

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

**NINETEENTH CONGRESS**  
 First Regular Session

**HOUSE BILL NO. 2599**




---

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

---

### **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!*

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.

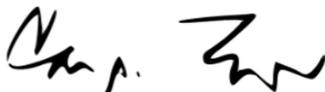
The existing e-Commerce has been easy and convenient that instead of physically going to establishments, e-consumers are just one click away in buying the product or item. This gave an option to save time and access to items that may or may not be always available in the physical market. E-Merchants, 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 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 deliveries, and defective or wrong product from a Shopee/Lazada e-Merchant. On-ground issues like these have been usually unaddressed.

Hence, this proposed measure fills in the gap in addressing the concerns of our Filipino e-Consumers and e-Merchants. 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.

Immediate approval of this bill is earnestly sought.

  
**ENGR. CARLITO “Lito” S. MARQUEZ**

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

**NINETEENTH CONGRESS**  
 First Regular Session

**HOUSE BILL NO. 2599**

---

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

---

**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 Protection Act*  
 2 *of 2022.*”

3  
 4           SEC. 2. **Declaration of Policy.** – The State recognizes the rapid growth of  
 5 electronic commerce (eCommerce) as it witnesses the emergence of new group of  
 6 consumers and merchants known as e-consumers and e-merchants. Hence, it is the policy  
 7 of the State to protect the interests of both the e-consumer and e-merchant as to ensure  
 8 fair business and advertising practices, secure online transaction through appropriate  
 9 disclosure, maintain data privacy rights, affirm the paramount importance of product  
 10 safety, and enable all consumers and business to create a harmonious and meaningful  
 11 access to effective mechanisms for dispute resolution.

12  
 13           SEC. 3. **Definition of Terms** – Whenever used in this Act, the following terms  
 14 shall have the respective meanings hereafter set forth:

- 15           a.) *Consumer-to-Consumer Transactions (C2Cs)* – refer to one-off, petty, or  
 16           occasional low-value transactions between individuals that are not made in the  
 17           ordinary course of business;
- 18           b.) *Electronic Commerce or eCommerce* – refers to any form of business  
 19           transaction conducted online including the distribution, marketing, sale  
 20           and/or delivery of goods and services;
- 21           c.) *E-Consumer* - refers to a natural or judicial person who is a purchaser, lessee,  
 22           recipient or prospective purchaser, lessor of recipient of consumer products,  
 23           services, credit, technology, advertising or promotion, and other items in  
 24           eCommerce;

1 d.) *eCommerce Platform* – refers to a natural or juridical person that solicits the  
 2 purchase of products through online or digital platforms and marketplaces  
 3 whose business is to e-Consumers and e-Merchants, facilitating sales of  
 4 products, goods, or services through the internet with the presence and use of  
 5 monetary transaction;

6 e.) *E-Merchant* – refers to a natural or juridical entity, regardless whether  
 7 privately or publicly owned, that directly sells, manufactures goods and  
 8 services, in the ordinary course of business over the internet, through a website,  
 9 an online marketplace, a social media website or application or through other  
 10 similar means;

11  
 12 **SEC. 4. *Scope and Coverage.*** - This Act applies to the sale or exchange of digital  
 13 products, including the following:

14 a.) Internet retail of consumer goods;

15 b.) Online travel services, covering the purchase of flights, hotel  
 16 accommodations, and vacation rental spaces;

17 c.) Digital media providers, including advertising, gaming, music subscription  
 18 and video on demand;

19 d.) Ride hailing services for personal transport, delivery of food and  
 20 merchandise; and

21 e.) Financial services offered through digital online platforms, such as online  
 22 payments, remittances, online lending, online investment, and online  
 23 insurance services.

24  
 25 **SEC. 5. *eCommerce Bureau.*** - To coordinate and supervise the implementation  
 26 of this Act, and to promote the growth of the eCommerce sector, there is hereby created  
 27 the eCommerce Bureau, hereinafter referred to as the Bureau, under the Department of  
 28 Trade and Industry (DTI), to perform the following functions:

29  
 30 a.) Implement, monitor, and ensure strict compliance by eCommerce  
 31 stakeholders of the provisions of this Act;

32 b.) Coordinate and provide market research toward the formulation of policies,  
 33 plans and programs to promote healthy and harmonious relationship between  
 34 e-consumers and e-merchants;

35 c.) Initiate market education and information dissemination in protecting e-  
 36 Consumers and e-Merchants against deceptive, unfair and unconscionable  
 37 online acts and practices, with the principle of *caveat emptor*.

