

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Second Regular Session

House Bill No. 9159



INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO, JOCELYN P. TULFO, ERWIN T. TULFO, EDVIC G. YAP, AND ERIC GO YAP

AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 9520, OTHERWISE KNOWN AS THE "PHILIPPINE COOPERATIVE CODE OF 2008", TO FURTHER STRENGTHEN THE COOPERATIVE MOVEMENT IN THE COUNTRY AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The cooperative movement embodies principles of social responsibility, solidarity, and sustainable development in fostering a more equitable and inclusive society toward collective progress.

Cooperatives have been instrumental in providing a collective voice and power to advocate for the rights and interests of marginalized groups, serving as vehicles for the self-reliance, autonomy, and socio-economic empowerment of communities. Republic Act No. 9520, otherwise known as the "Philippine Cooperative Code of 2008", recognizes the vital role of cooperatives in the country, and provides legal framework on their establishment, cooperation, and organization.

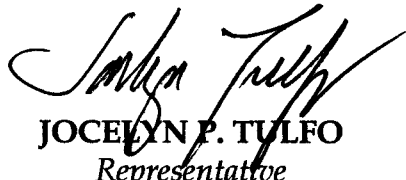
To further strengthen the evolving economic interests and social conditions of the cooperative sector in the country, this proposed measure seeks to comprehensively amend the existing law. Among others, the proposed amendment includes the tax exemption of cooperatives with accumulated reserves and undivided net savings of not more than Ten Million Pesos (PhP10,000,000.00), in order to alleviate their financial burden, exacerbated by the COVID-19 pandemic. This bill also includes the expansion of the use of the reserve fund to ensure the stability and community development of cooperatives, as well as the optional fund for the benefit of cooperatives members under exceptional circumstances.

In its contribution to social empowerment, the cooperative movement serves as a critical instrument of social change in the country, which remains vital to nation-building and democratic governance.

In view of the foregoing, the urgent passing of this bill is earnestly sought.



RALPH WENDEL P. TULFO
Representative
2nd District of Quezon City



JOCELYN P. TULFO
Representative
ACT-CIS Partylist



ERWIN T. TULFO
Representative
ACT-CIS Partylist



EDVIC G. YAP
Representative
ACT-CIS Partylist



ERIC GO YAP
Representative
Lone District of Benguet

1 DELEGATED SUPERVISION IN SUPPORT OF ITS MEMBER-
2 COOPERATIVES, AT THE MUNICIPAL, CITY, PROVINCIAL, REGIONAL,
3 AND NATIONAL LEVELS.

4
5 (18) COOPERATIVE UNION – REFERS TO A COOPERATIVE, THE
6 MEMBERS OF WHICH ARE REGISTERED COOPERATIVES, ORGANIZED
7 PURPOSELY TO REPRESENT THE INTEREST AND WELFARE OF ALL
8 TYPES OF COOPERATIVES AT THE MUNICIPAL, CITY, PROVINCIAL,
9 REGIONAL, AND NATIONAL LEVELS.

10
11 (19) APEX OF COOPERATIVES – THE SINGULAR COOPERATIVE
12 VESTED WITH THE JURIDICAL PERSONALITY AND THE MANDATE TO
13 REPRESENT THE SECTOR AT THE NATIONAL AND INTERNATIONAL
14 LEVELS, FULLY AND VOLUNTARILY ORGANIZED BY THE MEMBERS
15 OF THE SECTOR. IT SHALL HAVE THE MANDATE TO ENGAGE IN
16 DISCUSSIONS AND ADVISE THE APPROPRIATE AUTHORITIES ON ALL
17 MATTERS RELATING TO COOPERATIVES, AS WELL AS TO PROMOTE
18 THE COOPERATIVE IDENTITY AND CULTURE.”

19
20 **SEC. 2.** Articles 9, 10, 11, 14, 16, 23, and 24 of Chapter II on Organization and
21 Registration of the same Code are hereby further amended to read as follows:

22
23 *“ART. 9. Cooperative Powers and Capacities. – A cooperative registered*
24 *under this Code shall have the following powers, rights, and capacities:*

25
26 x x x

27 (5) To purchase, receive, take or grant, hold, convey, sell, lease, pledge,
28 mortgage, and otherwise deal with such real and personal property as the
29 transaction of the lawful affairs of the cooperative may reasonably and
30 necessarily require, subject to the limitations prescribed by ~~law and~~ the

1 Constitution; PROVIDED, THAT COOPERATIVES SHALL BE EXEMPT
2 FROM THE LANDHOLDING LIMITS AS PRESCRIBED BY THE
3 DEPARTMENT OF AGRARIAN REFORM OR ANY OTHER LAW
4 REQUIRING THE SAME;

5
6 x x x

7
8 ART. 10. *Organizing A Primary Cooperative.* – ~~[Fifteen (15)]~~ TWENTY-FIVE
9 (25) or more natural persons who are Filipino citizens, of legal age, having a
10 common bond of interest, and are actually residing or working in the intended
11 area of operation, may organize a primary cooperative under this Code:
12 *Provided, That* a prospective member of a primary cooperative must have
13 completed a Pre-Membership Education Seminar (PMES). PROVIDED,
14 FURTHER, THAT ONLY THE FOLLOWING MAY BE MEMBERS OF A
15 PRIMARY COOPERATIVE:

16 (A) FILIPINO CITIZENS LIVING IN THE PHILIPPINES; AND

17 (B) FORMER NATURAL-BORN FILIPINO CITIZENS, WHO MUST
18 COMPLY WITH PHILIPPINE TAXATION LAWS.

19
20 Any newly organized primary cooperative may be registered as
21 multipurpose cooperative only after compliance with the minimum
22 requirements for multipurpose cooperatives to be set by the Authority. A
23 single purpose cooperative may transform into a multipurpose or may create
24 subsidiaries only after at least two (2) years of operations.

