

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

EIGHTEENTH CONGRESS  
1<sup>st</sup> Regular Session

House Resolution No. 524



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Introduced by Hon. Rico B. Geron, Hon. Virgilio S. Lacson, Hon. Jose Gay G. Padiernos, Hon. Adriano A. Ebcas, Hon. Presley C. De Jesus, Hon. Diego C. Ty, Hon. Godofredo N. Guya, Hon. Sergio C. Dagooc and Hon. Ron P. Salo.

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#### RESOLUTION

**DIRECTING THE COMMITTEE ON COOPERATIVES DEVELOPMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO CLARIFY THE PROVISIONS AND IMPLEMENTATION OF THE JOINT ADMINISTRATIVE ORDER NO. 1-2019 AND ITS IMPLICATION TO THE ISSUED BUREAU OF INTERNAL REVENUE MEMORANDUM CIRCULARS AND THE MEMORANDA ISSUED BY THE COOPERATIVE DEVELOPMENT AUTHORITY TO COOPERATIVES FOR ITS COMPLIANCE WITH REPUBLIC ACT NO. 9520, THE COOPERATIVE CODE OF 2008**

**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**, RA 9520 provides for the Tax Treatment of Cooperatives under Article 60, 61 and 62, and on the basis of Article 144 of the said Code and Sections 4 and 244 of the National Internal Revenue Code, Joint Rules and Regulations and the appropriate BIR Memorandum Circulars were issued to implement the provisions of the tax treatment of cooperatives;

**WHEREAS**, with the passage of the RA 10963, the "Tax Reform for Acceleration and Inclusion Law" and RA 10708, the "Tax Incentives Management and Transparency Act", the necessary rules and regulations under the Joint Administrative Order No. 1-2019 (JAO) was issued by the Department of Finance with the concurrence of the Bureau of Internal Revenue and the Cooperative Development Authority;

**WHEREAS**, the JAO declares that in the "promotion of fiscal accountability and transparency in the grant and management of tax incentives by developing means to promptly measure the government's fiscal exposure on these grants and to enable the government to monitor, review and analyze the economic impact thereof, and thereby

optimize the social benefits of such incentives.” is well-meant to fuel the thrust and direction government as taxes are, so to speak, is the lifeblood of government operations;

**WHEREAS**, the cooperative sector reiterates that on the basis of the tax provisions under RA 9520, the cooperatives’ self-reliant operations, the privilege cited under the JAO is a misnomer and violates the privilege granted to cooperatives;

**WHEREAS**, while the administrative roles of the CDA and BIR are recognized, the end-in-view of the JAO is to harass the cooperatives with the restrictive and stringent periods of compliance of the reportorial requirements leading cooperatives to violate “voluntarily” to the point that cooperatives in the interim must now pay taxes inclusive of surcharge, interest and compromise penalty because of the consequent revocation of the tax exemption privilege;

**WHEREAS**, the JAO is oppressive and violates the tax exemption privilege granted by law to cooperatives, and it aims to circumvent RA 9520, the Cooperative Code of the Philippines;

**WHEREAS**, the cooperative sector will comply with the reportorial requirements as mandated in the issuances of the BIR and CDA and are aware of the repercussions but to provide for prohibitive, restrictive and stringent penalties geared towards the obliteration of the tax exemption privileges of cooperatives under RA 9520 and is, likewise, violative of their right granted under the Philippine Constitution.

**RESOLVED, AS IT IS HEREBY RESOLVED**, to direct the Committee on Cooperatives Development to conduct an inquiry, in aid of legislation, for the concerned agencies to clarify pertinent provisions of the Joint Administrative Order No. 1-2019, its implementation and implications to other issued Bureau of Internal Revenue memorandum circulars and the memoranda issued by the Cooperative Development Authority to the cooperatives for its compliance with Republic Act No. 9520, the Cooperative Code of 2008.

November 11, 2019.

HON. RICO B. GERON

  
HON. VIRGILIO S. LACSON

HON. JOSE GAY G. PADIERNOS

HON. ADRIANO A. EBCAS

  
HON. PRESLEY C. DE JESUS

  
HON. DIEGO C. TY

HON. GODOFREDO N. GUYA

HON. SERGIO C. DAGOOC

HON. RON P. SALO