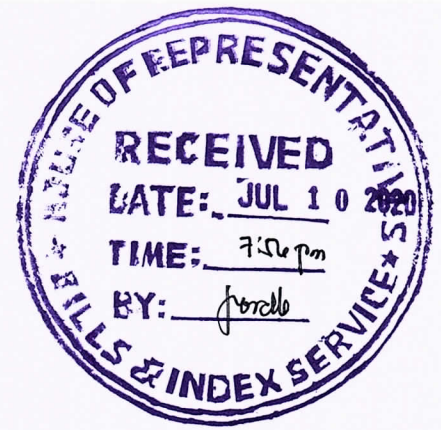


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7084



Introduced by **ANG PROBINSYANO**
Party-List Representative Alfred Delos Santos

EXPLANATORY NOTE

1 After being placed in community quarantine, many Filipinos found themselves
2 unemployed. Just in April 2020, at least 2.2 million workers have been affected
3 or laid off due to severe business losses incurred by their employers, making the
4 total number of workers who lost their jobs at a total of around 4.9 million. This
5 number is expected to balloon as the community quarantine still prohibits many
6 industries from resuming operations at full capacity. The Philippine Statistics
7 Authority (PSA) announced that the unemployment rate in April is already at
8 17.7% or around 7.3 million jobless Filipinos; a dismal fall from the January
9 2020 unemployment rate of only 5.3%.

10
11 Because of unemployment, our *kababayans* resorted to online selling of various
12 goods ranging from household items, DIY kits, cooked meals, at-home
13 barbershop or salon service, and countless others. As a result, the Philippines'
14 e-commerce industry saw a steady growth from 2019's \$7 billion, and an even
15 higher surge when the community lockdown began in March.

16
17 Knowing that the resort of Filipinos to e-commerce is driven mainly by the need
18 to survive and provide for their daily expenses, it is the undersigned's view that
19 we should create a less hostile fiscal environment for them. Recently, the BIR
20 has called on to online sellers to register their business for purposes of tracking
21 and taxation. As expected, many online sellers resisted since it would entail
22 certain expenses which could have been used for their families' needs. Despite
23 the issuance of RMO 30-2020 which provides for faster registration process
24 transactions involving online sellers, we deem this as insufficient in addressing
25 the concerns of online sellers.

26
27 Thus, one potential solution is to waive the registration fee for the BIR
28 registration of online sellers, the complete migration of the registration process
29 for them, including the issuance of an electronic certificate of registration, and
30 the grant of exemptions from certain national taxes related to their income and

1 the conduct of their business. It is hoped that through this legislation, we can
2 help our fellow Filipinos bounce back from the economic drought caused by the
3 pandemic.
4

A handwritten signature in black ink, appearing to read 'Alfred C. Delos Santos', with a stylized flourish at the end.

5
6
7
8 **Alfred C. Delos Santos**
9 *Representative, Ang Probinsyano Partylist*

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1 **AN ACT PROVIDING FOR CERTAIN EXEMPTIONS FROM NATIONAL**
2 **INTERNAL REVENUE TAXES, AND A SIMPLIFIED BUSINESS**
3 **REGISTRATION PROCESS FOR SMALL-TIME ONLINE SELLERS**
4

5 *Be it enacted by the Senate and the House of Representatives of the*
6 *Philippines in Congress assembled:*
7

8 SECTION 1. *Short Title.* – This Act shall be known as the “*Madiskarteng*
9 *Online Sellers Act.*”
10

11 SECTION 2. *Declaration of Policy.* – The State recognizes and encourages
12 private enterprise as an important player in the growth of the Philippine
13 economy. It shall be the policy of the State to promote and protect these private
14 enterprises, particularly small-time online businesses. To this end, the State
15 shall create a fiscal environment that is conducive to the growth of small-time
16 online businesses through certain exemptions and a simplified registration
17 process.
18

