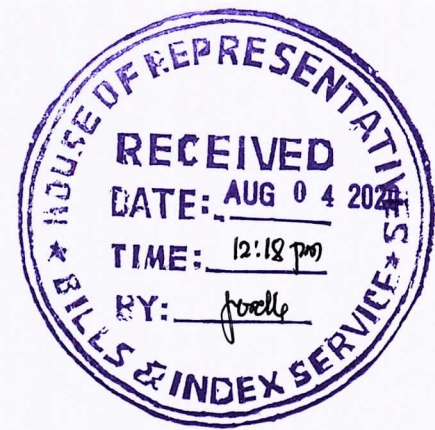


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
 Quezon City, Metro Manila

**18<sup>TH</sup> CONGRESS**  
 Second Regular Session



**HOUSE BILL NO. 7257**

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*Introduced by Representative* **CARLITO S. MARQUEZ**

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**EXPLANATORY NOTE**

This bill seeks to create a healthy and harmonious relationship between e-merchants and e-consumers by ways of protecting the interests of both the e-consumer and e-merchant as to ensure fair business and advertising practices, and secure online transactions, most especially the small and lowly platforms.

*Caveat, emptor! Caveat, venditor!* (Buyer, beware! Seller, beware!)

It is the policy of the State to protect the interests of both the consumer and the seller, promote the general welfare and to establish standards of conduct for business and industry. The State also recognizes the vital role of information and communications technology in nation building. To put into context, we are currently in a society under the verge of digitalizing our consumptions and usage by means of computers and internet. One that radically changed our lives is the fusion of the digital and financial –the electronic Commerce or e-Commerce. Such emergence witnessed rapid advancements in network that this also created a new set of consumers and merchants known as e-consumers and e-merchants.

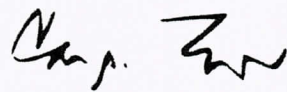
The existing e-Commerce has been easy and convenient that instead of physically going to establishments, e-consumers are just one click away in buying the product or item. This gave an option to save time and access to items that may or may not be always available in the physical market. E-Merchants, on the other hand, believe that operating costs are lower and are kept at

minimum and that they are more exposed to the targeted consumers, if their businesses are done online. Hence, such merchants are able to gain more profit. This interdependence made E-Commerce create its own ecosystem by the continued relationship between the e-merchant and e-consumer, and in this case, online transactions.

However, during the time of crisis, like this dreaded pandemic that the world is writhing right now, where online purchase is the new normal, there is an urgent need to protect the stakeholders. Moreover, the general trend is that the e-Commerce in the Philippines has been unregulated. The transactions and trade between the e-merchant and e-consumer could have been easier and smoothly facilitated and/or issues on these transactions could have been fully addressed. Common notable examples in the Philippines are those unclaimed orders of Grab food or Panda deliveries, and defective or wrong products from a Shopee/Lazada e-Merchant. On-ground issues like these have been usually unaddressed.

Hence, this proposed measure fills in the gap of addressing the concerns of our Filipino e-Consumers and e-Merchants which are not present in RA 7394 or the Consumer Act of the Philippines. This shall create a regulation by creating a Bureau focused on e-Commerce in order to protect one of the drivers of the Philippine economy amid the ever-changing and fast-growing world of the digital. This proposed measure is also one of the centerpieces of PRRD's 5<sup>th</sup> SONA last July 27, 2020 that needs to be passed by Congress.

In this regard, immediate approval of this bill is earnestly sought.



**ENGR. CARLITO “Lito” S. MARQUEZ**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
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**18<sup>TH</sup> CONGRESS**  
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**HOUSE BILL NO. 7257**

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*Introduced by Representative* **CARLITO S. MARQUEZ**

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**AN ACT**  
**PROTECTING E-CONSUMERS AND E-MERCHANTS, CREATING FOR**  
**THE PURPOSE THE E-COMMERCE BUREAU AND APPROPRIATING**  
**FUNDS THEREFOR**

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

1       SECTION 1. **Short Title.** – This Act shall be known as the “*E-Commerce*  
 2       *Protection Act of 2020.*”

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 4       SEC. 2. **Declaration of Policy.** – It is the policy of the State to protect the  
 5       interests of both the consumer and the seller, promote the general welfare and to  
 6       establish standards of conduct for business and industry. The State, likewise,  
 7       recognizes the rapid growth of electronic commerce (eCommerce) as it witnesses the  
 8       emergence of new group of consumers and merchants known as e-consumers and e-  
 9       merchants. Hence, it is the policy of the State to protect the interests of both the e-  
 10      consumer and e-merchant as to ensure fair business and advertising practices, secure  
 11      online transaction through appropriate disclosure, maintain data privacy rights,  
 12      affirm the paramount importance of product safety, and enable all consumers and  
 13      business to create a harmonious and meaningful access to effective mechanisms for  
 14      dispute resolution.

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SEC. 3. **Definition of Terms** – Whenever used in this Act, the following terms shall have the respective meanings hereafter set forth:

- a.) *Consumer-to-Consumer Transactions (C2Cs)* – refer to one-off, petty, or occasional low-value transactions between individuals that are not made in the ordinary course of business;
- b.) *Electronic Commerce or eCommerce* – refers to any form of business transaction conducted online including the distribution, marketing, sale and/or delivery of goods and services;
- c.) *E-Consumer* - refers to a natural or judicial person who is a purchaser, lessee, recipient or prospective purchaser, lessor of recipient of consumer products, services, credit, technology, advertising or promotion, and other items in eCommerce;
- d.) *eCommerce Platform* – refers to a natural or juridical person that solicits the purchase of products through online or digital platforms and marketplaces whose business is to e-Consumers and e-Merchants, facilitating sales of products, goods, or services through the internet with the presence and use of monetary transaction;
- e.) *E-Merchant* – refers to a natural or juridical entity, regardless whether privately or publicly owned, that directly sells, manufactures goods and services, in the ordinary course of business over the internet, through a website, an online marketplace, a social media website or application or through other similar means;

SEC. 3. **Scope and Coverage.** - This Act applies to the sale or exchange of digital products, including the following:

- a.) Internet retail of consumer goods;
- b.) Online travel services, covering the purchase of flights, hotel accommodations, and vacation rental spaces;
- c.) Digital media providers, including advertising, gaming, music subscription and video on demand;
- d.) Ride hailing services for personal transport, delivery of food and merchandise; and
- e.) Financial services offered through digital online platforms, such as online payments, remittances, online lending, online investment, and online insurance services.

