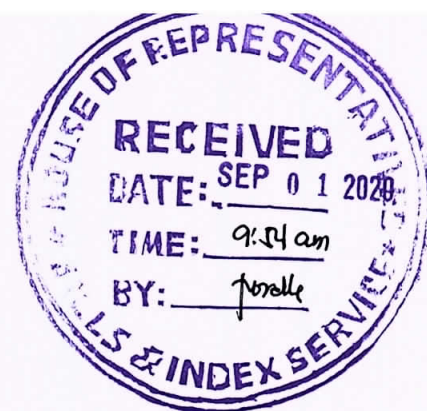


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
Second Regular Session

HOUSE BILL NO. 7559



Introduced by Rep. Bernadette Herrera-Dy

AN ACT MANDATING THE SECURITIZATION OF E-COMMERCE INDEPENDENT CONTRACTORS AND PENALIZING THE CANCELLATION OF CASH-ON-DELIVERY BASED TRANSACTIONS

Explanatory Note

Delivery services have been an indispensable means to purchasing essentials during the COVID-19 pandemic. Since the national imposed lockdown, the State has urged the public to avoid crowded places and stay at home. To sustain the people's need for food, household supplies, and other items, consumers have resorted to e-commerce platforms, online sellers, and delivery services as a more safe and convenient alternative in the so-called "new normal".

Delivery services have become a flourishing industry during this quarantine period and will continue to grow as time moves forward. Due to COVID-19 and the closure of thousands businesses, millions of employees have lost their jobs, prompting others to venture different sources of income.¹ One of which is delivering items on their motorcycles to people who don't leave their homes. According to Grab, the demand for their motorcycle delivery services has tripled since the start of the national imposed lockdown.

These delivery service providers typically have items delivered to customers through motorcycle riders. Customers have the option to pay for their items and delivery service charge in advance through cashless transactions such as credit or debit cards, online bank transfers and e-wallets, or through cash on delivery (COD). For COD, the delivery rider will advance the purchase price for the orders, be responsible for buying the items being ordered, and receive reimbursement and a small premium upon its successful delivery to the customer, who then pays for their order in cash.

Consequently, these delivery riders have become inadvertent frontliners who must take the daily risk of going out, purchasing items and delivering them to the doorstep of customers. Both the World Health Organization and Center for Disease Control Prevention have warned the public about the use of cash as the virus can possibly be transmitted through the surface of banknotes and coins. This is an added risk for delivery riders who may contract the virus from contaminated cash upon delivery.

To make matters worse, there is a growing number of cases in which customers cancel their orders upon delivery even if the delivery rider has already paid and prepared the items in advance. As a result, the delivery rider loses precious time and money, while they are stuck with the customer's cancelled order. Delivery riders earn a meager monthly salary of Php15,000-20,000 to support themselves and their families.² Cancellations for cash deliveries create a triple burden for

¹ <https://news.abs-cbn.com/spotlight/multimedia/infographic/07/23/20/billions-in-govt-loans-millions-go-jobless-covid-19s-disastrous-impact-on-the-philippines>

² <https://manilastandard.net/mobile/article/303193#:~:text=For%20a%20fee%20of%20P49,to%2015%20deliveries%20a%20day.>

the delivery riders as they waste time, shoulder expenses, and expose themselves to the dangers of being infected.

One proposed solution for efficiently purchasing items through delivery services is by prohibiting cancellations upon delivery and promoting/increasing the selection/modes of cashless transactions. Customers are more responsible for their purchases when they opt to pay online and in advance, while the delivery rider simply transports the items to the customers' homes without having to bear the costs. Rather than going out to an ATM and withdrawing cash, customers can also safely and quickly transfer money through the screens of their computers and mobile applications. Prohibiting such cancellations and promoting cashless transactions are a contactless, fast, and convenient measure that can reduce the transmission of the virus, hold customers accountable for their orders, and significantly ease the burden and risks of delivery riders.

In order to increase efficiency and protect the welfare of delivery riders whose lives are put at stake to keep us safe within our homes, this bill seeks to provide more secure measures to these service providers and penalize those who unreasonably and inconveniently cancel their orders upon delivery. While COVID-19 is changing the way in which we live, we too must adapt with the primary focus on health and safety through contactless and cashless methods.

In view of the foregoing, the approval of this bill is highly and earnestly recommended.


BERNADETTE HERRERA-DY

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**EIGHTEENTH (18TH) CONGRESS
Second Regular Session**

House Bill No. 7559

Introduced by: Rep. Bernadette Herrera-Dy

**AN ACT MANDATING THE SECURITIZATION OF E-COMMERCE INDEPENDENT
CONTRACTORS AND PENALIZING THE CANCELLATION OF CASH-ON-
DELIVERY BASED TRANSACTIONS**

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

SECTION 1. *Short Title.* This Act shall be known as the “The Magna Carta of E-Commerce Delivery Personnel”.

