office of the Philippines (IPOPHIL) shall also form part
32 of the ODR network.

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

6
7 (d) The ODR platform shall have the following functions:

8
9 (1) Provide an electronic form by means of which alternative dispute
10 resolution (ADR) entities shall transmit the information;

11
12 (2) Provide a feedback system which allows the parties to express their views
13 on the functioning of the ODR platform and on the ADR entity which
14 handles their dispute; and

15
16 (3) Make publicly available general information on ADR as a means of out-of-
17 court dispute resolution and information on ADR entities which are
18 competent to deal with disputes.

19
20 (e) The DTI shall ensure that the information in the website is accurate, up to date
21 and provided in a clear, understandable and accessible way.

22
23 (f) Government and private sector entities which provide ADR services which are
24 competent to deal with disputes shall be registered electronically with the ODR
25 platform.

26
27 (g) Digital platforms and online retailers shall provide on their websites an electronic
28 link to the DTI ODR platform on their homepage. That link shall be easily
29 accessible to consumers.

30
31 (h) The DTI, in consultation with other concerned agencies, shall issue the
32 implementing rules and regulations on the development, management, operations,
33 and maintenance of the ODR platform.

1 **SEC. 26. *Limited Liability of eCommerce Platform Operators. –***

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

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

8 (1) If the eCommerce platform operator fails to exercise ordinary diligence in
9 complying with its obligations under Section 18 hereof, resulting to loss or damage
10 to the consumer;

11 (2) If the identity of the online merchant and the eCommerce platform operator are
12 the same;

13
14 (3) If the eCommerce platform operator fails, after notice, to act expeditiously to
15 remove, or disable access to goods or services appearing on their platform that they
16 know or should have known to be not compliant with law, or otherwise infringes
17 on intellectual property rights;

18
19 (4) If the eCommerce platform operator permits an online merchant, not otherwise
20 authorized to do business in the Philippines, to offer its goods and services for sale,
21 resulting to loss or damage to the consumer.

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

23
24 (1) The eCommerce platform operator relied on the accuracy, authenticity, and veracity
25 of an online merchant's representations, warranties or submitted registration
26 documents, even if such information or documents are later proved to be
27 inaccurate, false or untrue: *Provided*, That, the eCommerce platform operators are
28 able to show evidence of good faith and that reasonable efforts were exerted to
29 ascertain the accuracy and reliability of the documents or information submitted
30 by such online merchant.

31
32 (2) The eCommerce platform operators relied on the representations, warranties or
33 submissions of an online merchant stating that it is duly organized, valid and
34 existing under the laws of the Philippines or under the laws of its respective

1 jurisdictions to engage in eCommerce, or has obtained all necessary licenses,
2 permits or approvals required for the sale of goods and services, or that said goods
3 and services conform to applicable laws, rules and regulations.

4
5 **SEC. 27. *Digital Payments.*** – eCommerce platform operators and online merchants
6 shall issue the appropriate paper or electronic invoices or receipts for all sales in accordance with
7 relevant internal revenue laws and regulations. An electronic invoice or receipt shall have the same
8 legal effect as a physical invoice or receipt.

9
10 The DTI, through the eCommerce Bureau, shall, in coordination with the *Bangko Sentral*
11 *ng Pilipinas* (BSP), the BIR, the Bureau of Customs, the DOJ, the Philippine National Police, the
12 DICT, and the NTC, issue rules and regulations to modernize and streamline the regulatory
13 framework and encourage the adoption of electronic payment systems by the citizenry. The DTI
14 shall also develop guidelines to protect merchants and consumers covering the various digital
15 payment solutions.

16
17 **SEC. 28. *Enforcement of Rights and Remedies.*** – Without prejudice to existing
18 remedies provided under other laws, the enforcement of the rights and remedies established under
19 this Chapter shall be through the following means:

20
21 (a) If involving complaints by a consumer where no damages are sought, the
22 complaint shall be treated as a consumer complaint with the DTI pursuant to Title
23 V, Chapter III of Republic Act No. 7394, otherwise known as the “Consumer Act
24 of the Philippines”;

25
26 (b) If involving a claim for damages, the injured party shall seek recovery by filing a
27 civil action with the appropriate trial court.