25
26 EVERY PRIMARY COOPERATIVE MUST BECOME A MEMBER OF A
27 FEDERATION AND/OR UNION WITHIN THREE (3) YEARS OF THE
28 ISSUANCE OF ITS CERTIFICATE OF REGISTRATION FROM THE
29 AUTHORITY. FAILURE OF THE COOPERATIVE TO COMPLY WITH THIS
30 REQUIREMENT SHALL RESULT IN APPROPRIATE SANCTIONS, SUCH

1 AS SUSPENSION OF PRIVILEGES OR NON-ISSUANCE OF THE
2 CERTIFICATE OF COMPLIANCE, AMONG OTHERS, AS MAY BE
3 DECIDED BY THE AUTHORITY.
4

5 ART. 11. *Economic Survey* OR FEASIBILITY STUDY. — Every group of
6 individuals or cooperatives intending to form a cooperative under this Code
7 shall submit to the Authority a general statement describing, among others
8 the structure and purposes of the proposed cooperative; *Provided*, That the
9 structure and actual staffing pattern of the cooperative shall include a
10 bookkeeper: *Provided, further*, That they shall not be allowed to operate
11 without the necessary personnel, and shall also submit an economic survey
12 OR A FEASIBILITY STUDY, indicating therein the area of operation, the size
13 of the membership, and other pertinent data in a format provided by the
14 Authority.
15

16 THE ECONOMIC SURVEY OR FEASIBILITY STUDY SHALL BE SUBJECT
17 TO THE REVIEW OF THE AUTHORITY. BOTH MUST INCLUDE
18 INFORMATION ON EXISTING COOPERATIVES IN THE SAME LINE OF
19 BUSINESS AND PROVIDING SIMILAR SERVICES IN THE PROPOSED
20 AREA OF OPERATION, IF ANY, AND ANY PREVIOUS COOPERATIVES
21 ORGANIZED OR OPERATED BY THE COOPERATORS. THE AUTHORITY
22 SHALL THOROUGHLY EXAMINE THE ECONOMIC SURVEY OR
23 FEASIBILITY STUDY IN ORDER TO DETERMINE IF THE
24 ESTABLISHMENT OF A NEW COOPERATIVE IN THE PROPOSED AREA
25 OF OPERATION IS ACTUALLY FEASIBLE OR VIABLE. IF NOT, THE
26 AUTHORITY SHALL DENY THE APPLICATION FOR REGISTRATION.
27

28 ART. 11.-A. BRANCH, SATELLITE, AND LIAISON OFFICES. — A
29 COOPERATIVE MAY OPERATE BRANCH, SATELLITE, AND LIAISON
30 OFFICES WITHIN ITS AREA OF OPERATION, SUBJECT TO REGULATION

1 BY THE AUTHORITY. THE AUTHORITY AND THE SECTOR SHALL ISSUE
2 RULES REGARDING THE CREATION AND OPERATION OF BRANCH,
3 SATELLITE, AND LIAISON OFFICES OF COOPERATIVES.

4
5 ART. 12. *Liability.* — x x x.

6 ART. 13. *Term.* — x x x.

7 ART 14. *Articles of Cooperation.* —

8 (1) xxx;

9 (2) xxx;

10 (3) xxx;

11 (4) xxx;

12 (5) No cooperative, other than a cooperative union as described under
13 Article 25 hereof, shall be registered unless the articles of cooperation ~~is~~ ARE
14 accompanied with the bonds of the accountable officers and a sworn
15 statement of the treasurer elected by the subscribers showing that at least
16 twenty-five per centum (25%) of the authorized share capital has been
17 subscribed and at least twenty-five per centum (25%) of the total subscription
18 has been paid: *Provided*, That in no case shall the paid-up share capital be less
19 than Fifteen ~~T~~Thousand ~~P~~Pesos (PHP15,000.00) FOR AGRICULTURAL
20 COOPERATIVES, AND TWENTY-FIVE THOUSAND PESOS (PHP25,000.00)
21 FOR NON-AGRICULTURAL COOPERATIVES.

22
23 The Authority shall periodically assess the required paid-up share capital
24 and may increase it every five (5) years when necessary upon consultation
25 with the cooperative sector and the National Economic and Development
26 Authority (NEDA).

27
28 ART. 15. *Bylaws.* — x x x.

29 ART. 16. *Registration.* — A cooperative formed and organized under this
30 Code acquires juridical personality from the date the Authority issues a

1 certificate of registration under its official seal. All applications for registration
2 shall be finally disposed of by the Authority within a period of ~~[sixty (60)]~~
3 THIRTY (30) days from the filing thereof, otherwise the application is deemed
4 approved, unless the cause of the delay is attributable to the applicant:
5 *Provided*, That in case of a denial of the application for registration, an appeal
6 shall lie with the ~~[Office of the President]~~ DEPARTMENT OF TRADE AND
7 INDUSTRY (DTI) within ~~[ninety (90)]~~ SIXTY (60) days from receipt of notice
8 of such denial: *Provided, further*, That failure of the ~~[Office of the President]~~
9 DTI to act on the appeal within ~~[ninety (90)]~~ SIXTY (60) days from the filing
10 thereof shall mean approval of said application. THE DECISION OF THE DTI
11 SHALL BE FINAL AND EXECUTORY, UNLESS APPEALED TO THE
12 COURT OF APPEALS UNDER RULE 43 OF THE RULES OF CIVIL
13 PROCEDURE.

14
15 ART. 17. *Certificate of Registration.* — x x x.

16 ART. 18. *Amendment of Articles Of Cooperation and Bylaws.* — x x x.

17 ART. 19. *Contracts Executed Prior to Registration and Effects Thereof.* — x x x.

18 ART. 20. *Division of Cooperatives.* — x x x.

19 ART. 21. *Merger and Consolidation of Cooperatives.* — x x x.

20 ART. 22. *Effects of Merger and Consolidation.* — x x x.

21 ART. 23. *Types and Categories of Cooperatives.* — (1) Types of Cooperatives
22 — BASED ON THEIR BUSINESS UNDERTAKINGS AND RELATED
23 ACTIVITIES, cooperatives may fall under any of the following types:

24 (a) ~~[Credit Cooperative— is one that promotes and undertakes savings and~~
25 ~~lending services among its members. It generates a common pool of funds~~
26 ~~in order to provide financial assistance and other related financial services~~
27 ~~to its members for productive and provident purposes;]~~ AGRICULTURAL
28 COOPERATIVES — COOPERATIVES WHOSE MEMBERSHIP
29 CONSISTS OF INDIVIDUALS ENGAGED IN THE AGRICULTURAL
30 INDUSTRY, SUCH AS FARMERS AND FISHERFOLK, AMONG

1 OTHERS, AND WHOSE LINE OF BUSINESS IS RELATED TO THE
2 AGRICULTURAL VALUE CHAIN, SUCH AS PRODUCING,
3 PROCESSING, AND MARKETING AGRICULTURAL PRODUCTS.

