

23 FEB -6 P6:52

SENATE

COMMITTEE REPORT NO. 22

RECEIVED BY: 

Submitted by the Committees on Trade, Commerce and Entrepreneurship; Ways and Means; and Finance, on FEB - 6 2023.

Re: Senate Bill No. 1846 Prepared by the Committees

Recommending its approval in substitution of Senate Bill Nos. 154, 612, 806, 1125, 1250, 1341, 1424 and 1478, taking into consideration House Bill No. 4.

Sponsor: Senator Mark A. Villar

MR. PRESIDENT

The Committees on Trade, Commerce and Entrepreneurship; Ways and Means; and Finance to which were referred **Senate Bill No. 154**, introduced by Senator Win Gatchalian, *entitled*:

**"AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE E-COMMERCE
BUREAU, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES"**

Senate Bill No. 612, introduced by Senator Juan Miguel F. Zubiri, *entitled*:

**"AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE E-COMMERCE
BUREAU, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES"**

Senate Bill No. 806, introduced by Senator Jinggoy Estrada, *entitled:*

**"AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE E-COMMERCE
BUREAU, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES"**

Senate Bill No. 1125, introduced by Senator Mark Villar, *entitled:*

**"AN ACT
CREATING THE E-COMMERCE BUREAU, APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES"**

Senate Bill No. 1250, introduced by Senator Imee Marcos, *entitled:*

**"AN ACT
PROMOTING ONLINE TRANSACTIONS, SAFEGUARDING THE RIGHTS OF
CONSUMERS AND MERCHANTS, AND FOR OTHER PURPOSES"**

Senate Bill No. 1341, introduced by Senator Loren Legarda, *entitled:*

**"AN ACT
PROVIDING PROTECTION TO CONSUMERS AND MERCHANTS ENGAGED IN
INTERNET TRANSACTIONS, CREATING FOR THIS PURPOSE THE E-
COMMERCE BUREAU, APPROPRIATING FUNDS THEREFOR, AND FOR
OTHER PURPOSES"**

Senate Bill No. 1424, introduced by Senator Ramon Bong Revilla Jr., *entitled:*

**"AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE E-COMMERCE**

**BUREAU, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES”**

Senate Bill No. 1478, introduced by Senator Joel Villanueva, *entitled:*

**“AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE E-COMMERCE
BUREAU, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES”**

and taking into consideration **House Bill No. 4**, introduced by Representative Ferdinand Martin Romualdez, et al., *entitled:*

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

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached **Senate Bill No. 1846** prepared by the Committees, *entitled:*

**“AN ACT
PROTECTING CONSUMERS AND MERCHANTS ENGAGED IN INTERNET
TRANSACTIONS, CREATING FOR THIS PURPOSE THE ELECTRONIC
COMMERCE BUREAU, APPROPRIATING FUNDS THEREFOR, AND FOR
OTHER PURPOSES”**

be approved in substitution of Senate Bill Nos. 154, 612, 806, 1125, 1250, 1341, 1424 and 1478, taking into consideration House Bill No. 4, with Senators Gatchalian, Zubiri, Estrada, Villar (M.), Marcos, Legarda, Revilla Jr., Villanueva, Go, and Padilla as authors thereof.

Respectfully submitted:

Chairpersons



SEN. SONNY M. ANGARA

*Committee on Finance; and
Vice-Chairperson, Committee on Ways and
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SEN. MARK A. VILLAR

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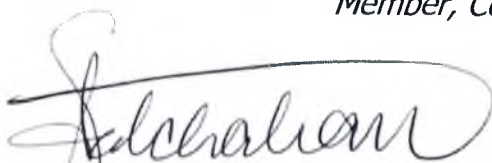
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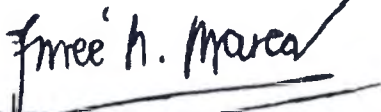
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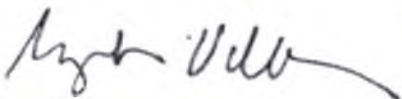
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SEN. LOREN LEGARDA

President Pro-Tempore

Senior Vice-Chairperson, Committee on Finance




SEN. JOEL VILLANUEVA
Majority Floor Leader

will interpellate
A. Pimentel III
SEN. AQUILINO "KOKO" PIMENTEL III
Minority Floor Leader

HON. JUAN MIGUEL "MIGZ" F. ZUBIRI
Senate President

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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SENATE

S.B. No. 1846

(In Substitution of Senate Bill Nos. 154, 612, 806, 1125, 1250, 1341,
1424, and 1478, taking into consideration House Bill No. 4)

Prepared by the Committee on Trade, Commerce and Entrepreneurship joint with the Committees on Ways and Means; and Finance with Senators Gatchalian, Zubiri, Estrada, Villar (M.), Marcos, Legarda, Revilla Jr., Villanueva, Go, and Padilla as authors thereof.

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

Be it enacted by the Senate and the 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*
2 *Act of 2022*".

3 Sec. 2. *Declaration of Policy.* — It is the policy of the State to promote and
4 maintain a robust electronic commerce (e-commerce) environment in the country by
5 building trust between online merchants and consumers. The State recognizes the
6 value and potential of the digital economy to increase competition and improve

1 productivity, thus the need to establish secure and reliable e-commerce platforms
2 where goods and services are transacted online with appropriate transparency and
3 utmost efficiency to encourage the creation of new products, services, business
4 models and processes. Towards these ends, the State shall ensure effective regulation
5 of commercial activities through the internet or electronic means to ensure that
6 consumer rights and data privacy are protected, innovation is encouraged, fair
7 advertising practices and competition are promoted, online transactions are secured,
8 intellectual property rights are respected, and where product standards and safety are
9 observed.

10 *Sec. 3. Definition of Terms. — As used in this Act:*

- 11 a) *Business-to-business transaction* refers to internet transactions conducted
12 over marketplaces that facilitate business-to-business electronic sales of
13 new and used merchandise using the internet;
- 14 b) *Business-to-consumer transaction* refers to the process of selling goods and
15 services by businesses to consumers who are end-users, generally for a
16 profit;
- 17 c) *Compatibility* refers to the ability of the digital content or digital service to
18 function with the hardware or software with which digital content or digital
19 services of the same type are normally used, without the need to convert
20 the digital content or digital service;
- 21 d) *Consumer* refers to a person who is a purchaser, lessee, recipient, or
22 prospective purchaser, lessor, or recipient of consumer goods, non-financial
23 services, technology, advertising or promotion, and other items in e-
24 commerce;
- 25 e) *Consumer-to-consumer transactions (C2Cs)* refer to one-off, petty, or
26 occasional low-value transactions of an individual or group of individuals
27 with another that are not made in the ordinary course of business of any
28 party to the transaction, as may be further defined in guidelines to be issued
29 by the Secretary of Trade and Industry;
- 30 f) *Cross-Border e-commerce* refers to a commercial transaction where
31 physical or tangible goods are carried out by parties belonging to different