SECTION 2. *Declaration of Policy.*

SECTION 3. *Definition of Terms.* - For purposes of this Act, the following terms are hereby defined:

- a. “Cancel upon delivery” – refers to a previously confirmed order to buy an item that is called off or rejected by the customer once the item is delivered to them.
- b. “Cash on delivery (COD)” – refers to the cash payment for an order that is collected when the products are delivered to the customer.
- c. “Cashless transactions” – refers to the process by which money is exchanged or transferred online between two people, businesses, or organizations, involving no use of hard cash. This includes the use of contactless credit or debit cards, online bank transfers, and e-wallets.
- d. “Confirmed Order” – is a form of document that is sent from the online seller to the customer which confirms that the order and mode of payment selected has been received and approved for delivery.
- e. “Customer” – an individual, group of individuals, organization, or business that buys goods through a delivery service.
- f. “Delivery rider” – an individual who collects items from a seller and transports them to a customer’s destination on a motorcycle.
- g. “Delivery service provider” – a third party company engaged in connecting of seller and customer, and provides the delivery rider to serve on the pickup and delivery of goods between a seller and customer.

- h. "Online seller" – an individual, group of individuals, organization, business, or e-commerce platform that sells goods to customers over the internet.

SECTION 4. *Prohibited Acts.* The below listed acts are expressly prohibited, as follows:

- a. It shall be prohibited for any customer to cancel confirmed orders upon the delivery of the item/s.
- b. It shall likewise be unlawful for any customer to cancel confirmed orders if the items have already been paid by the delivery rider, is in possession of the delivery rider, or in transit to the customer.

SECTION 5. *Exemptions.* Customers under the following instances shall be considered exempt from the provisions of this law:

- a. When the customer uses cashless transactions as a mode of payment and reimbursement and any such payment and reimbursement is provided to the online seller and to the delivery service provider in spite of the cancellation;
- b. The customer remits to the online seller, delivery service provider and/or delivery rider any such reimbursement as a prerequisite for the cancellation of the confirmed order; or
- c. The delivery of the items is or will be delayed for the following time periods from the expected time of arrival indicated in the confirmed order issued by the online seller or delivery service provider except for instances in which the customer is previously notified by the delivery service provider or delivery rider of a possible delay and that such delay was not caused by the negligence of the delivery rider:
 - i. at least one (1) hour for food and drinks, and
 - ii. at least one (1) day for non-perishable items.

SECTION 6. *Obligations of Online Sellers.* Online sellers are mandated to expand their options of cashless transactions for the purchase of their items to ensure the health, safety, financial inclusion, and convenience of customers and delivery riders and to hold customers accountable for their confirmed orders and possible cancellations. Such online sellers must provide a full range of cashless options present in the Philippine market by June 2021.

SECTION 7. *Penalties.* The penalty for any customer who is found to have violated the provisions of this Act shall be subject to the following penalties:

- a. The violator of Section 4, Paragraph a, herein shall be penalized by imprisonment of one month to three months and a fine of ten thousand (PHP 10,000) to fifty thousand (PHP 50,000) pesos. The violator shall likewise reimburse the online seller and delivery service provider for the value of the items and delivery service fee. The amount of the reimbursement shall be twice the amount of the confirmed order and delivery service fee pertaining to the cancellation.
- b. The violator of Section 4, Paragraph b, herein shall be liable for a fine of ten thousand (PHP 10,000) to fifty thousand (PHP 50,000) pesos. The violator shall likewise reimburse the online seller and delivery service provider for the value of the items and delivery service fee and/or any items advanced purchased by the delivery rider. The amount of the reimbursement shall be twice the amount of the confirmed order and delivery service fee pertaining to the cancellation.
- c. Violators of Section 4, Paragraphs a and b, in the event they post their cancellations on social media for purposes of pranking, gaining popularity or notoriety, vlogging, etc., shall be deemed to have purposely transacted and cancelled with no serious intent of consummating the purchase, and shall be penalized with imprisonment of one (1) year to three (3) years, a fine of one hundred thousand pesos to one hundred and fifty thousand pesos, and damages to the seller and/or delivery service provider that has suffered as a result. Such damages shall be in an amount determined by the court and shall be accompanied by a public apology.

SECTION 8. *Separability Clause.* In the event that any provision of this Act is declared unconstitutional, invalid, or illegal, the constitutionality, validity, or legality of the remainder of the provisions of this Act shall not be affected thereby.

SECTION 9. *Repealing Clause.* All laws, presidential decrees, letters of instructions, executive orders, administrative orders, rules, regulations, and other issuances or parts thereof which are contrary to or inconsistent with the provisions of this Act are hereby revoked, repealed or modified accordingly.

SECTION 10. *Effectivity.* This Act shall take effect fifteen (15) days following the completion of its publication in any two (2) national newspapers of general circulation.

Approved,