

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

**EIGHTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 2369**



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**INTRODUCED BY HONORABLE CHERYL P. DELOSO-MONTALLA**

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**AN ACT**  
**GRANTING INCOME AND REAL PROPERTY TAX EXEMPTION**  
**TO ELECTRIC COOPERATIVES**

**EXPLANATORY NOTE**

The establishment of electric cooperatives during the early 60's when the countryside was in total darkness dramatically changed the lives of the people in the rural communities. Presidential Decree 269 created the National Electrification Administration (NEA) to spearhead the energization of the Philippine countryside.

More than half a century after its creation, the charter that gave life to NEA was amended to keep it abreast with changing times and tides. Electric cooperatives registered under it, which are by nature non-stock and non-profit were given additional incentives through the amended NEA Charter (RA 10531) for their impeccable performance in spurring growth and development in the rural communities.

Section 39 of PD 269 provides:

“Section 39. Assistance to Cooperatives; Exemption from Taxes, Imposts, Duties, Fees; Assistance from the National Power Corporation. Pursuant to the national policy declared in Section 2, the Congress hereby finds and declares that the following assistance to cooperative is necessary and appropriate:

- (a) Provided that it operates in conformity with the purposes and provisions of this Decree, cooperative
- (1) shall be permanently exempt from paying income taxes, and
  - (2) xxx.”

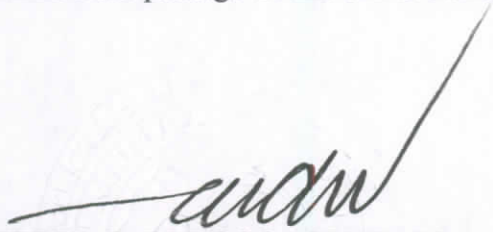
The enactment of Republic Act 7160 or the Local Government Code of 1991, however, supplanted the said provision of PD 269 and imposed taxes, income and real property taxes, to electric cooperatives.

Considering the non-stock, non-profit nature of the electric cooperative, it is inconsistent for the government to impose upon it income and real property taxes. It is short of saying that for every peso spent by the electric cooperative for the purchase and distribution of electricity to individual homes, it is charging one peso to its member-consumer-owners for it. Thus, charging the electric cooperative with income and real property taxes is tantamount to extracting blood from

stone. And as a result of this imposition, electric cooperatives pass these taxes to the member-consumer-owners of the electric cooperatives.

This bill seeks to address this problem besetting electric cooperative with the end in view of reducing the cost of electricity in the country side.

It is in this light that this bill is being filed and immediate passage of this bill is earnestly sought.



**CHERYL P. DELOSOS-MONTALLA**  
Representative  
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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**SECTION 1. Title.** - This Act shall be known as the "*The Electric Cooperative Tax Exemption Act of 2019*".

**SECTION 2. Coverage.** - The coverage of the provisions of this Act shall be limited to electric cooperatives registered under the National Electrification Administration.

**SECTION 3. Tax Exemption to Electric Cooperatives.** - All electric cooperatives registered under the National Electrification Administration whose nature is non-stock and non-profit are hereby exempted from paying income and real property taxes provided they operate in conformity with the purposes and provisions of Presidential Decree 269, as amended.

**SECTION 4. Implementing Rules and Regulations.** - Immediately upon the approval of this Act, the Department of Finance, Bureau of Internal Revenue and the National Electrification Administration shall formulate such rules and regulations that will effectively implement the provisions of this Act

**SECTION 23. Repealing Clause.** - All laws, decrees, executive orders and issuances, resolutions, revenue regulations, ordinances or circulars inconsistent with the provisions of this Act are hereby repealed or modified accordingly or declared null and void and inoperative.

**SECTION 24. Separability Clause.** - If any section, provision or part of this Act shall be declared unconstitutional, the remaining portion thereof shall remain valid and in full force and effect.

**SECTION 24. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in two (2) newspapers of national circulation.

*Approved,*