- 1 customs borders through online ordering, sale, communication and if
2 applicable, payment;
- 3 g) *Delivery carrier* refers to any natural or juridical person engaged in the
4 business of providing personal delivery services of food, goods, documents,
5 or any other item from one person to another for compensation;
- 6 h) *Devices* refer to equipment or mechanisms designed to serve a special
7 purpose or perform a special function;
- 8 i) *Digital content* refers to data that are produced and supplied in electronic
9 form;
- 10 j) *Digital products* refer to goods and services produced and supplied in digital
11 form, such as but not limited to, video, audio, applications, digital games,
12 and any other software that allows the consumer to create, process,
13 download, store, or access digital content, or allows the sharing of the
14 same, or any such other interaction with digital content provided by other
15 users of the service;
- 16 k) *Digital service* refers to a non-financial service that allows the consumer to
17 create, process, store, or access data in electronic form or allows the
18 sharing of or any other interaction with data in electronic form uploaded or
19 created by the consumer or other users of that service;
- 20 l) *Digital platforms* refer to internet intermediaries or businesses such as but
21 not limited to, e-marketplaces, online delivery enterprises, transportation
22 booking, tourism booking, entertainment websites and services, music
23 products and services, social media, advertising, education, and learning
24 products, health websites, and applications, and labor services, among
25 others, that match, connect or facilitate interactions and transactions by
26 and between any two or more parties to enable them to sell, exchange,
27 share, or transact in any convenient manner, non-financial goods, services,
28 and digital products;
- 29 m) *Electronic commerce or e-commerce*- refers to the production, distribution,
30 marketing, sale, or delivery of non-financial goods and services by
31 electronic means;

- 1 n) *E-Marketplace* refers to a digital platform such as, but not limited to, eBay,
2 Amazon, Shopee, Lazada, Carousell, Facebook Marketplace, Instagram,
3 and Tiktok, among others, whose business is to connect online consumers
4 and online merchants, facilitating the exchange of information regarding
5 products or services for the purpose of entering into an internet transaction
6 such as the purchase of goods and services, tangible or intangible, and
7 which may or may not provide information or services about payments and
8 logistics;
- 9 o) *E-Retailer* refers to a natural or juridical person engaged in selling goods or
10 services, tangible, or intangible, directly to online consumers through
11 his/her own website or any other digital platform;
- 12 p) *Financial regulators* refer to the *Bangko Sentral ng Pilipinas (BSP)*,
13 Securities and Exchange Commission (SEC), Insurance Commission (IC),
14 and the Cooperative Development Authority (CDA);
- 15 q) *Functionality* refers to the ability of the digital content or digital service to
16 perform its functions according to its purpose;
- 17 r) *Goods* refer to physically produced items over which ownership rights may
18 be established and whose economic ownership may be passed from one
19 institutional unit to another by engaging in transactions;
- 20 s) *Internet transaction* refers to the sale or purchase of goods or services over
21 the internet, whether between businesses, households, individuals,
22 governments, and other public or private organizations. The goods and
23 services are ordered over the internet, but the payment and ultimate
24 delivery of the goods or services may be conducted online or offline;
- 25 t) *Interoperability* refers to the ability of the digital content or digital service
26 to function with hardware or software different from those with which
27 digital content or digital services of the same type are normally used;
- 28 u) *Online consumer* refers to a natural or juridical person who may be a
29 purchaser, lessee, recipient, or a prospective purchaser, lessor, or recipient,
30 of goods and digital products sold, exchanged, leased, or transacted over
31 the internet;

- 1 v) *Online delivery partner* refers to a delivery carrier that performs delivery
2 services through an online delivery service platform under contract with a
3 digital platform or an E-marketplace;
- 4 w) *Online delivery service* refers to the delivery of food, parcels, or any other
5 item, contracted through a digital platform, which may be an application,
6 website, webpage, social media account, or any similar means, operated
7 by an online delivery service platform;
- 8 x) *Online delivery service platform* refers to any natural or juridical person
9 engaged in providing online delivery service for a fee through any digital
10 platform;
- 11 y) *Online merchant* refers to an organization or retailer selling non-financial
12 goods or services to customers through an e-marketplace or other digital
13 platforms;
- 14 z) *Online media* refers to digital media products or services pertaining to
15 advertising, gaming, subscription music, and video on demand, available
16 through an online platform, application, website, webpage, social media
17 account, or other similar platforms operated by the provider, regardless of
18 whether the provider is authorized to engage in e-commerce;
- 19 aa) *Online travel services* refer to services that facilitate the reservation,
20 purchase, or discounting of flights, hotel accommodations, and vacation
21 rental spaces, through an online platform, application, website, webpage,
22 social media account, or other similar platform operated by the provider,
23 regardless of whether the provider is authorized to engage in e-commerce
24 in the Philippines;
- 25 bb) *Price* refers to money or a digital representation of value that is due in
26 exchange for the supply of goods, services, digital content, or digital
27 service;
- 28 cc) *Producer* refers to the manufacturer or importer of goods, or any person
29 purporting to be a manufacturer, who places its name, trademark, or other
30 distinctive sign on goods; and
- 31 dd) *Repair* refers to bringing defective goods into conformity with the contract.

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

- 4 a) Internet retail of consumer goods and non-financial services;
- 5 b) Online travel;
- 6 c) Online media; and
- 7 d) Online delivery;

8 Consumer-to-consumer transactions shall be exempt from the operation of this
9 Act, without prejudice to the application of other laws. Unless expressly specified,
10 nothing in this Act shall be construed as to diminish or deprive the regulatory
11 jurisdiction conferred by law upon other government agencies concerning regulated
12 services that fall within the scope of e-commerce. Financial products and services,
13 digital payments, and payment systems covered under Republic Act No. 11765 (The
14 Financial Products and Services Consumer Protection Act), Republic Act No. 11127
15 (The National Payment Systems Act), and Republic Act No. 7653, as amended (The
16 New Central Bank Act), shall be excluded from the coverage of this Act.

17 *Sec. 5. Extra-territorial Application.* — A person engaging in e-commerce who
18 purposefully avails of the Philippine market shall be deemed to be doing business in
19 the Philippines and be subject to applicable Philippine laws and regulations, including
20 this Act.

21 One who purposely avails of the Philippine market without establishing any real
22 or legal presence in the Philippines shall be required to notify the E-commerce Bureau
23 created under Section 7 of this Act for inclusion in the Online Business Registry (OBR)
24 established under Section 11 of this Act or may designate a resident agent who shall
25 be authorized to receive on their behalf notices or processes in any legal proceeding
26 in the Philippines. Subject to guidelines to be issued by the Secretary of Trade and
27 Industry, the accessibility of goods and services to consumers in the Philippines shall
28 be considered in ascertaining whether one engaged in e-commerce is purposefully
29 availing the Philippine market.