4 AGRICULTURAL COOPERATIVES INCLUDE:

5 (i) AGRARIAN REFORM COOPERATIVE – ONE ORGANIZED BY
6 MARGINAL FARMERS, MAJORITY OF WHICH ARE AGRARIAN
7 REFORM BENEFICIARIES, FOR THE PURPOSE OF DEVELOPING AN
8 APPROPRIATE SYSTEM OF LAND TENURE, LAND DEVELOPMENT,
9 LAND CONSOLIDATION, OR LAND MANAGEMENT OF AREAS
10 COVERED BY AGRARIAN REFORM;

11 (ii) DAIRY COOPERATIVE – ONE WHOSE MEMBERS ARE
12 ENGAGED IN THE PRODUCTION AND MARKETING OF FRESH
13 MILK, WHICH MAY BE PROCESSED AND/OR MARKETED AS DAIRY
14 PRODUCTS;

15 (iii) FARMERS COOPERATIVE – ORGANIZED BY MARGINALIZED
16 FARMERS FOR THE PURPOSE OF SUPPORTING THEIR PRODUCTS,
17 EITHER FRESH OR PROCESSED;

18 (iv) FISHERFOLK COOPERATIVE – ORGANIZED BY
19 MARGINALIZED FISHERFOLK WHOSE PRODUCTS ARE MARKETED
20 AS EITHER FRESH OR PROCESSED, FOR THE MOBILIZATION OF
21 CAPITAL IN THE PROCUREMENT OF FISHING BOATS, NETS, GEARS,
22 AND ACCESSORIES, FOR THE PRODUCTION OF AQUATIC
23 PRODUCTS, AND FOR ACCESS TO STORAGE AND AGRICULTURAL
24 FACILITIES;

25 (v) IRRIGATORS COOPERATIVE – ENGAGED IN THE PROVISION OF
26 IRRIGATION SERVICES TO AGRICULTURAL LANDS; AND

27 (vi) OTHERS, AS MAY BE DETERMINED BY THE AUTHORITY IN
28 CONSULTATION WITH THE SECTOR.

1 / (b) ~~{Consumers Cooperative}~~ COMMODITIES COOPERATIVES. – ~~{is one~~
2 ~~of the primary purpose of which is to procure and distribute}~~
3 COOPERATIVES ENGAGED IN THE PROCESS OF PRODUCING AND
4 PROVIDING commodities to members and non-members[.]. THESE MAY
5 INCLUDE:

6 (i) CONSUMERS COOPERATIVE – HAS THE PRIMARY PURPOSE OF
7 PROCURING AND DISTRIBUTING COMMODITIES TO MEMBERS
8 AND NON-MEMBERS;

9 (ii) MARKETING COOPERATIVE – ENGAGES IN THE SUPPLY OF
10 PRODUCTION INPUTS TO MEMBERS, AND MARKETS THEIR
11 PRODUCTS, INCLUDING TRADING AND PROCESSING;

12 (iii) LOGISTICS COOPERATIVE – ENGAGES IN OPERATIONS
13 INVOLVING FACILITIES AND SUPPLIES, THE BUSINESS OF WHICH
14 IS RELATED TO THE SUPPLY CHAIN;

15 (iv)[e] Producers Cooperative – {is one that} undertakes joint production
16 whether agricultural or industrial. It is formed and operated by its
17 members to undertake the production and processing of raw materials or
18 goods produced by its members into finished or processed products for
19 sale by the cooperative to its members and non-members. Any end
20 product or its derivative arising from the raw materials produced by its
21 members, sold in the name and for the account of the cooperative, shall be
22 deemed a product of the cooperative and its members; AND

23 (v) OTHERS, AS MAY BE DETERMINED BY THE AUTHORITY IN
24 CONSULTATION WITH THE SECTOR.

25
26 / (c) EDUCATION AND ADVOCACY COOPERATIVES –
27 COOPERATIVES THAT ARE ENGAGED IN DEVELOPING AND
28 IMPROVING THE EDUCATION SECTOR, AND PROMOTING AND
29 ADVOCATING FOR THE COOPERATIVE AGENDA AND ITS
30 INTERESTS FOR THE ADVANCEMENT OF THE SECTOR IN

1 PARTICULAR AND THE COOPERATIVE MOVEMENT IN GENERAL.

2 THESE MAY INCLUDE:

3 (i) ADVOCACY COOPERATIVE – PROMOTES AND ADVOCATES
4 COOPERATIVISM AND ADVOCATES POLICIES FOR THE GENERAL
5 INTEREST AND WELFARE OF ITS MEMBERS, THE SECTOR AND THE
6 MOVEMENT, AND THE PUBLIC THROUGH SOCIALLY-ORIENTED
7 PROJECTS, EDUCATION AND TRAINING, RESEARCH AND
8 COMMUNICATION, CAMPAIGNS, LOBBYING, AND OTHER
9 SIMILAR ACTIVITIES TO REACH OUT TO ITS INTENDED
10 BENEFICIARIES;

11 (ii) EDUCATION COOPERATIVE – ORGANIZED FOR THE PRIMARY
12 PURPOSE OF OWNING AND OPERATING LICENSED
13 EDUCATIONAL INSTITUTIONS, NOTWITHSTANDING THE
14 PROVISIONS OF R.A. NO. 9155, OTHERWISE KNOWN AS THE
15 GOVERNANCE OF BASIC EDUCATION ACT OF 2001; AND

16 (iii) OTHERS, AS MAY BE DETERMINED BY THE AUTHORITY IN
17 CONSULTATION WITH THE SECTOR.

