

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

17<sup>th</sup> Congress  
First Regular Session



**COMMITTEE REPORT NO. 197**

Submitted by the Committee on Cooperatives Development on APR 26 2017

Re: House Resolution No. 256

Informing the House of the findings and recommendations

Sponsors: Representatives Geron, Canama and Bravo

MR. SPEAKER:

The Committee on Cooperatives Development to which was referred House Resolution No. 256 introduced by Reps. Sabiniano S. Canama, Anthony M. Bravo and Rico B. Geron entitled:

**“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 PHILIPINE COOPERATIVE CODE OF 2008 AND FOR OTHER PURPOSES”**

has considered the same and have the honor to submit to the House the attached report on its findings and recommendations with Reps. Canama, Bravo, Geron, Acosta, Palma, Rocamora, and Montoro as co-authors.

Respectfully submitted,

  
**Rep. RICO B. GERON**

Chairman

Committee on Cooperatives Development

THE HONORABLE SPEAKER  
HOUSE OF REPRESENTATIVES  
QUEZON CITY

**COMMITTEE REPORT  
ON  
HOUSE RESOLUTION NO. 256  
RE: NONCOMPLIANCE OF THE BIR WITH  
SEC.13 OF THE JOINT RULES AND REGULATIONS  
IMPLEMENTING ARTS. 60, 61 AND 144 OF R.A. 9520,  
THE PHILIPPINE COOPERATIVE CODE OF 2008**

**PREFATORY STATEMENT**

House Resolution No. 256 filed by Reps. Sabiniano S. Canama, Anthony M. Bravo and Rico B. Geron seeks to conduct an inquiry, in aid of legislation, on the noncompliance by the Bureau of Internal Revenue (BIR) with Section 13 of the Department of Finance (DOF) and Cooperative Development Authority (CDA) Joint Rules and Regulations implementing Articles 60, 61 and 144 of Republic Act 9520, otherwise known as the Philippine Cooperative Code of 2008.

The Committee conducted a hearing on March 1, 2017 with the following resource persons and stakeholders;

1. Cooperative Development Authority (CDA)
  - a. Chairman Orlando R. Ravanera
2. Bureau of Internal Revenue
  - a. Deputy Commissioner Atty. Jesus Clint O. Aranas
  - b. Assistant Chief Atty. Juanito H. Balbastre III
3. Cooperative Federations
  - a. CEO Daniel R. Ang, Phil. Cooperative Center (PCC)
  - b. Atty. Gloria G. Futralan, Chairperson, Philippine Federation of Credit Cooperatives (PFCCO)
  - c. Executive Director Prudencio F. Consolacion,, Cooperative Confederation of Cooperative Banks (BANGKOOP)

**FACTS**

Reps. Sabiniano S. Canama, Anthony M. Bravo and Rico B. Geron filed House Resolution No. 256, seeking an inquiry, in aid of legislation, on the noncompliance of the Bureau of Internal Revenue with Section 13 of the Joint Rules and Regulations.

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

The authors asserted that there are numerous reports alleging that the Bureau of Internal Revenue Regional District Offices (RDOs) required documents other than the foregoing, such as the Tax Identification Number or TIN.

The imposition of another document violates Section 13 of the Joint Implementing Rules and Regulations (IRR) and becomes an avenue for corruption where opportunistic BIR employees impede the issuance of a CTE, unless for a certain fee.

### **ISSUE**

Whether or not the requirement for the submission of the TIN of the cooperative's members violates Sec.13 of the Joint IRR for the issuance of a Certificate of Tax Exemption.

### **DISCUSSION**

On the non-issuance of CTE due to the absence of the TIN of the cooperative members, BIR Deputy Commissioner Aranas clarified that the reported non-issuance of CTEs to cooperatives due to the absence of the members' TIN has been addressed. BIR issued RMC No.102-2016 dated October 24, 2016 which provides that the members can authorize their cooperative to secure the TIN on their behalf, provided that the members fill up BIR Form No. 1904 and attach a valid proof of identification as an attachment for the appropriate processing and issuance of the members' TIN. The cooperatives must submit the members' TIN for the issuance of the CTE.

BIR RMC No. 102-2016 further provides that failure to submit the members' TIN to the appropriate BIR Regional District Office within six (6) months shall be a ground for the revocation of the CTE.

Deputy Commissioner Aranas emphasized that the TIN is required for all individuals, employees, self-employed and juridical entities as it specifically identifies each taxpayer.

### **RECOMMENDATIONS**

The Committee recommended that all cooperatives comply with BIR RMC No. 102-2016 in order that their cooperative can be issued a CTE.

The Committee strongly urged the CDA to issue the appropriate indorsement of RMC No. 102-2016 to all cooperatives, for their compliance.