19 SECTION 3. *Categories of Online Sellers.* – For purposes of this Act, the
20 following terms shall mean:
21

22 a) “small scale online seller” is an online business conducted by any
23 Filipino citizen exclusively through electronic channels including but not limited
24 to social media, online shopping platforms, and online marketplaces, where the
25 gross income from the conduct of the sale of goods or services does not exceed
26 one hundred fifty thousand thousand pesos (PhP 150,000.00) annually;
27

28 b) “medium scale online seller” is an online business conducted by any
29 Filipino citizen exclusively through electronic channels including but not limited
30 to social media, online shopping platforms, and online marketplaces, where the
31 gross income from the conduct of the sale of goods or services is more than one

1 hundred fifty thousand pesos (PhP 150,000.00) but does not exceed two hundred
2 fifty thousand pesos (PhP 250,000.00) annually; and

3
4 c) "large scale online seller" is an online business conducted by any
5 Filipino citizen exclusively through electronic channels including but not limited
6 to social media, online shopping platforms, and online marketplaces, where the
7 gross income from the conduct of the sale of goods or services exceeds two
8 hundred fifty thousand pesos (PhP 250,000.00) but not more than three million
9 pesos (PhP 3,000,000.00) annually.

10
11 SECTION 4. *Exemption of online sellers from national internal revenue taxes*
12 *per category.* – Persons falling under the definition of small scale online sellers
13 in the preceding paragraph, shall remain exempt from payment of the income
14 tax as already provided for in the NIRC. They shall likewise remain exempt from
15 the payment of Other Percentage Taxes (OPT) at the rate of 3% under Section
16 116 of the NIRC.

17
18 Persons falling under medium scale online sellers category shall remain
19 exempt from payment of the income tax as already provided for in the NIRC.
20 However, they shall be liable to pay only the OPT at the rate of 3% under Section
21 116 of the NIRC.

22
23 Persons falling under large scale online sellers category shall be liable for
24 all the taxes as provided in the NIRC which includes the income tax using the
25 graduated tax rates, the OPT under Section 116, or the 8% tax on gross sales or
26 receipts and other operating income in excess of PhP 250,000.00 in lieu of the
27 graduated income tax rate and the OPT under Section 116.

28
29 SECTION 5. *Waiver of Registration Fee for Small and Medium Scale Online*
30 *Sellers.* – The registration fee in the amount of five hundred pesos (PhP 500.00)
31 shall be waived for small and medium scale online sellers who started their
32 businesses in March 2020, and will register within a period specified by the
33 Bureau. Large scale online sellers shall remain liable to pay the PhP 500.00
34 registration fee.

35
36 SECTION 6. *Complete Migration of the Registration Process to Electronic*
37 *Modes.* – There shall be a complete migration of the entire registration process
38 to electronic modes (i.e. the registration forms, submission of other necessary
39 documents, payment of documentary stamp tax, and issuance of electronic
40 certificates) for all qualified small-time online sellers. There shall also be an
41 assistance hotline accessible to all small-time online sellers to provide guidance
42 to registrants in every step of the registration process.

43
44 The Bureau of Internal Revenue (BIR) shall seek the assistance of the
45 Department of Information and Communications Technology (DICT) in creating

1 the necessary security safeguards for the electronic certificates to be issued
2 under this provision.

3
4 *SECTION 7. Separability Clause.* – If any provision or part of this Act is
5 held invalid or unconstitutional, the remaining provisions or parts unaffected
6 shall remain in full force and effect.

7
8 *SECTION 8. Repealing Clause.* – All laws, executive orders, presidential
9 decrees or issuances, letters of instruction, administrative orders, rules, and
10 regulations contrary to or inconsistent with the provisions of this Act are hereby
11 repealed, amended, or modified accordingly.

12
13 *SECTION 9. Effectivity Clause.* – This Act shall take effect fifteen (15) days
14 after its publication in the Official Gazette or in a newspaper of general
15 circulation.

16
17 Approved,