18
19 ~~/(d) *Marketing Cooperative* — is one which engages in the supply of~~
20 ~~production inputs to members and markets their products]~~ FINANCE
21 COOPERATIVES – COOPERATIVES WHOSE PURPOSE IS TO EXTEND
22 FINANCIAL SERVICES TO ITS MEMBERS AND OTHER
23 COOPERATIVES, SUCH AS:

24 (i) COOPERATIVE BANK – ORGANIZED FOR THE PRIMARY
25 PURPOSE OF PROVIDING A WIDE RANGE OF FINANCIAL SERVICES
26 TO COOPERATIVES AND THEIR MEMBERS;

27 (ii) CREDIT SURVEY FUND COOPERATIVE – A LOCAL
28 GOVERNMENT UNIT (LGU)-PARTNERED COOPERATIVE
29 COMPRISED OF WELL-CAPITALIZED AND WELL-MANAGED
30 MEMBER-COOPERATIVES/NON-GOVERNMENT ORGANIZATIONS

1 THAT MEET THE CRITERIA AND QUALIFICATIONS PRESCRIBED BY
2 THE AUTHORITY, LGUs, GOVERNMENT FINANCIAL
3 INSTITUTIONS, AND OTHER INSTITUTIONS/GOVERNMENT
4 AGENCIES;

5 (iii) FINANCIAL SERVICE COOPERATIVE – ORGANIZED FOR THE
6 PRIMARY PURPOSE OF ENGAGING IN SAVINGS AND CREDIT
7 SERVICES, AS WELL AS OTHER FINANCIAL SERVICES;

8 (iv) INSURANCE COOPERATIVE – ENGAGED IN THE BUSINESS OF
9 INSURING THE LIFE AND PROPERTY OF COOPERATIVES AND
10 THEIR MEMBERS;

11 (v) SAVINGS AND CREDIT COOPERATIVE – PROMOTES AND
12 UNDERTAKES SAVINGS AND LENDING SERVICES AMONG ITS
13 MEMBERS. IT GENERATES A COMMON POOL OF FUNDS IN ORDER
14 TO PROVIDE FINANCIAL ASSISTANCE AND OTHER RELATED
15 FINANCIAL SERVICES TO ITS MEMBERS FOR PRODUCTIVE AND
16 PROVIDENT PURPOSES; AND

17 (vi) OTHERS, AS MAY BE DETERMINED BY THE AUTHORITY IN
18 CONSULTATION WITH THE SECTOR.

19
20 / (e) PUBLIC UTILITIES COOPERATIVES – COOPERATIVES ENGAGED
21 IN THE PROVISION OF PUBLIC UTILITIES TO ITS MEMBERS OR THE
22 PUBLIC, SUCH AS:

23 (i) COMMUNICATIONS COOPERATIVE – ORGANIZED TO OWN,
24 OPERATE, AND MANAGE COMMUNICATION STRUCTURES AND
25 ARRANGEMENTS, SUCH AS RADIO, CABLE TV, NEWSPAPER, AND
26 RELATED INDUSTRIES, FOR THE WIDESPREAD DISSEMINATION OF
27 INFORMATION TO ITS MEMBERS AND THE PUBLIC;

28 (ii) ELECTRIC COOPERATIVE – ORGANIZED FOR THE PRIMARY
29 PURPOSE OF UNDERTAKING POWER GENERATION, UTILIZING
30 RENEWABLE ENERGY SOURCES, INCLUDING HYBRID SYSTEMS,

ACQUISITION AND OPERATION OF SUBTRANSMISSION OR
DISTRIBUTION TO ITS HOUSEHOLD MEMBERS;

(iii) TRANSPORT COOPERATIVE – ONE WHICH INCLUDES LAND
AND SEA TRANSPORTATION, LIMITED TO SMALL VESSELS, AS
DEFINED OR CLASSIFIED UNDER THE PHILIPPINE MARITIME
LAWS, OR IS ENGAGED IN THE PROVISION OF RELATED OR
AUXILIARY SERVICES TO THE TRANSPORT INDUSTRY;

(iv) WATER SERVICE COOPERATIVE – ORGANIZED TO OWN,
OPERATE, AND MANAGE WATER SYSTEMS FOR THE PROVISION
AND DISTRIBUTION OF POTABLE WATER TO ITS MEMBERS AND
THEIR HOUSEHOLDS; AND

(v) OTHERS, AS MAY BE APPROVED BY THE AUTHORITY IN
CONSULTATION WITH THE SECTOR.

(f) (e) Service Cooperative - ~~[is one which is]~~ engage[s]D IN THE
PROVISION OF VARIOUS KINDS OF ~~[in medical and dental care,
hospitalization, transportation, insurance, housing, labor, electric light
and power, communication, professional and other]~~ services[.] TO
MEMBERS OR NON-MEMBERS, AS THE CASE MAY BE. THESE MAY
INCLUDE:

(i) HEALTH SERVICES COOPERATIVE – ORGANIZED FOR THE
PRIMARY PURPOSE OF PROVIDING MEDICAL, DENTAL,
PARAMEDIC, DIAGNOSTIC, AND OTHER HEALTH SERVICES,
INCLUDING BUT NOT LIMITED TO COOPERATIVE HEALTH
ORGANIZATIONS, HOSPITALS, CLINICS, PHARMACIES, AND
TRANSPORTING OF PATIENTS;

(ii) HOUSING SERVICES COOPERATIVE – ORGANIZED TO ASSIST
OR PROVIDE ACCESS TO HOUSING FOR THE BENEFIT OF ITS
REGULAR MEMBERS WHO ACTIVELY PARTICIPATE IN THE

SAVINGS PROGRAM FOR HOUSING. IT IS CO-OWNED AND
CONTROLLED BY ITS MEMBERS;

(iii) LABOR SERVICES COOPERATIVE – ENGAGED IN PROVIDING
SPECIFIC SERVICES TO A PRINCIPAL UNDER A LEGITIMATE
CONTRACTING OR SUBCONTRACTING ARRANGEMENT, AS MAY
BE DEFINED UNDER EXISTING LAWS, AND IN ACCORDANCE WITH
THE COOPERATIVE PRINCIPLES SET FORTH UNDER THIS CODE;

(iv) PROFESSIONAL SERVICES COOPERATIVE – ORGANIZED BY
MEMBERS WHO ARE ENGAGED IN PROVIDING PROFESSIONAL
SERVICES TO ITS MEMBERS OR NON-MEMBERS, AS THE CASE MAY
BE. ITS PRINCIPAL PURPOSE IS TO PROVIDE EMPLOYMENT AND
BUSINESS OPPORTUNITIES TO ITS MEMBERS, AND MANAGE IT IN
ACCORDANCE WITH COOPERATIVE PRINCIPLES;