30 *Sec. 6. Equal Treatment of Online and Offline Commercial Activities.* — Unless
31 otherwise specified, this Act shall be construed to ensure that those who engage in e-
32 commerce may not enjoy any benefit that is more favorable, nor be placed at a

1 disadvantage, in relation to other enterprises that offer goods and services offline in
2 the Philippines.

3
4
5 CHAPTER 2
6 E-COMMERCE BUREAU
7

8 *Sec. 7. Creation of E-Commerce Bureau.* — To ensure the attainment of the
9 objectives of this Act and promote the growth of e-commerce, the E-Commerce
10 Division created by the Department of Budget and Management (DBM) under the
11 Competitiveness Bureau of the Department of Trade and Industry (DTI) on 20 January
12 2020 is hereby abolished, and an E-Commerce Bureau under the DTI shall be created
13 within six (6) months after the effectivity of this Act. The Bureau shall have the
14 following powers and functions:

- 15 (a) Implement, monitor, and ensure strict compliance with the provisions of
16 this Act and the E-Commerce Act of 2000;
- 17 (b) Build trust between consumers and sellers by requiring digital platforms,
18 online merchants, or anyone else who engages in internet transactions to
19 register their business with the Bureau and provide information as
20 determined by the DTI E-Commerce Bureau for policy-making and program
21 development purposes;
- 22 (c) Formulate policies, plans, and programs to ensure the robust and dynamic
23 development of e-commerce, such as but not limited to the E-Commerce
24 Roadmap;
- 25 (d) Identify regulatory gaps affecting the e-commerce sector that are not
26 sufficiently addressed by this Act or by existing laws or regulations, and
27 recommend appropriate executive or legislative measures, including those
28 that can be undertaken by the DTI on its own, that foster the growth of the
29 sector;
- 30 (e) Act as a virtual central unit tasked with receiving and addressing consumer
31 complaints on internet transactions, facilitating the speedy resolution of
32 business and consumer complaints against online merchants, e-retailers,

- 1 online delivery partners, and digital platforms by the respective government
2 agency which has jurisdiction over them, and tracking complaints referred
3 to or initiated by them to ensure speedy and appropriate action by the
4 agency to which such matters have been referred;
- 5 (f) Coordinate with, compel, or petition, whenever appropriate, any entity,
6 government agency, or instrumentality to take action on any matter that
7 may impede e-commerce;
- 8 (g) Investigate, *motu proprio*, and file the appropriate cases for violations of
9 any provision of this Act;
- 10 (h) Intervene or participate, in a manner as may be appropriate, in cases
11 initiated or pending with other regulatory agencies involving e-commerce
12 or violations of any provision of this Act;
- 13 (i) Monitor internet transactions and undertake consultation with stakeholders
14 and affected agencies for the purpose of understanding market behavior in
15 order to update policies relevant to online transactions;
- 16 (j) Monitor the compliance of other government agencies or instrumentalities
17 with the provisions of this Act and the e-commerce roadmap;
- 18 (k) Collect, compile, analyze, abstract, and publish e-commerce data for policy
19 formulation and program development;
- 20 (l) Prepare and conduct periodic studies on e-commerce;
- 21 (m) Collaborate with departments of the national government including local
22 government units and government-owned or controlled corporations, in
23 implementing programs to promote e-commerce, including information,
24 education, and campaign, as well as in ensuring a proactive policy regime;
- 25 (n) Ensure that those who engage in e-commerce may not enjoy any benefit
26 that is more favorable, nor be placed at a disadvantage, in relation to other
27 enterprises that offer goods and services offline in the Philippines; and
- 28 (o) Collaborate with the financial regulators in protecting online consumers,
29 such as but not limited to, facilitating the speedy resolution of complaints
30 of online consumers that involve the use of digital financial services as
31 provided in applicable law, rules, and regulations, such as but not limited
32 to the Financial Products and Services Consumer Protection Act of 2022.

1 When necessary, other non-financial regulators, such as law enforcement
2 agencies, must also be coopted in a formalized inter-regulator cooperation
3 mechanism to address all cross-cutting issues and concerns that affect
4 online consumers and the general public.

5 In the exercise of the above-stated functions, the Bureau, in coordination with
6 other government agencies, may convene public consultations or inter-agency
7 meetings to ensure multi-stakeholder input in the development of e-commerce
8 policies. Government agencies and instrumentalities involved in the maintenance and
9 development of the internet infrastructure of the Philippines, such as the Department
10 of Information and Communications Technology (DICT) and the National
11 Telecommunications Commission (NTC), shall cooperate with the Bureau on issues
12 within their respective regulatory jurisdiction that affect the conduct of e-commerce.

13 *Sec. 8. Composition of the Bureau.* — The Bureau shall be headed by a Director
14 who must have sufficient knowledge and background in e-commerce and online
15 transactions, and all the laws and processes related thereto. The Director shall be
16 assisted by three (3) Assistant Directors: for policy and administration, for
17 enforcement, and for operations.

18 The Director and all Assistant Directors shall be appointed by the President,
19 upon the recommendation of the DTI Secretary, and must be career executive service
20 officers with at least five (5) years of government service and relevant experience in
21 e-commerce development.

22 The DTI Secretary shall determine the organizational structure and staffing
23 pattern of the Bureau, subject to the approval of the Department of Budget and
24 Management Secretary.

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

30 A certification duly issued by the Bureau that a respondent to the *subpoena ad*
31 *testificandum* and *subpoena duces tecum* refuses to comply with the same, despite
32 due notice, shall be sufficient evidence to authorize the Regional Trial Court to cite the

1 respondent with contempt. The Regional Trial Court shall likewise have the authority
2 to issue any such order or relief, in order to compel compliance with the *subpoena ad*
3 *testificandum* and *subpoena duces tecum*. The Regional Trial Court may, in addition,
4 issue a *subpoena ad testificandum* and a *subpoena duces tecum* addressed to the
5 respondents identical to the subject of the complaint.

6 Sec. 10. *Regulatory Jurisdiction of the DTI*. — As the focal authority of the
7 National Government for the development of policies and strategies towards the
8 growth of e-commerce, the DTI shall exercise regulatory jurisdiction over e-
9 marketplaces, e-retailers, online merchants, and other digital platforms that sell or
10 allow the sale of exchange of goods, services, or digital services, and are purposely
11 availing of the Philippine market. This includes the authority to promulgate rules and
12 regulations covering these activities and to impose fines to compel compliance with
13 such rules.

14 Provided, however, the regulatory or rule-making authority of the DTI shall be
15 ancillary to DICT and/or any duly constituted regulatory jurisdiction granted to an
16 agency by any existing law, such as the BSP and NPC. Further, the DTI shall defer the
17 exercise of rule-making or regulatory power to regulatory agencies, unless the agency
18 declines to exercise its jurisdiction, without legal justification or fails to exercise its
19 jurisdiction within a timely manner.

20 Sec. 11. *Online Business Registry (OBR)*. — Within a period of one (1) year
21 from the effectivity of this Act, the Bureau shall, in coordination with the DICT,
22 establish, manage and maintain an OBR that shall provide government and consumers
23 access to data and information of registered online business entities for purposes of
24 verifying the validity, the existence of and other relevant information pertaining to
25 such business entities.