28 CHAPTER 5

29 ELECTRONIC COMMERCE PHILIPPINE TRUSTMARK

30
31
32 **SEC. 29. *eCommerce Philippine Trustmark*** – To provide assurance of safety and
33 security in internet transactions, the DTI shall lead the development of an eCommerce Philippine
34 Trustmark, hereinafter referred to as the “Trustmark”, which may be established and operated by
35 an industry-led private sector governance body. The DTI shall periodically assess the effectiveness

1 of the industry-led Trustmark in promoting to the public reliable and trustworthy eCommerce
2 services, and may opt to assume operational control over the Trustmark if it determines that the
3 industry-led private sector effort cannot sufficiently achieve the goals of the Trustmark.

4
5 **CHAPTER 6**
6 **FINAL PROVISIONS**

7
8 **SEC. 30. *Penalties.* –**

- 9
- 10 (a) Online merchants who fail to register either as a sole proprietor, one-person
11 corporation, partnership, corporation, or cooperative, shall be punished with a fine
12 equivalent to one hundred percent (100%) of the amount of the digital goods
13 offered or sold based on the market price as determined by the eCommerce
14 Bureau, including confiscation of the goods as advertised.
- 15
- 16 (b) eCommerce platform operators and online merchants found guilty of violating
17 Section 18, or Section 19 (d) of this Act shall be punished with a fine not less than
18 Five hundred thousand pesos (PhP 500,000.00) but not more than Five million
19 pesos (PhP 5,000,000.00) or the revocation of their licenses, or both, at the
20 discretion of the courts.
- 21
- 22 (c) Ride hailing service providers found guilty of violating Section 21 of this Act shall
23 be punished with a fine of up to Five hundred thousand pesos (PhP 500,000.00)
24 or the revocation of their licenses, or both, at the discretion of the courts.
- 25
- 26 (d) Consumers found guilty of violating Section 22 (a) of this Act shall be punished
27 with a fine of up to Fifty thousand pesos (PhP 50,000.00) plus one hundred percent
28 (100%) of the amount advanced by the ride hailing service partner, or both, at the
29 discretion of the courts.
- 30
- 31 (e) Consumers found guilty of violating Section 22 (b) and Section 23 (b) of this Act
32 shall be punished with a fine of up to Fifty thousand pesos (PhP 50,000.00), at the
33 discretion of the courts.

1 The application of these penalties shall be without prejudice to the liability of the offending
2 party under other laws or regulations.

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

18
19 The Secretariat of the Internet Transactions Act Congressional Oversight Committee shall
20 be drawn from the existing personnel of the Senate and House of Representatives Committees
21 comprising the Internet Transactions Act Congressional Oversight Committee.

22
23 **SEC. 32. *Implementing Rules and Regulations.*** – The Secretary of Trade and
24 Industry shall, in consultation with the DICT, the BSP, the DOT, the Land Transportation
25 Franchising and Regulatory Board, the Optical Media Board, the IPOPHIL, and other relevant
26 government agencies and stakeholders, develop and issue rules and regulations for the effective
27 implementation of this Act.

28
29 **SEC. 33. *Transitory Provisions.*** – To ensure the continued implementation of
30 programs to promote eCommerce, the current eCommerce Division of the DTI shall continue to
31 exercise its functions until such time that the organizational structure and personnel of the
32 eCommerce Bureau have been determined and approved.

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

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

6
7 **SEC. 35. *Separability Clause.*** – If any provision or part of this Act is declared invalid
8 or unconstitutional, such declaration shall not affect the validity of the remaining provisions of
9 this Act.

10
11 **SEC. 36. *Repealing Clause.*** – All laws, rules, and regulations, presidential decrees,
12 letters of instruction and other presidential issuances which are incompatible or inconsistent with
13 the provisions of this Act are hereby repealed, amended, or modified accordingly.

14
15 **SEC. 37. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
16 in the *Official Gazette* or in at least one (1) newspaper of general circulation.

Approved,