(v) REAL ESTATE DEVELOPMENT AND PROPERTY MANAGEMENT
COOPERATIVE – ORGANIZED TO ENGAGE IN THE BUSINESS OF
DEVELOPING REAL ESTATE AND PROPERTY, INCLUDING
OFFERING THE PROPERTY FOR SALE OR LEASE. IT IS ALSO
ENGAGED IN PROPERTY MANAGEMENT AND OTHER SERVICES
PROVIDED BY A PROPERTY MANAGER, AS STIPULATED IN R.A. NO.
9856;

(vi) TECHNOLOGY SERVICE COOPERATIVE – ORGANIZED TO
PROVIDE ITS MEMBERS WITH SERVICES THAT ARE DESIGNED TO
FACILITATE THE USE OF INFORMATION TECHNOLOGY BY END-
USERS, OR TO PROVIDE SPECIALIZED TECHNOLOGY-ORIENTED
SOLUTIONS BY COMBINING THE PROCESSES AND FUNCTIONS OF
SOFTWARE, HARDWARE, NETWORKS, TELECOMMUNICATIONS,
AND ELECTRONICS, AMONG OTHERS;

(vii) WORKERS COOPERATIVE – ORGANIZED BY WORKERS,
INCLUDING THE SELF-EMPLOYED, WHO ARE AT THE SAME TIME
THE MEMBERS AND OWNERS OF THE ENTERPRISE. ITS PRINCIPAL

1 PURPOSE IS TO PROVIDE EMPLOYMENT AND BUSINESS
2 OPPORTUNITIES TO ITS MEMBERS, AND MANAGE IT IN
3 ACCORDANCE WITH COOPERATIVE PRINCIPLES; AND
4 (viii) OTHERS, AS MAY BE DETERMINED BY THE AUTHORITY IN
5 CONSULTATION WITH THE SECTOR.

6 ~~[(f) Multipurpose Cooperative— is one which combines two (2) or more of the~~
7 ~~business activities of these different types of cooperatives;~~

8 ~~(g) Advocacy Cooperative— is a primary cooperative which promotes and~~
9 ~~advocates cooperativism among its members and the public through~~
10 ~~socially oriented projects, education and training, research and~~
11 ~~communication, and other similar activities to reach out to its intended~~
12 ~~beneficiaries;~~

13 ~~(h) Agrarian Reform Cooperative— is one organized by marginal farmers~~
14 ~~majority of which are agrarian reform beneficiaries for the purpose of~~
15 ~~developing an appropriate system of land tenure, land development, land~~
16 ~~consolidation, or land management in areas covered by agrarian reform;~~

17 ~~(i) Cooperative Bank— is one organized for the primary purpose of providing~~
18 ~~a wide range of financial services to cooperatives and their members;~~

19 ~~(j) Dairy Cooperative— is one whose members are engaged in the production~~
20 ~~of fresh milk which may be processed and/or marketed as dairy products;~~

21 ~~(k) Education Cooperative— is one organized for the primary purpose of~~
22 ~~owning and operating licensed educational institutions, notwithstanding~~
23 ~~the provisions of Republic Act No. 9155, otherwise known as the~~
24 ~~Governance of Basic Education Act of 2001;~~

25 ~~(l) Electric Cooperative is one organized for the primary purpose of~~
26 ~~undertaking power generation, utilizing renewable energy sources,~~
27 ~~including hybrid systems, acquisition and operation of subtransmission or~~
28 ~~distribution to its household members;~~

29 ~~(m) Financial Service Cooperative— is one organized for the primary purpose~~
30 ~~of engaging in savings and credit services and other financial services;~~

~~(n) Fishermen Cooperative — is one organized by marginalized fishermen in localities whose products are marketed either as fresh or processed products;~~

~~(o) Health Services Cooperative — is one organized for the primary purpose of providing medical, dental, and other health services;~~

~~(p) Housing Cooperative — is one organized to assist or provide access to housing for the benefit of its regular members who actively participate in the savings program for housing. It is co-owned and controlled by its members;~~

~~(q) Insurance Cooperative — is one engaged in the business of insuring life and property of cooperatives and their members;~~

~~(r) Transport Cooperative — is one which includes land and sea transportation, limited to small vessels, as defined or classified under the Philippine maritime laws, organized under the provisions of this Code;~~

~~(s) Water Service Cooperative — is one organized to own, operate, and manage water systems for the provision and distribution of potable water for its members and their households;~~

~~(t) Workers Cooperative — is one organized by workers, including the self-employed, who are at the same time the members and owners of the enterprise. Its principal purpose is to provide employment and business opportunities to its members and manage it in accordance with cooperative principles; and~~

~~(u) Other types of cooperative as may be determined by the Authority.]~~

~~(2) Categories of Cooperatives — Cooperatives shall be categorized [according to membership and territorial considerations] as follows:~~

~~(a) In terms of membership, cooperative shall be categorized into:~~

~~(i) Primary — [T]The members of which are natural persons;~~

~~(ii) Secondary — [T]The members of which are primar[ies]Y~~

COOPERATIVES AND/OR FEDERATIONS; and

1 (iii) ~~[(Tertiary — The members of which are secondary cooperatives; and]~~
2 APEX OF COOPERATIVES — THE MEMBERS OF WHICH SHALL
3 INCLUDE ALL TYPES AND CATEGORIES OF COOPERATIVES DULY-
4 REGISTERED UNDER THIS CODE.

5
6 (b) IN TERMS OF BUSINESS, COOPERATIVES SHALL BE CLASSIFIED
7 INTO:

8 (i) SINGLE-PURPOSE — COOPERATIVES WITH ONE MAIN LINE OF
9 BUSINESS OR PURPOSE, WHICH SHALL INCLUDE UNDERTAKINGS
10 OR ACTIVITIES RELATED TO SUCH BUSINESS OR PURPOSE; AND

11 (ii) MULTI-PURPOSE — COOPERATIVES ENGAGED IN TWO (2) OR
12 MORE SEPARATE AND DISTINCT LINES OF BUSINESS.

