

Republic of the Philippines

House of Representatives
Quezon City

SEVENTEENTH CONGRESS
First Regular Session



HOUSE RESOLUTION NO. 256

Introduced by Hon. Sabiniano S. Canama and Hon. Anthony M. Bravo

RESOLUTION

DIRECTING THE COMMITTEE ON COOPERATIVES DEVELOPMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, FOR NON COMPLIANCE OF BUREAU OF INTERNAL REVENUE WITH SECTION 13 OF THE JOINT RULES AND REGULATIONS IMPLEMENTING ARTICLES 60,61 AND 144 OF REPUBLIC ACT 9520, OTHERWISE KNOWN AS THE PHILIPPINE COOPERATIVE CODE OF 2008 AND FOR OTHER PURPOSES

WHEREAS, it is the declared policy of the State to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice;

WHEREAS, Cooperatives serve as the fundamental driving force in stirring national development by enriching the standard of living at the grassroots level and supporting the growth of Philippine economy by spurring micro-enterprise development in communities all over the country,

WHEREAS, Article 60 of Republic Act 9520 provides for the Tax Treatment of Cooperatives stating that "Duly registered cooperative under this Code which do not transact any business with non-members or the general public shall not be subject to any taxes and fees imposed under the internal revenue laws and other tax laws. Cooperatives not falling under this article shall be governed by the succeeding section (Article 61)."

WHEREAS, the Department of Finance in coordination with the Cooperative Development Authority issued Joint Rules and Regulation Implementing Articles 60, 61 and 144 of Republic Act No. 9520, otherwise known as the "Philippine Cooperative Code of 2008" in Relation to R.A. 8424, otherwise known as the National Internal Revenue Code, as amended.

WHEREAS, under Section 13 of the said Joint Rules and Regulation, it specifically provides for the four (4) documents that shall be attached to the application for the issuance of a certificate of tax exemption, to wit:

- "a) A certified true copy of the Certificate of Registration issued by the Cooperative Development Authority under the new Cooperative Code,
- b) A certified true copy of the Articles of Cooperation and By-Laws of the Cooperative,

- c) A certified true copy of the current Certificate of Good Standing from the CDA, effective on the date of application. No application for exemption will be processed in the absence thereof, and,
- d) A copy of the BIR Certificate of Registration of the Cooperative.”

WHEREAS, there are reports that the Bureau of Internal Revenue in the different regional offices are requiring other documents aside from that provided for under Section 13 of the Joint IRR for the issuance of a Certificate of Tax Exemption;

WHEREAS, the delay in the issuance of a Certificate of Tax Exemption or its non-issuance despite the fact that the required documents have been complied with by the cooperative concerned, subjects it to taxation by the local government unit;

WHEREAS, there is a need to review the provisions of Section 13 of the Joint IRR together with the BIR Officials at the Head Office and the BIR Regional District Officers as apparently these BIR personnel are implementing their own interpretation of the Tax Provisions of RA 9520 and Section 13 of the Joint IRR;

WHEREAS, the non-compliance of Section 13 of the Joint IRR is viewed as an avenue for corruption for some opportunistic employees of the Bureau of Internal Revenue who purposely impede the issuance of the CTE for a fee;

RESOLVED, AS IT IS HEREBY RESOLVED, to direct the Committee on Cooperatives Development to conduct an inquiry, in aid of legislation, on the non-compliance of the Bureau of Internal Revenue officials on Section 13 of the Joint Rules and Regulations and the tax provisions under RA 9520.

August 17, 2016.



HON. ANTHONY M. BRAVO



HON. SABINIANO S. CANAMA