26 The DTI, in consultation with the DICT, the National Privacy Commission (NPC),
27 the Philippine Competition Commission (PCC), the Securities and Exchange
28 Commission, the Cooperative Development Authority, and other concerned agencies,
29 shall issue the rules and regulations to govern the development, management,
30 operation, and maintenance of the OBR.

31

32

1 CHAPTER 3

2 SUPERVISION OF E-COMMERCE

3
4 Sec. 12. *Authority to Issue Take Down Order* — By its own initiative or upon
5 petition of a consumer or other concerned party, that the online sale of goods,
6 services, or digital products is violative of this Act, the "Consumer Act of the
7 Philippines", or any other related laws, the DTI Secretary, to abate any further
8 violations, shall, after due notice and hearing, have the power to:

9 (a) Issue an order, directing that a website, webpage, online application, social
10 media account, or other similar platforms, be taken down, made
11 inaccessible in the Philippines, or otherwise be rendered commercially
12 inoperative, to abate any further violations. Provided that for websites,
13 webpage, online applications, or similar platforms with payment portals,
14 only the e-commerce features of the platform shall be the subject of the
15 takedown order; and

16 (b) Issue an advisory on the takedown order of any violating entity to ensure
17 that the latter shall be rendered commercially inoperative.

18 Provided that, the DTI Secretary may immediately issue a provisional take-
19 down order to prevent grave and irreparable injury to the public when the following
20 conditions are present:

21 (a) When the DTI Secretary finds that a good, service, or digital product is
22 imminently injurious, unsafe, or dangerous; or

23 (b) When the seller under investigation has been previously penalized under
24 this section.

25 Whenever the DTI Secretary orders the take-down, recall, ban, or seizure of an
26 illegal product from public online sale or distribution, the seller, distributor,
27 manufacturer, or producer thereof shall be given an opportunity to be heard within
28 forty-eight (48) hours from the issuance of such provisional order.

29 The take-down order, whether imposed as a penalty or provisionally granted,
30 shall be directed against the e-retailer or online merchant, and a copy shall be
31 furnished to the owner or operator of the e-marketplace or digital platform. Copies of
32 the order shall likewise be served on entities whose cooperation would be required for

1 its enforcement such as but not limited to the duly registered internet service provider
2 involved, related payment gateways, and other government agencies.

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

5 Sec. 13. *Cease and Desist Order.* — The Secretary of Trade and Industry, upon
6 due notice and hearing, shall have the power to issue an order directing a website,
7 webpage, online application, social media account, or other similar platform operating,
8 in violation of this Act, the Consumer Act of the Philippines, or any other applicable
9 trade or consumer protection laws to desist from marketing or offering non-financial
10 goods or services that are accessible in the Philippines. Provided, that the Cease and
11 Desist Order shall not apply to the payment portal connected to the website, webpage,
12 online application, or similar portal of the violating entity. The Cease and Desist order
13 shall remain in effect for a maximum of thirty (30) days unless otherwise extended or
14 made permanent by a judicial order or decision.

15 Sec. 14. *Referral of Complaints.* — The Bureau shall refer any complaint it
16 receives involving violations of other laws committed in the course of e-commerce
17 activities to the appropriate regulatory authority for action. If the complaint or violation
18 pertains to a violation of the provisions of Republic Act No. 10175, otherwise known
19 as the "Cybercrime Prevention Act of 2012," the matter shall be referred to law
20 enforcement agencies for an appropriate investigation. In cases where appropriate,
21 the DTI may initiate the formal complaint with the appropriate regulatory authority or
22 the DOJ. The Bureau shall track any such complaint or referral made to other
23 authorities and coordinate with them to ensure that the said matters are duly resolved
24 within a reasonable period.

25 Sec. 15. *Qualifications to Engage in E-commerce.* — The following are
26 presumed legally authorized to engage in e-commerce in the Philippines in the
27 ordinary course of their trade or business:

- 28 (a) An individual who is duly licensed to do business as a sole proprietor with
29 the DTI;
- 30 (b) A juridical entity that is duly registered with the Securities and Exchange
31 Commission (SEC), whether as a corporation, a one-person corporation, or
32 as a partnership;

1 (c) A cooperative that is duly licensed by the Cooperative Development
2 Authority (CDA);

3 (d) A foreign corporation that is duly licensed by the SEC or a non-resident
4 single proprietor registered with the DTI to transact business in the
5 Philippines; *Provided* that all foreign-owned partnerships, associations, and
6 corporations registered with the SEC and single proprietors registered with
7 DTI, shall comply with R.A. 11595, or the amended Retail Trade
8 Liberalization Act; and

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

11 A resident of the Philippines who engages in abets, or aids in unauthorized e-
12 commerce activities in the ordinary course of trade or business shall be subject to any
13 appropriate penalty as may be provided by law and shall be held liable in the same
14 manner as the party engaged in such unauthorized e-commerce activities.

15 A person who is authorized to engage in e-commerce in the Philippines and
16 who facilitates the sale of goods, digital content, or services by one who is not so
17 authorized is deemed primarily liable for any obligation, damage, or fine, that may
18 arise from the transaction or the digital product.

19 A non-resident of the Philippines who engage in e-commerce by purposefully
20 availing of the Philippine market may not evade legal liability in the Philippines by
21 virtue of non-residency or non-registration and shall be subject to the same obligations
22 and liabilities arising from any transaction as those who are authorized to engage in
23 e-commerce in the Philippines.

24 *Sec. 16. Business Registration. —*

25 (a) To encourage the formation of business enterprises, the growth and
26 integrated development of the e-commerce market, and the protection of
27 online consumers, all individuals engaged in e-commerce shall register as
28 a business either as a sole proprietor, one-person corporation,
29 partnership, corporation, or cooperative.

30 (b) Consistent with Republic Act No. 11032, otherwise known as the "Ease of
31 Doing Business and Efficient Government Service Delivery Act of 2018,"
32 all national government agencies and local government units (LGUs) shall

1 make easier and available online registration of business permits and
2 licenses, particularly for those engaged in e-commerce.

- 3 (c) The SEC, LGUs, and CDA shall submit to the Bureau an annual listing of
4 registered enterprises for monitoring and for purposes of maintaining a
5 database of online merchants and digital platforms.