13
14 (c) IN TERMS OF ASSETS, COOPERATIVES SHALL BE CLASSIFIED
15 INTO:

16 (i) MICRO — COOPERATIVES WITH TOTAL ASSETS UP TO THREE
17 MILLION PESOS (PHP3,000,000.00);

18 (ii) SMALL — COOPERATIVES WITH TOTAL ASSETS GREATER THAN
19 THREE MILLION PESOS (PHP3,000,000.00) TO FIFTEEN MILLION
20 PESOS (PHP15,000,000.00);

21 (iii) MEDIUM — COOPERATIVES WITH TOTAL ASSETS GREATER
22 THAN FIFTEEN MILLION PESOS (PHP15,000,000.00) TO ONE
23 HUNDRED MILLION PESOS (PHP100,000,000.00); AND

24 (iv) LARGE — COOPERATIVES WITH TOTAL ASSETS GREATER
25 THAN ONE HUNDRED MILLION PESOS (PHP100,000,000.00).

26
27 (d) [(b)] In terms of territory, cooperatives shall be categorized according
28 to areas of operation[s] which may or may not coincide with the political
29 subdivisions of the country.

ART. 24. *Functions of A Federation of Cooperatives.* — A federation of cooperatives shall undertake the following functions:

- (a) xxx
- (b) xxx
- (c) xxx
- (d) xxx
- (e) xxx
- (f) xxx
- (g) xxx

A federation of cooperatives may be registered by carrying out the formalities for registration of a cooperative.

Registered cooperatives may organize OR JOIN a federation ~~{according to the type of business activity engaged in by the cooperatives}~~ THAT IS ESSENTIAL TO THEIR BUSINESS OPERATIONS.

ART. 24-A. MEMBERSHIP OF FOREIGN COOPERATIVES IN FEDERATIONS. — FOREIGN COOPERATIVES MAY INVEST, PARTNER WITH, OR BECOME MEMBERS OF FEDERATIONS; PROVIDED, THAT THEY ARE RECOGNIZED BY INTERNATIONAL COALITIONS OF COOPERATIVES OR BY THE RELEVANT AUTHORITY IN THEIR COUNTRY OF ORIGIN, AS WELL AS REGISTERED WITH THE AUTHORITY; PROVIDED, FURTHER, THAT THEY COMPLY WITH ALL RELEVANT LAWS ALLOWING THEM TO DO BUSINESS IN THE PHILIPPINES. THE DETAILS OF THEIR INVESTMENT, PARTICIPATION, OR MEMBERSHIP SHALL BE LEFT TO THE DISCRETION OF THE LOCAL FEDERATION. FURTHER DETAILS SHALL BE LAID DOWN IN THE IMPLEMENTING RULES AND REGULATIONS (IRR) OF THIS CODE.

FOREIGN COOPERATIVES WHO SHALL TRANSACT WITH LOCAL
FEDERATIONS MUST COMPLY WITH PHILIPPINE TAXATION LAWS.

x x x

SEC. 3. Article 26 of Chapter III on Membership of the same Code is hereby further amended to read as follows:

“ART 26. *Kinds of Membership.* — A cooperative may have two (2) kinds of members, to wit: (1) regular members and (2) associate members.

A regular member is one who has complied with all the membership requirements and entitled to all the rights and privileges of membership. An associate member is one who has no right to vote nor be voted upon and shall be entitled only to such rights and privileges as the bylaws may provide: *Provided*, That an associate member who meets ALL ~~[the minimum]~~ requirements of regular membership, continues to patronize the cooperative for two (2) years, and signifies ~~[his/her]~~ THE intention to remain a member shall be considered a regular member.

HOWEVER, IN THE CASE OF FORMER NATURAL-BORN FILIPINO CITIZENS WHO ARE ASSOCIATE MEMBERS, THEIR ELEVATION TO REGULAR MEMBERSHIP SHALL BE LEFT TO THE BYLAWS OF THE INDIVIDUAL COOPERATIVES.

A cooperative organized by minors shall be considered a laboratory cooperative and must be affiliated with a registered cooperative. A laboratory cooperative shall be governed by special guidelines to be promulgated by the Authority.

2
3 SEC. 4. Articles 35, 36, 37, 39, 40, and 44 of Chapter IV on Administration of the
4 same Code, are hereby further amended to read as follows:

5
6 "ART. 35. Quorum. — A quorum shall consist of at least twenty-five per centum
7 (25%) of all the members entitled to vote.

8
9 In the case of cooperative banks, the quorum shall be as provided in Article 99
10 of this Code. In the case of electric cooperatives registered under this Code, a
11 quorum, unless otherwise provided in the bylaws, shall consist of five per centum
12 (5%) of all the members entitled to vote.

13
14 THE ANNUAL GENERAL ASSEMBLY MEETING MAY BE CONDUCTED
15 THROUGH A FACE-TO-FACE OR VIRTUAL MEETING, OR A COMBINATION
16 OF BOTH, SUBJECT TO THE RULES ON THE SENDING OF NOTICES, AS
17 PROVIDED IN THE COOPERATIVE'S BYLAWS.

18
19 ART. 36. *Voting System.* — Each member of a primary cooperative shall have only
20 one (1) vote. In the case of members of ~~{secondary or tertiary cooperatives}~~
21 COOPERATIVE FEDERATIONS, they shall PROVIDE IN THEIR BYLAWS
22 WHETHER TO IMPLEMENT INCENTIVE VOTING OR SHARE VOTING.

23
24 IN THE CASE OF INCENTIVE VOTING, MEMBER-COOPERATIVES SHALL
25 have one (1) basic vote and as many incentive votes as provided for in the bylaws,
26 WHICH IN NO CASE, SHALL ~~{but not to}~~ exceed five (5) votes.

