State of Palestine
State Audit & Administrative Control Bureau

Effectiveness of stakeholders' action to monitor & regulate E-commerce
2023

Audit for Building, Development & Good Governance Enhancing

The growing E-commerce in Palestine
Monitoring & regulations shortcomings

The Bureau had a performance audit on 'effectiveness of stakeholders' action to monitor & regulate E-commerce, 2023', prompted by the boom of E-commerce in Palestine over the past few years, due to state of emergency brought by COVID-19 pandemic and economic and political conditions in the Palestinian territories. This made growing numbers of consumers to buy goods and service they need via the global and local E-commerce website, which also had their numbers increased lately.

The report shows many shortcomings in action the Palestinian government, Ministry of National Economy and Ministry of Telecommunications take to monitor and regulate E-commerce, and those stakeholders can follow measures to improve more effectively.

The audit also looked into the regulatory and legislative aspect of E-commerce, action to regulate the E-commerce transactions and action to follow up complaints and raise the awareness of E-commerce.

Legal framework that regulates E-commerce transactions

The reports shows there are not laws or regulations on E-commerce that regulate the parties in all of the E-commerce phases. There are not executive regulations for decree law 26/2024 on value added tax, in order to regulate the collection of E-commerce tax.

Action of Ministry of Economy to regulate & monitor the E-commerce

Audit findings show that the Ministry does not have comprehensive register of all companies, electronic suppliers or individuals working in E-commerce, who practice any form of E-commerce or E-marketing in Palestine. There are not protocols to register the E-commerce websites.

The report also shows there are not measures to deal with websites or stores that exhibit banned products, by either the security E-crimes agencies or the public awareness about these websites or products.

Additionally, Ministry of Economy did not monitor the unlicensed websites or social media accounts used to promote products.

E-commerce complaints

The report shows there are many complaints regarding E-commerce, which have not been addressed by Ministry of National Economy. The reason was the inability to reach store IP addresses, where failure to process the complaints expose consumers to increasing fraud without real deterring.

The report also mentions the delayed processing of some complaints the Ministry of Economy receives. There are E-commerce related complaints that took more than 30 days to follow up, others took more than 200 days.

Palestinian Mail development hampers E-commerce growth

The report indicates poor protocols regarding the expanded acknowledgment of the Palestinian postal code, in order to use in E-shopping at international stores. Shopping from these websites can only be done when selecting the region 'Israeli'.

There are not standards to classify the mail generated by E-commerce, which does not help estimating the accurate volume of E-commerce.
The report reveals poor control by Ministry of Telecommunications of express mail companies, which ensure safe and sound action they perform.

The absence of legal framework to regulate E-commerce costs the treasury considerable funds, and does not protect the rights of parties in E-commerce transactions.

Recommendations to improve E-commerce
The Bureau identified many improvements from audit findings. Accordingly, the Bureau recommends the council of ministers to follow up the committee formed to set E-commerce law draft, in order to approve the law, provide means of enforcement and have executive regulations for decree law 26/2024 on value added tax to regulate the E-commerce tax collection.
The Bureau recommends Ministry of National Economy to have protocols to register and classify E-commerce stores and websites, have special register of companies and individuals in this field, have controls over the registered stores and websites and take legal action against the unlicensed websites.
The reports emphasizes that Ministry of National Economy should comply with the deadline (30 days) to validate, respond to and take proper action regarding the complaints it receives.
The Palestinian Mail should have a policy to expand acknowledgment, by enhancing the cooperation with international and regional organizations, and developing the regulations and protocols applicable in the Palestinian Mail to classify mail generated by E-commerce.
Ministry of Telecommunications & Digital Economy should approve a guide to monitor the express mail companies and monitor the unlicensed mail companies.

Ministry of National Economy and Ministry of Telecommunications & Digital Economy expressed willingness to approve many of the protocols and recommendations in the report. Council of ministers approved the E-commerce law in third reading on 25.03.2025, and the law draft was referred to Mr. President Office for approval.