6
7 CHAPTER 4

8 CONSUMER RIGHTS AND OBLIGATIONS

9 INVOLVING INTERNET TRANSACTIONS

10
11 Sec. 17. *Code of Conduct.* — To build trust in internet transactions and to
12 protect and uphold the interests of consumers at all times, all businesses engaged in
13 e-commerce are expected to act responsibly, consistent with the following principles:

- 14 (a) Consumers shall be treated with honesty, integrity, and fairness at all times;
15 (b) The rights of consumers shall be applied equally;
16 (c) Business entities shall refrain from engaging in illegal, fraudulent, unethical,
17 or unfair business practices that harm consumers and shall comply with
18 applicable laws and regulations, especially the protection of intellectual
19 property rights;
20 (d) Accurate information about goods and services marketed and sold online
21 to Philippine consumers shall be given and made available to consumers;
22 (e) Goods and services sold online must conform to Philippine regulatory
23 standards;
24 (f) The safety of goods and services marketed or sold online must not be
25 compromised, and products that have been recalled in the offline retail
26 market must not be marketed or sold online;
27 (g) Goods and services must be easily accessible, accurately described, and
28 promoted through fair advertising and marketing practices;
29 (h) Consumers must be given the correct and complete information about costs
30 through a sales invoice or an official receipt detailing the particular costs of
31 the goods or services purchased, including shipping or delivery charges.

1 Hidden charges or additional costs such as customs duties or currency
2 conversion charges must be avoided;

3 (i) The tracking of deliveries must be provided as part of the services of online
4 merchants or digital platforms, and goods purchased must be delivered
5 within the promised time and in described condition to the address provided
6 by the consumer;

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

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

15 (l) Data privacy laws and regulations, including Republic Act No. 10173,
16 otherwise known as the "Data Privacy Act of 2012," and other similar laws
17 and regulations, shall be strictly complied with;

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

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

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

29 (p) Consumers must be educated about the risks of transacting through the
30 internet and shall be provided with competent and professional advice; and

31 (q) Digital platforms must ensure online supplier protection by avoiding anti-
32 competitive agreements and abuse of dominance practices and by having

1 dispute resolution mechanisms. Competing fairly with other businesses and
2 adhering to competition principles and all applicable competition laws and
3 regulations, including Republic Act No. 10667, otherwise known as the
4 "Philippine Competition Act," shall ensure the robust development of e-
5 commerce and the economy. Specific obligations may be imposed by the
6 PCC to digital platforms to this end.

7 Whenever appropriate, the DTI shall issue guidelines, rules, and
8 regulations including voluntary and binding co-regulation mechanisms considering the
9 role, size, and impact of all businesses engaged in internet transactions corresponding
10 to international trends, developments, and best practices that it may adopt and
11 implement.

12 *Sec. 18. Obligations of E-Marketplaces and other Digital Platforms. —*

13 (a) E-Marketplaces and other digital platforms shall ensure their internet
14 transactions shall:

- 15 (i) Be clearly identifiable as an e-commerce transaction;
16 (ii) Identify the person or persons on whose behalf the e-commerce
17 transaction is made; and
18 (iii) Clearly identify any promotional offer including any discount, premium,
19 or gift, and ensure that any condition which must be met to qualify for
20 it is easily accessible, and presented clearly and unambiguously. Sales
21 promotional offers shall have the necessary permit, as applicable, with
22 the appropriate government agency.

23 (b) E-Marketplaces and other digital platforms shall require all online
24 merchants, whether foreign or Filipino, to submit the following, prior to
25 listing with their platforms:

- 26 (i) Name of the online merchant accompanied by at least one (1) valid
27 government identification card for individuals or business registration
28 documents for juridical entities;
29 (ii) Geographic address where the online merchant is located;
30 (iii) Contact details of the online merchant which must include a mobile or
31 landline number and a valid e-mail address; and

1 (iv) In instances when the online merchant exercises a regulated
2 profession, the online merchant shall be required to submit details of
3 membership in any professional body or similar relevant institution with
4 which the online merchant is registered or otherwise is a member of.

5 Except for the government identification cards or registration documents
6 mentioned under Section 11(b)(i), the information required under this paragraph shall
7 be published or posted on the e-commerce platforms for transparency, unless the e-
8 marketplace or e-commerce platform establishes means to facilitate communication
9 between online merchants and consumers or provides a link to the OBR on their
10 platform.

11 (c) E-Marketplaces and other digital platforms are mandated to maintain a list
12 of all online merchants registered under their platform, which shall be
13 regularly verified, as determined by the Bureau. This list shall be submitted
14 to the Bureau and updated regularly.

15 (d) E-Marketplaces and other digital platforms shall not allow the sale of
16 regulated goods such as but not limited to chemicals, food, and drugs
17 without requiring them to provide their permits and license information,
18 and contractually obligating their compliance with sale procedures and
19 limitations, and other relevant conditions for the sale as may be imposed
20 by any law or local government regulation.

21 Provide relevant Cross-Border e-commerce data and information to the Bureau
22 of Customs, as may be required, to ensure effective border protection, subject to the
23 provisions of the Data Privacy Act of 2012.

24 *Sec.19. Obligations of Online Delivery Service Platforms.* — Online delivery
25 service platforms shall exercise due diligence and reasonable care over the goods
26 transported by them. The consumer shall file the appropriate civil action for damages
27 on account of the platform's failure to exercise the required diligence and care within
28 two (2) years from the transaction

29 *Sec. 20. Obligations of E-Retailers and Online Merchants.* — An e-retailer or
30 online merchant of goods, services, or digital products, as defined under this Act, shall
31 exercise the following responsibilities:

32 (a) Ensure that the goods are received by the online consumer:

- 1 (i) In the same condition, type, quantity, and quality as described and
2 stated and, in applicable circumstances, possess the functionality,
3 compatibility, interoperability, and other features required by the sales
4 contract, and are fit for the purpose for which they were intended by
5 their nature;
- 6 (i) In the same condition, type, quantity, and quality of a sample, picture,
7 or model of the goods shown by the e-retailer or online merchant upon
8 request of the online consumer, or of additional descriptions or
9 specifications provided by the e-retailer or online merchant upon
10 inquiries made by the online consumer; and
- 11 (ii) It must also be fit for the particular purpose for which the online
12 consumer requires them, as communicated to the e-retailer or online
13 merchant at the time of the perfection of the contract, and which the
14 e-retailer or online merchant has accepted;
- 15 (b) All the goods shall:
- 16 (ii) Be delivered together with its accessories, including all other packaging,
17 installation inclusions, any user manual, or other instructions as
18 advertised or described, if applicable, with the relevant information
19 stated in the packaging, printed or written in Filipino and/or English;
20 and
- 21 (iii) Possess qualities and performance capabilities, including functionality,
22 compatibility, and interoperability, that are standard and normal in
23 goods of the same type, which the consumer may expect given its
24 nature and considering any public statement or testimonial made by or
25 on behalf of the e-retailer, online merchant, or other persons in earlier
26 links of the chain of transactions, including the producer, unless the e-
27 retailer or online merchant shows that:
- 28 1) The e-retailer or online merchant was not, and could not have been,
29 reasonably aware of the statement in question;
- 30 2) By the time of the conclusion of the contract, the statement had
31 already been corrected; or

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

3 (c) Where the e-retailer or online merchant is a digital product provider, it shall
4 ensure that the digital product has the qualities and performance features,
5 in relation to functionality, compatibility, interoperability, accessibility,
6 continuity, and security, which are standard and normal for a digital product
7 of the same type as advertised or described.