27
28 IN THE CASE OF SHARE VOTING, THE VOTING RIGHTS OF THE
29 MEMBER-COOPERATIVES SHALL BE PROPORTIONATE TO THE NUMBER OF
30 THEIR PAID-UP SHARES, SUBJECT TO THE LIMITATION IMPOSED UNDER

1 ART. 73, AND PROVIDED, THAT AT LEAST ONE-THIRD (1/3) OF THE SEATS
2 IN THE BOARD SHALL BE RESERVED FOR SMALL SHAREHOLDERS. The
3 votes cast by the delegates shall be deemed as votes cast by the members thereof.
4

5 ~~[However, the bylaws of a cooperative other than a primary may provide for~~
6 ~~voting by proxy. Voting by proxy means allowing a delegate of a cooperative to~~
7 ~~represent or vote in behalf of another delegate of the same cooperative.]~~
8

9 ART. 37. *Composition and Term of the Board of Directors.* — Unless otherwise
10 provided in the bylaws, the direction and management of the affairs of a
11 cooperative shall be vested in a board of directors which shall be composed of not
12 less than five (5) nor more than fifteen (15) members elected by the general
13 assembly for a term fixed in the bylaws but not exceeding a term of two (2) years
14 and shall hold office until their successors are duly elected and qualified, or until
15 duly removed for cause.
16

17 FOR COOPERATIVE FEDERATIONS, A MEMBER-COOPERATIVE SHALL
18 HAVE ONLY ONE REPRESENTATIVE ELIGIBLE TO RUN AND BE VOTED
19 UPON AS DIRECTOR, IRRESPECTIVE OF THE MEMBER-COOPERATIVE'S
20 SHARE CAPITAL HOLDINGS UNDER THE THIRD PARAGRAPH OF ART. 73.
21

22 ART. 38. *Powers of the Board of Directors.* — x x x.
23

24 ART. 39. *Directors.* — (1) Any member of the cooperative who, under the
25 bylaws of the cooperative, has the right to vote and who possesses all the
26 qualifications and none of the disqualifications provided in the laws or the bylaws
27 shall be eligible for election as director, SUBJECT TO THE LIMITATION IMPOSED
28 BY THE SECOND PARAGRAPH OF ART. 37.

29 (2) x x x

30 (3) x x x

1 (4) x x x

2
3 ART. 40. *Meeting of the Board and Quorum Requirement.* —

4 (1) x x x

5 (2) x x x

6 (3) x x x

7 (4) x x x

8 (5) EACH DIRECTOR SHALL ONLY HAVE ONE VOTE IN THE BOARD,
9 WHETHER IT BE A PRIMARY COOPERATIVE OR A COOPERATIVE
10 FEDERATION, IRRESPECTIVE OF THE MEMBER-COOPERATIVE'S
11 SHARE CAPITAL HOLDINGS UNDER THE THIRD PARAGRAPH OF
12 ART. 73.

13
14 ART. 41. *Vacancy in the Board of Directors.* — x x x.

15 ART. 42. *Officers of the Cooperative.* — x x x.

16 ART. 43. *Committees of Cooperatives.* — x x x.

17 ART. 44. *Functions, Responsibilities, and Training Requirements of Directors,*
18 *Officers, and Committee Members.* — x x x.

19 ART. 44-A. MANDATORY TRAINING AND ACCREDITATION OF TRAINING
20 SERVICE PROVIDERS. — IT SHALL BE MANDATORY FOR ALL
21 COOPERATIVES TO PROVIDE TRAINING FOR THEIR OFFICERS AND
22 MEMBERS FOR THEIR CONTINUED DEVELOPMENT AND PERSONAL
23 IMPROVEMENT. IN THIS REGARD, ONLY COOPERATIVES MAY BE
24 ACCREDITED BY THE AUTHORITY AS TRAINING SERVICE PROVIDERS
25 (TSPs). IN THE EVENT THAT THE COOPERATIVE IS UNABLE TO PROVIDE
26 SUCH TRAINING ON ITS OWN, IT MAY ENGAGE THE SERVICES OF A
27 FEDERATION OR UNION DULY ACCREDITED BY THE AUTHORITY AS A TSP;
28 PROVIDED, THAT A FEDERATION SHALL ONLY PROVIDE TRAINING IN
29 ACCORDANCE WITH ITS BUSINESS OR SPECIALIZATION, A UNION SHALL
30 PROVIDE BASIC AND OTHER TRAINING THAT BENEFITS THE SECTOR;

1 PROVIDED, FURTHER, THAT NOTHING PRECLUDES FEDERATIONS FROM
2 OFFERING BASIC AND OTHER TRAINING PROGRAMS TO THEIR MEMBERS,
3 OR FROM COLLABORATING WITH UNIONS AND OTHER FEDERATIONS IN
4 THIS REGARD.

5
6 UPON THE EFFECTIVITY OF THIS ACT, THE AUTHORITY SHALL CEASE
7 TO ACCREDIT NON-COOPERATIVE ORGANIZATIONS AS TSPs.

8
9 x x x

10
11 SEC 5. Articles 58, 60, 61, and 62 of Chapter V on Responsibilities, Rights, and
12 Privileges of Cooperatives of the same Code, are hereby further amended to read
13 as follows:

14
15 “ART. 58. *Instrument for Salary or Wage Deduction.* —

16 (1) A member of a cooperative may, notwithstanding the provisions of existing
17 laws to the contrary, execute an instrument in favor of the cooperative
18 authorizing his employer to deduct from his/her salary or wages, commutation
19 of leave credits, and any other monetary benefits payable to him by the
20 employer and remit such amount as may be specified AS SAID MEMBER’S
21 CONTRIBUTION TO THE CAPITAL OF THE COOPERATIVE, OR in
22 satisfaction of a debt or other demand due from the member to the cooperative.

23 (2) x x x

24 (3) x x x

25 (4) x x x

26 (5) x x x

27 (6) THE MEMBER MAY WITHDRAW SUCH CONSENT AT ANY TIME AND
28 FOR ANY REASON, WHICH SHALL ALSO BE PUT IN WRITING. ANY
29 PERSON WHO ACTS CONTRARY TO THIS PROVISION SHALL BE HELD
30 LIABLE UNDER THIS CODE AND OTHER LAWS, AS THE CASE MAY BE.

1
2 ART. 59. *Primary Lien.* — x x x.

3 ART. 60. Tax Treatment of Cooperatives AND COOPERATIVE MEMBERS'
4 BENEFITS FROM COOPERATIVES. — Duly registered cooperatives under this Code
5 which do not transact any business with non-members or the general public shall not
6 be subject to any taxes and fees imposed under the internal revenue laws and other
7 tax laws. Cooperatives not falling under this article shall be governed by the
8 succeeding section.