38 d.) Oversee and accommodate e-Consumer complaints on internet transactions  
 39 and facilitate speedy and prompt resolution by the respective government

1 agency which has jurisdiction over the complaint, if the e-Merchant has failed  
2 to redress;

- 3 e.) Compel or petition any entity, government agency or instrumentality to take  
4 action on any matter that may impede the eCommerce;
- 5 f.) Prepare and conduct periodic research studies on eCommerce;
- 6 g.) Provide systematic and efficient feedback program and/or system with regard  
7 to online transactions between buyer and seller; and
- 8 h.) Recommend executive and legislative measures to ensure a regulatory  
9 framework that encourages growth of the sector.

10  
11 **SEC. 6. *Composition of the Bureau.*** – The Bureau shall be headed by a  
12 commissioner who must have sufficient knowledge and scientific research on  
13 eCommerce;

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

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

20  
21 **SEC. 7. *Business Registration.*** –

- 22 a.) To encourage the formation of business enterprises, the growth and  
23 integrated development of eCommerce, and protection of online consumers,  
24 all individuals engaged in internet transactions as e-Merchants or as  
25 eCommerce platforms shall register as a business either as a sole proprietor,  
26 one-person corporation, partnership, corporation, or cooperatives.
- 27 b.) No person shall be allowed to engage in eCommerce, including the sale of any  
28 product without a license to operate. Any entity, whether natural or juridical,  
29 who offers to sell or have been found engaged in any internet transaction  
30 without a license to operate is in violation of this Act; *Provided, however,* that  
31 consumer-to-consumer transactions shall not be covered by this Act. For the  
32 first year of implementation, the penalty for unregistered merchants and  
33 first-time offenders shall be waived upon presentation of business  
34 registration papers.
- 35 c.) All regulatory agencies responsible for business registration whether for sole  
36 proprietorships, one-person corporations, partnerships, corporations, or  
37 cooperatives, shall extend its jurisdiction or regulatory powers over business  
38 websites and other communication channels covering internet transactions.  
39 The DTI or any of the implementing agencies shall have the authority to

1 enforce website takedown procedures and shall report the violator to the  
2 Bureau of Internal Revenue.

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

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

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

19  
20 **SEC. 8. *Online Dispute Resolution.* -**

- 21 a. E-merchants have the right to redress whenever the said e-merchant is liable  
22 to the consumer resulting from an act or omission by a person in earlier links  
23 of the chain of transactions, the online merchant is entitled to pursue remedies  
24 against the e-Consumer or persons liable in the chain of transactions.
- 25 b. Failure to comply from the agreed online transaction, both e-merchants and  
26 e-consumers can file a complaint against the other with DTI within ten (10)  
27 days from receipt of the goods or non-receipt thereof or non-payment thereof.

28  
29 **SEC. 9. *Tax Exemptions.* –** No tax shall be imposed by the government for small  
30 e-Merchants; only those whose generated revenue reach two hundred fifty thousand  
31 pesos (P250,000.00) shall be taxed, in line with the BIR Revenue Memorandum Circulars  
32 60-2020.

33  
34 **SEC 10. *Penalties.* -** E-Merchants found guilty of violating Section 6, paragraph  
35 (b) of this Act or who fail to register either as a sole proprietor, one-person corporation,  
36 partnership, corporation, or cooperative, shall be punished for imprisonment for one (1)  
37 year and/or fine not exceeding one hundred thousand pesos (P100,000.00) or revocation  
38 of their licenses, both upon discretion of the court.

39 Any other violation of this Act shall be meted with same penalty as indicated above.

1           SEC. 11. **Appropriations.** – The amount of fifty million pesos (P50,000,000.00)  
2 the initial operation of the Bureau is hereby appropriated out of any funds in the National  
3 Treasury not otherwise appropriated. Thereafter, such sums as may be  
4

5           SEC. 12. **Separability Clause.** – If any provision or part of this Act is declared  
6 invalid or unconstitutional, such declaration shall not affect the validity of the remaining  
7 provisions of this Act.  
8

9           SEC. 13. **Repealing Clause.** – All laws, decrees, executive orders and  
10 regulations, issuances or parts thereof inconsistent with his Act are hereby repealed or  
11 amended accordingly.  
12

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

*Approved,*