8 (d) Where the contract provides that the digital product is to be supplied or
9 made accessible to the online consumer over a period of time, the e-retailer
10 or online merchant may modify the digital product beyond what is
11 necessary for its maintenance, if the following conditions are met:

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

14 (ii) Such a modification is made without additional cost to the consumer;
15 and

16 (iii) The online consumer is informed in a clear and comprehensible manner
17 of the modification.

18 (e) Where the transaction involves a digital platform that offers a performance
19 of a service, the e-retailer or online merchant shall ensure the completion
20 of the same in accordance with the contract and as advertised.

21 (f) An e-retailer or an online merchant that operates its own digital platform
22 shall:

23 (i) Publish on its homepage the following:

24 1) Name of the e-retailer or online merchant;

25 2) Geographic address where the e-retailer or online merchant is
26 located; and

27 3) Contact details of the e-retailer or online merchant, which must
28 include a mobile or landline number and a valid e-mail address to
29 ensure direct and efficient communication with consumers.

30 The foregoing shall be submitted to the Bureau and must be
31 accompanied by at least one (1) government identification cards or
32 registration documents as valid proof of identity.

1 (ii) Take the necessary precautions to protect the data privacy of
2 consumers, at all times, in accordance with the Republic Act No. 10173,
3 otherwise known as the "Data Privacy Act of 2012," and comply with
4 the minimum information security standards set by the E-Commerce
5 Bureau and other issuances of relevant government agencies. For the
6 avoidance of doubt, e-retailers and online merchants, including
7 individuals and firms, shall be covered by the provisions of the Data
8 Privacy Act and issuances by the NPC."

9 (g) Where the e-retailer or online merchant is an online delivery service
10 platform, it shall require its consumers to register by showing valid proof of
11 identity, and an e-mail address or mobile phone number.

12 (h) E-retailers or online merchants shall issue paper or electronic invoices or
13 receipts for all sales. An electronic invoice or receipt shall have the same
14 legal effect as a paper invoice or receipt.

15 (i) E-retailers and online merchants shall have in place an accessible and
16 efficient redress mechanism for handling complaints from their clients.

17 Any agreement between the e-retailer or online merchant and the online
18 consumer is valid only if, at the time of the conclusion of the contract, the online
19 consumer has knowledge of the specific condition of the goods, services, or digital
20 products and has expressly accepted such condition.

21 Sec. 21. *Rights and Obligations of Online Consumers.* —When the online
22 merchant is liable to the consumer because of a lack of conformity with the contract,
23 the consumer may pursue any of the following remedies:

24 (a) Repair or replacement of products within 30 days and without charge in
25 case of a defect, malfunction, or failure to conform with the warranty. This
26 may be extended by conditions that are beyond the control of the online
27 merchant/warrantor or his representative by agreement of the parties,
28 wherein repairs may be reduced to not less than seven (7) days nor more
29 than one hundred eighty (180) days;

30 (b) Replacement without charge of the product or part, as the case may
31 be, where after reasonable attempts to remedy the defect or
32 malfunction, the product continues to manifest the same;

- 1 (c) Refund of the amount paid in case the product or similar item is no
2 longer available;
- 3 (d) A proportionate reduction of the price if the consumer chooses to keep
4 the good or digital product despite the lack of conformity with the
5 contract, or the termination of the contract with restitution of the price,
6 in the following instances:
- 7 (i) When repair or replacement is impossible or unlawful;
 - 8 (ii) The online merchant has not completed repair or replacement
9 within a reasonable time;
 - 10 (iii) When repair or replacement may cause significant inconvenience
11 to the consumer;
 - 12 (iv) When the online merchant has declared, or it is equally clear from
13 the circumstances, that the online merchant may not bring the
14 goods or digital product into conformity with the contract within a
15 reasonable time;
 - 16 (v) When applicable, the consumer is entitled to withhold the payment
17 of any outstanding part of the purchase price until the online
18 merchant has brought the goods or digital product into conformity
19 with the contract;
 - 20 (vi) The consumer is not entitled to a remedy to the extent that the
21 consumer has contributed to any ambiguity or lack of conformity
22 with the contract or its effects;
 - 23 (vii) When the online merchant remedies the lack of conformity with the
24 contract by replacement, the online merchant is entitled to the
25 return of the replaced goods or digital products at the online
26 merchant's expense, unless otherwise agreed upon by the parties;
 - 27 (viii) When the consumer has installed the goods or digital products in a
28 manner consistent with their nature and purpose before the lack of
29 conformity with the contract becomes apparent, the costs for the
30 removal of the non-conforming goods or digital products, the
31 installation of the replacement, and all associated costs shall be for
32 the account of the online merchant;

1 (ix) In case of goods or digital products that do not conform with the
2 contract, the consumer is not liable to pay for the use of the non-
3 conforming goods or digital products prior to their replacement;
4 and

5 (x) The consumer may exercise the alternative choice between repair
6 or replacement of the purchased good or digital product, unless
7 such a choice is impossible, in which case the consumer may
8 choose to terminate the contract and return the item, and the
9 online merchant shall refund the full amount paid by the consumer.

10 *Sec. 22. Obligations of Consumers of Online Delivery Services.* — It shall be
11 unlawful for consumers of online delivery services to:

12 (a) Cancel confirmed orders for the delivery of food or grocery items when the
13 said items have already been paid by or are already in the possession of
14 the Online Delivery Partner or are otherwise in transit to the consumer
15 unless:

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

19 (ii) The consumer remits the reimbursement and payment to the online
20 delivery partner as a pre-condition for the cancellation of the order; or

21 (iii) The delivery of ordered food or grocery items will be or was delayed for
22 at least one (1) hour from the expected time of arrival due to the fault
23 or negligence of the online delivery partner.

24 (b) Place an order under the name of another person, unless the latter
25 consented to the same, or placing an order using a fictitious name and/or
26 address;

27 (c) Use the personal information of another person such as, but not limited to,
28 name, address, and contact number when registering in online delivery
29 service platforms; or

30 (d) Unreasonably shame, demean, embarrass, or humiliate online delivery
31 partner. The consumer may invoke as a defense of good faith, a well-

1 founded belief that the online delivery partner had committed a crime or
2 caused civil injury towards the consumer.

3 *Sec. 23. Right to Terminate the Contract.* — If the goods delivered do not
4 conform to the contract, the consumer may exercise the right to terminate the contract
5 by giving notice to the online merchant, e-retailer, and the e-marketplace, and
6 returning the goods received. Where the lack of conformity relates to only some of
7 the goods delivered under the contract, the consumer may terminate the contract only
8 in relation to the non-conforming good and any other goods which were acquired as
9 an accessory to it.

