

SEVENTEENTH CONGRESS OF THE REPUBLIC)
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SENATE

P.S. Res. No. 66

RECEIVED BY: 

Introduced by Sen. Juan Miguel F. Zubiri

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON COOPERATIVES AND OTHER APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FAILURE TO COMPLY OF THE BUREAU OF INTERNAL REVENUE WITH REPUBLIC ACT 9520 OR THE PHILIPPINE COOPERATIVE CODE OF 2008 BY IMPOSING UNREASONABLE REQUIREMENTS ANENT THE ISSUANCE OF CERTIFICATES OF TAX EXEMPTION IN FAVOR OF COOPERATIVES

WHEREAS, it is declared a 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, Article 60 of Republic Act 9520 discusses the tax treatment of Cooperatives wherein it is stated that Cooperatives "shall not be subject to any taxes and fees imposed under the internal revenue laws and other tax laws";

WHEREAS, furthermore, Article 61 of the Philippine Cooperative Code of 2008 stipulates that "Cooperatives transacting business with both members and non-members shall not be subjected to tax on their transactions with members.";

WHEREAS, Section 13 of the Joint Rules and Regulations Implementing Articles 60, 61 and 144 of Republic Act 9520 (Joint IRR) specifies the documentary requirements essential for the issuance of a Certificate of Tax Exemption, to wit: (i) A certified True copy of the Certificate of Registration issued by the Cooperative Development Authority under the new Cooperative Code, (ii) A Certified true copy of the Articles of Cooperation and By-Laws of the Cooperative, (iii) A certified true copy of the current Certificate of Good Standing from the CDA, effective on the date of application, and (iv) A copy of the BIR Certificate of Registration of the Cooperative;

WHEREAS, while the Law and its Joint IRR clearly state that Cooperatives are exempted from paying taxes, a lot of our Cooperatives lament that the Bureau of Internal Revenue still imposes additional and unreasonable requirements for the issuance of a Certificate of Tax Exemption (CTE), some even report that possession of a CTE do not guarantee tax exemption as they are required to prove that services rendered by the Cooperatives are relieved from value-added tax;

WHEREAS, the Certificate of Tax Exemption (CTE) is among the documents a Cooperative needs to present in order to transact business with clients and institutions, without it income earned by Cooperatives are deemed taxable and they will not be able to secure loans from financial institutions, or enter into business agreements;

WHEREAS, non-issuance or delay in the issuance of a Certificate of Tax Exemption is deemed a setback by Cooperatives as it is a venue for corruption for some opportunistic employees of the Bureau who advertently impede the issuance of the CTE for a fee;

WHEREAS, aside from being a venue for corruption, non-issuance or delay in the issuance of a Certificate of Tax Exemption has been taken advantage by various Local Government Units to tax our Cooperatives;

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

WHEREAS, there is a need to look into this matter and conduct an inquiry to safeguard the interest of the pillars of our economic growth and make sure that the law is fully implemented;

RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate of the Philippines directs the Senate Committee on Cooperatives and the appropriate Senate committees to conduct an inquiry, in aid of legislation, on the failure to comply of the Bureau of Internal Revenue with Republic Act 9520 or the Philippine Cooperative Code of 2008 by imposing unreasonable requirements anent the issuance of certificates of tax exemption in favor of Cooperatives.

Adopted,



JUAN MIGUEL F. ZUBIRI