SEC. 4. **eCommerce Bureau.** – Subject to the provisions of RA 7394 or the Consumer Act of the Philippines regarding complaints, in order to coordinate and supervise the implementation of this Act, and to promote the growth of the eCommerce sector, there is hereby created the eCommerce Bureau, hereinafter referred to as the Bureau, under the Department of Trade and Industry (DTI), to perform the following functions:

- a.) Implement, monitor, and ensure strict compliance by eCommerce stakeholders of the provisions of this Act;
- b.) Coordinate and provide market research toward the formulation of policies, plans and programs to promote healthy and harmonious relationship between e-consumers and e-merchants;
- c.) Initiate market education and information dissemination in protecting e-Consumers and e-Merchants against deceptive, unfair and unconscionable

online acts and practices, with the principle of *caveat emptor, caveat venditor*.

- d.) Oversee and accommodate e-Consumer complaints on internet transactions and facilitate speedy and prompt resolution by the respective government agency which has jurisdiction over the complaint, if the e-Merchant has failed to redress;
- e.) Compel or petition any entity, government agency or instrumentality to take action on any matter that may impede the eCommerce;
- f.) Prepare and conduct periodic research studies on eCommerce;
- g.) Provide systematic and efficient feedback program and/or system with regard to online transactions between buyer and seller; and
- h.) Recommend executive and legislative measures to ensure a regulatory framework that encourages growth of the sector.

SEC. 5. **Composition of the Bureau.** – The Bureau shall be headed by a commissioner who must have sufficient knowledge and scientific research on eCommerce;

The commissioner shall be assisted by seven (7) deputy commissioners: one (1) for administration; one (1) for finance; one (1) for plans and programs. one (1) for operations, one (1) for research, strategy and policy, one (1) for franchising, and one (1) for law enforcement and adjudication.

The commission and deputy commissioners shall be appointed by the President of the Philippines upon the recommendation of the Secretary of Trade and Industry.

SEC. 6. ***Business Registration.*** –

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

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

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

d.) Consistent with Republic Act No. 11302, otherwise known as the “*Ease of Doing Business Act*,” all national government agencies and local government agencies shall make available online registration of business permits and licenses particularly for those engaged in eCommerce.

e.) eCommerce Platforms shall see to it that e-Merchants are licensed to operate and publish in their platforms with the following details:

1. Name of the e-Merchant;
2. Registration documents of the e-Merchant from the appropriate regular authority, including but not limited to business permits, certificate of registration, barangay clearance;
3. Geographic address at which the e-Merchant is established;
4. Details of e-Merchant such as mobile/landline number, valid e-mail address for immediate and easy communication; and
5. Details of the professional body or similar institution with which the online merchant is registered, in instances when the e-Merchant exercises a regulated profession.

#### SEC. 7. ***Online Dispute Resolution.*** -

- a. E-merchants have the right to redress whenever the said e-merchant is liable to the consumer resulting from an act or omission by a person in earlier links of the chain of transactions, the online merchant is entitled to pursue remedies against the e-Consumer or persons liable in the chain of transactions.
- b. Failure to comply from the agreed online transaction, both e-merchants and e-consumers can file a complaint against the other with DTI Bureau online or personal within ten (10) days from receipt of the goods or non-receipt thereof or non-payment thereof.
- c. Complaints are subject to arbitration and investigation. Procedures are the same as provided under RA 7394.

SEC. 8. ***Tax Exemptions.*** – No tax shall be imposed by the government for small e-Merchants; only those whose generated revenue reach two hundred fifty thousand pesos (P250,000.00) shall be taxed, in line with the BIR Revenue Memorandum Circulars 60-2020.

SEC 8. ***Penalties.*** - E-Merchants found guilty of violating Section 6, paragraph (b) of this Act or who fail to register either as a sole proprietor, one-person corporation, partnership, corporation, or cooperative, shall be punished for imprisonment for one (1) year and/or fine not exceeding one hundred thousand pesos (P100,000.00) or revocation of their licenses, both upon discretion of the court.

Any other violation of this Act shall be meted with same penalty as indicated above, subject to the provisions meted out by RA 7394.

SEC. 9. ***Appropriations.*** – The amount of fifty million pesos (P50,000,000.00) the initial operation of the Bureau is hereby appropriated out of any funds in the National Treasury not otherwise appropriated. Thereafter, such sums as may be

SEC. 10. ***Separability Clause.*** – If any provision or part of this Act is declared invalid or unconstitutional, such declaration shall not affect the validity of the remaining provisions of this Act.

SEC. 11. ***Repealing Clause.*** – All laws, decrees, executive orders and regulations, issuances or parts thereof inconsistent with his Act are hereby repealed or amended accordingly.

170 SEC. 12. ***Effectivity.*** This Act shall take effect fifteen (15) days after its  
171 publication in the Official Gazette or in a newspaper of general circulation.

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173 *Approved,*

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