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

- 12 (a) The online merchant or e-retailer shall reimburse to the consumer the price
13 paid without undue delay and in any event not later than fourteen (14)
14 days from receipt of the notice and completion of inspection of the non-
15 conforming goods;
- 16 (b) Upon acceptance by the online merchant or e-retailer of the consumer's
17 reason for return, the consumer shall return, at the online merchant's
18 expense, the goods without undue delay and in any event not later than
19 fourteen (14) days from the receipt of the online merchant's notice,
20 provided that the online merchant may waive this requirement at any time;
- 21 (c) Where the goods cannot be returned because of destruction or loss caused
22 by the negligence of the consumer, the consumer shall pay to the online
23 merchant the monetary value which the non-conforming goods would have
24 had at the date when the return was to be made if they had been kept by
25 the consumer without destruction or loss until that date, unless the
26 destruction or loss has been caused by a lack of conformity with the goods
27 with the contract, within fourteen (14) days from receipt of
28 reimbursement;
- 29 (d) The consumer shall pay for a decrease in the value of the goods only to the
30 extent that the decrease in value exceeds depreciation through regular use.
31 The payment for the decrease in value shall not exceed the price paid for
32 the goods.

1 *Sec. 24. Damages.* — The online merchant or e-retailer is liable for damages to
2 the consumer due to the lack of conformity with the contract of the goods. The
3 consumer may claim damages by filing a case before the regular court within two (2)
4 years from the relevant time of establishing conformity. The right of damages under
5 this Section is without prejudice to the liabilities for damages under the Civil Code, the
6 Consumer Act, and other existing laws.

7 *Sec. 25. Online Dispute Resolution.* — The DTI shall develop an online dispute
8 resolution (ODR) platform which is a point of entry for consumers, businesses, online
9 merchants, e-retailers, and digital platforms seeking out-of-court resolution of
10 disputes. Where a digital platform does not have an internal dispute resolution
11 mechanism, all complaints through an ODR against the digital platform shall be
12 accompanied by proof that internal dispute resolutions were exhausted.

13 (a) The ODR shall be an interactive website, which may be accessed
14 electronically and will serve as a low-cost method for redress. The DTI,
15 through the Bureau, shall be responsible for its operation, including its
16 maintenance, funding, and data security. The ODR platform must be user-
17 friendly and must adopt the twin principles of “privacy by design” and
18 “design for all,” where the privacy of its users is respected, and the ODR
19 platform is accessible and usable by all users.

20 (b) The DTI shall lead in the establishment of the Consumer Network, a
21 network of national government agencies that have consumer protection
22 mandates and of local government units which shall serve as consumer
23 dispute resolution contact points. The Consumer Network shall be headed
24 by the Secretary of the DTI, who may appoint an alternate.

25 (c) Each agency shall designate an office/bureau that shall serve as its ODR
26 contact point and communicate its name and contact details to the DTI.
27 The DTI Secretary, as head of the Consumer Network, shall confer
28 responsibility to the ODR contact points for ensuring that timely and
29 competent support is provided for the resolution of disputes relating to
30 complaints submitted through the ODR platform.

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

- 1 (i) Provide an electronic form to registered users through which alternative
2 dispute resolution (ADR) entities shall process ODR.
- 3 (ii) Provide a mechanism that allows the parties to provide feedback on the
4 use of the ODR platform and on the ADR entity that handles their
5 dispute; and
- 6 (iii) Advocate for the use of the ODR in resolving consumer disputes.
- 7 (e) The DTI shall ensure that the information on the website is accurate, up-
8 to-date, and provided in a clear, understandable, and accessible way.
- 9 (f) Government and private sector entities that provide ADR services and are
10 competent to deal with disputes shall be linked to the ODR platform.
- 11 (g) Digital platforms and e-retailers shall provide on the homepage of their
12 websites and social media pages an electronic link to the ODR platform.
13 That link shall be easily accessible to consumers.
- 14 (h) The DTI, in consultation with other concerned agencies, shall issue the
15 implementing rules and regulations on the development, management,
16 operations, and maintenance of the ODR platform.

17 *Sec. 26. Liability of E-Marketplaces and other Digital Platforms —*

- 18 (a) Digital platforms/e-marketplaces shall be subsidiarily liable with an online
19 merchant or e-retailer to the consumer only to the extent of damages
20 suffered by the consumer as a direct result of the transaction, without
21 prejudice to liabilities that may incur under the next succeeding paragraph
22 or the provisions of other existing laws. The DTI shall prescribe the rules
23 for implementing this provision to allow for a speedy and effective remedy
24 for the public.
- 25 (b) Digital platforms/e-marketplaces shall, for civil or administrative indemnity
26 under this Act or existing laws, be held liable with an online merchant or e-
27 retailer only under any of the following instances:
- 28 (i) If the digital platform/e-marketplace fails to exercise ordinary diligence
29 in complying with its obligations under Section 18 hereof, resulting in
30 loss or damage to the consumer;
- 31 (ii) If the identity of the online merchant, e-retailer, and the digital
32 platform/e-marketplace are the same;

1 (iii) If the digital platform/e-marketplace fails, after notice, to act
2 expeditiously to remove, or disable access to goods or services
3 appearing on their platform that they know or should have known to
4 be not compliant with the law, or otherwise infringes on intellectual
5 property rights; and

6 (iv) If the digital platform/e-marketplace permits an online merchant or e-
7 retailer, not otherwise authorized to do business in the Philippines, to
8 offer its goods and services for sale, resulting in loss or damage to the
9 consumer.

10 (c) Digital platforms/e-marketplaces shall not be held liable for their reliance in
11 good faith on the accuracy, authenticity, and veracity of an online
12 merchant's representations, warranties, or submitted registration
13 documents when such information or documents are later proved to be
14 inaccurate, false or untrue, *Provided, That*, digital platform operators can
15 show evidence of good faith and that reasonable effort were exerted to
16 ascertain the accuracy and reliability of the documents or information
17 submitted by such online merchant or e-retailer.

18 *Sec. 27. Digital Payments.* — The DTI and the BSP, in collaboration with other
19 government agencies, shall develop frameworks to incentivize the use of digital
20 payments and promote their education and adoption among businesses and
21 consumers. The DTI, in consultation with the BSP and other relevant financial
22 regulators, shall issue rules and regulations to implement Sections 12 and 13 of this
23 Act.

24 25 CHAPTER 5

26 ELECTRONIC COMMERCE PHILIPPINE TRUSTMARK

27
28 *Sec. 28. E-Commerce Philippine Trustmark.* — To provide assurance of safety
29 and security in internet transactions, the DTI shall lead the development of an E-
30 Commerce Philippine Trustmark, hereinafter referred to as the "Trustmark," which
31 may be established and operated by an industry-led private sector governance body.

1 The DTI shall periodically assess the effectiveness of the industry-led Trustmark
2 in promoting reliable and trustworthy e-commerce services to the public and may opt
3 to assume operational control over the Trustmark if it determines that the industry-
4 led private sector effort cannot sufficiently achieve the goals of the Trustmark.

5
6 CHAPTER 6
7 FINAL PROVISIONS
8

9 *Sec. 29. Penalties. —*

10 (a) Any e-marketplace, e-retailer or online merchant, or digital platform found
11 guilty of any deceptive, unfair, or unconscionable sales act or practice as
12 provided for under Republic Act No. 7394 or the "Consumer Act of the
13 Philippines" done through the internet, shall be subjected to a take-down
14 order under Section 12 of this Act. Moreover, it shall also be punished with
15 a fine equivalent to one hundred percent (100%) up to ten thousand
16 percent (10,000%) of the amount of the goods, digital content/service
17 offered or sold based on the market price as determined by the Bureau.
18 Those found guilty of patently deceptive and unconscionable acts under
19 R.A.7394 shall be imposed an additional fine ranging from ten thousand
20 pesos (P10,000) to one million pesos (P1,000,000).

21 (b) Any e-marketplace, e-retailer, online merchant, or digital platform that
22 sells, illegal or imminently injurious, unsafe, or dangerous goods, services,
23 or digital products shall be subject to a take-down order under Section 12
24 of this Act. It shall also be punished with:

25 (i) A fine ranging from Fifty Thousand Pesos (PhP50,000.00) to One
26 Hundred Fifty Thousand pesos (PhP150,000.00) for the first offense.

27 (ii) A fine ranging from One Hundred Fifty Thousand Pesos
28 (PhP150,000.00) to Five Hundred Thousand Pesos (PhP500,000.00) for
29 the second offense.

30 (iii) A fine ranging from Five Hundred Thousand Pesos (PhP500,000.00) to
31 One Million Five Hundred Thousand Pesos (PhP1,500,000.00) for the
32 third and subsequent offenses.

1 (c) Digital platforms, e-retailers, and online merchants found guilty of violating
2 Section 18 and Section 20 (f) of this Act shall be punished with a fine
3 equivalent to one hundred percent (100%) up to ten thousand percent
4 (10,000%) of the amount of the goods, digital content/service offered or
5 sold based on the market price as determined by the Bureau, including
6 confiscation of the goods as advertised, or the revocation of their licenses,
7 or both, at the discretion of the courts or the concerned agency.

8 (d) Any e-retailer or online merchant who shall willfully or unreasonably refuse
9 to provide the remedies under Section 21, shall be subjected to a take-
10 down order under Section 12 of this Act, and be punished with a fine
11 equivalent to one hundred percent (100%) up to ten thousand percent
12 (10,000%) of the market price of goods, digital content/service involved,
13 as determined by the Bureau, in addition to the payment of the actual value
14 of the goods or digital products involved.

15 (e) Any person who shall violate Section 22 of this Act, shall be punished with
16 a fine equivalent to one hundred percent (100%) up to ten thousand
17 percent (10,000%) of the market price of goods, digital content/service
18 involved, as determined by the Bureau without prejudice to any other
19 available remedies under existing laws.

20 Further, an online merchant or e-retailer who violated any of the
21 abovementioned acts while purposely availing the Philippine market and failed to
22 register either as a sole proprietor, partnership, corporation, or cooperative, or has
23 failed to give notice to the E-Commerce Bureau under Section 5 of this Act, shall be
24 imposed a fine based on the table of penalties under existing laws, issuances, rules
25 and regulations by relevant agencies.

26 The application of these penalties shall be without prejudice to the liability of
27 the offending party under other laws or regulations. The DTI shall determine a
28 schedule of fines that takes into account the gravity of the offense, the size, scope,
29 and role of the business, and the need for effective protection and deterrence, and
30 shall recommend the same to concerned agencies for implementation.

31 Sec. 30. *Oversight Committee.* — There is hereby created a Congressional
32 Oversight Committee, hereinafter referred to as the Internet Transactions Act

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

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

19 *Sec. 31. Implementing Rules and Regulations.* — The Secretary of Trade and
20 Industry, as may be necessary, shall develop and issue the implementing rules and
21 regulations of this Act, in consultation with the relevant government agencies, and
22 private sector stakeholders specifically in consonance with the following:

23 a. Consumer-to-consumer transaction Sec. 3(e);

24 b. Regulatory Jurisdiction of the DTI (Sec. 10);

25 In coordination with agencies under Republic Act No. 7394, otherwise
26 known as the "Consumer Act of the Philippines", Republic Act No. 7653,
27 as amended, otherwise known as "The New Central Bank Act", Republic
28 Act No. 8293, as amended, otherwise known as the "Intellectual Property
29 Code of the Philippines", Republic Act No. 8799, otherwise known as the
30 "Securities Regulation Code", Republic Act No. 9239, otherwise known as
31 the "Optical Media Act of 2003", Republic Act No. 9593, otherwise known
32 as the "Tourism Act of 2009", Republic Act No. 10173, otherwise known as

1 the "Data Privacy Act of 2012", Republic Act No. 10667, otherwise known
2 as the "Philippine Competition Act", Republic Act No. 11127, otherwise
3 known as "The National Payment Systems Act", and Republic Act No. 11232,
4 otherwise known as the "Revised Corporation Code", Republic act 11765
5 otherwise known as the Philippine Financial Products and Services
6 Consumer Protection Act"

- 7 c. Online Business Registry (Sec. 11);
- 8 d. Business Registration (Sec. 16);
- 9 e. Liability of e-marketplaces and other digital platforms (Sec. 26);
- 10 f. Digital Payments (Sec. 27); and
- 11 g. E-Commerce Philippine Trustmark (Sec. 28).

12 Within one hundred twenty (120) working days from the effectivity of this Act,
13 the Secretary of Trade and Industry, in coordination with other concerned agencies,
14 shall develop and issue the abovementioned circulars prescribing guidelines to
15 effectively implement the Act. However, failure to promulgate the necessary circulars
16 and/or guidelines shall not prevent the effectivity and implementation of this Act.

17 *Sec. 32 Transitory Provisions —*

- 18 (a) To ensure the continued implementation of programs to promote e-
19 commerce, the current e-commerce Division shall continue to exercise its
20 functions until such time that the organizational structure and personnel of
21 the Bureau have been determined and approved.

22 All affected officers and personnel of the e-commerce Division shall be
23 absorbed by the Bureau without demotion in rank or diminution of salaries,
24 benefits, and other privileges.

- 25 (b) In order to afford affected online merchants, e-retailers, and digital
26 platforms time to comply with the provisions provided herein, there shall
27 be a transitory period of twelve (12) months from the effectivity of this act;
28 Provided, that during the said twelve (12) month period, the DTI through
29 the E-Commerce Bureau shall undertake an advocacy program to inform
30 the general public of the provisions of this Act.

31 *Sec. 33. Appropriations. —* The amount necessary to carry out the provisions
32 of this Act shall be included in the annual General Appropriations Act.

1 Sec. 34. *Separability Clause.* — If any provision or part of this Act is declared
2 invalid or unconstitutional, such declaration shall not affect the validity of the
3 remaining provisions of this Act.

4 Sec. 35. *Repealing Clause.* — All laws, rules, and regulations, presidential
5 decrees, letters of instruction, and other presidential issuances which are incompatible
6 or inconsistent with the provisions of this Act are hereby repealed, amended, or
7 modified accordingly.

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

12

13 *Approved,*