9
10 PATRONAGE REFUNDS AND INTEREST ON SHARE CAPITAL DISTRIBUTED
11 BY THE COOPERATIVE TO ITS MEMBERS, AND INTEREST ON MEMBERS'
12 DEPOSITS SHALL LIKEWISE NOT BE SUBJECT TO ANY TAX AND FEES IMPOSED
13 UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND
14 OTHER TAX LAWS.

15
16 ART. 60-A. CERTIFICATE OF TAX EXEMPTION. — THE BUREAU OF
17 INTERNAL REVENUE (BIR) SHALL IMMEDIATELY ISSUE THE CERTIFICATE OF
18 TAX EXEMPTION (CTE) UPON SUBMISSION, UNDER OATH BY WAY OF AN
19 AFFIDAVIT, OF THE FOLLOWING DOCUMENTS:

- 20
21
22 a. COOPERATIVE CERTIFICATE OF COMPLIANCE;
23 b. REGISTRATION CERTIFICATE;
24 c. ARTICLES OF COOPERATION AND BY-LAWS; AND
25 d. PRECEDING YEAR'S FINANCIAL STATEMENTS, DULY CERTIFIED BY A
26 LICENSED CERTIFIED PUBLIC ACCOUNTANT.

27
28 IN NO CASE SHALL THE SUBMISSION OF THE TAX IDENTIFICATION
29 NUMBERS OF THE MEMBERS BE REQUIRED AS A CONDITION FOR THE
30 ISSUANCE OF THE CTE.

1
2 ART. 61. TAX AND OTHER EXEMPTIONS. — Cooperatives transacting business
3 with both members and non-members shall not be subject to tax on their transactions
4 with members. In relation to this, the transactions of members with the cooperative
5 shall not be subject to any taxes and fees, including but not limited to final taxes on
6 members' deposits and documentary STAMP tax. Notwithstanding the provisions of
7 any law or regulation to the contrary, such cooperatives dealing with non-members
8 shall enjoy the following tax exemptions:

9
10 (1) Cooperatives ~~[with accumulated reserves and undivided net savings of not~~
11 ~~more than Ten million pesos (P10,000,000.00) shall be]~~ ARE exempt from all
12 national, city, provincial, municipal, or barangay taxes of whatever name and
13 nature. Such cooperatives ~~[shall be]~~ ARE LIKEWISE exempt from customs
14 duties, advance sales, or compensating taxes on their importation of
15 machineries, equipment and spare parts used by them and which are not
16 available locally as certified by the Department of Trade and Industry (DTI).
17 COOPERATIVES ARE ALSO EXEMPT FROM ANY TAX ON LOCALLY
18 PURCHASED MACHINERIES, EQUIPMENT, AND SPARE PARTS. All tax-
19 free importations AND THOSE PURCHASED LOCALLY shall not be sold nor
20 the beneficial ownership thereof be transferred to any person until after five (5)
21 years, otherwise, the cooperative and the transferee or assignee shall be
22 solidarily liable to pay twice the amount of the imposed tax and/or duties.

23
24 (2) ~~Cooperatives with accumulated reserves and undivided net savings of more~~
25 ~~than Ten million pesos (P10,000,000.00) shall fee the following taxes at the full~~
26 ~~rate:~~

27 (a) ~~Income Tax — On the amount allocated for interest on capitals: Provided,~~
28 ~~That the same tax is not consequently imposed on interest individually~~
29 ~~received by members: Provided, further, That cooperatives, regardless of~~

1 classification, are exempt income tax from the date of registration with the
2 Authority;

3 ~~(b) Value Added Tax On transactions with non-members: Provided, however,~~
4 ~~That cooperatives duly registered with the Authority; are exempt from the~~
5 ~~payment of value added tax; subject to Sec. 109, sub-sections L, M, and N of~~
6 ~~Republic Act No. 9337, the National Internal Revenue Code, as amended:~~
7 ~~Provided, That the exempt transaction under Sec. 109 (L) shall include sales~~
8 ~~made by cooperatives duly registered with the Authority organized and~~
9 ~~operated by its member to undertake the production and processing of raw~~
10 ~~materials or of goods produced by its members into finished or processed~~
11 ~~products for sale by the cooperative to its members and non-members:~~
12 ~~Provided, further, That any processed product or its derivative arising from~~
13 ~~the raw materials produced by its members, sold in the name and for the~~
14 ~~account of the cooperative, shall be deemed product of the cooperative:~~
15 ~~Provided, finally, That at least twenty five per centum (25%) of the net income~~
16 ~~of the cooperatives is returned to the members in the form of interest and/or~~
17 ~~patronage refunds;~~

18 ~~(c) All other taxes unless otherwise provided herein; and~~

19 ~~(d) Donations to charitable, research and educational institutions and~~
20 ~~reinvestment to socioeconomic projects within the area of operation of the~~
21 ~~cooperative may be tax deductible.~~

22
23 ~~{3}(2) All cooperatives[, regardless of the amount of accumulated reserves and~~
24 ~~undivided net savings shall be] ARE exempt from payment of local taxes and~~
25 ~~taxes on transactions with banks and insurance companies: Provided, That all~~
26 ~~sales or services rendered for non-members shall be subject to the applicable~~
27 ~~percentage taxes except sales made by producers, marketing, or service~~
28 ~~cooperatives: Provided, further, That nothing in this article shall preclude the~~
29 ~~examination of the books of accounts or other accounting records of the~~

cooperative by duly authorized internal revenue officers for internal revenue tax purposes only, after previous authorization by the Authority.

(3) In areas where there are no available notaries public, the judge, exercising his ex officio capacity as notary public, shall render service, free of charge, to any person or group of persons requiring the administration of oath or the acknowledgement of articles of cooperation and instruments of loan from cooperatives not exceeding Five ~~{h}~~Hundred ~~{t}~~Thousand ~~{p}~~Pesos (PhP500,000.00).

(4) Any register of deeds shall accept for registration, free of charge, any instrument relative to a loan made under this Code which does not exceed Two ~~{h}~~Hundred ~~{f}~~Fifty ~~{t}~~Thousand ~~{p}~~Pesos (PhP250,000.00) or the deeds of title of any property acquired by the cooperative or any paper or document drawn in connection with any action brought by the cooperative or with any court judgment rendered in its favor or any instrument relative to a bond of any accountable officer of a cooperative for the faithful performance of his duties and obligations.

(5) Cooperatives shall be exempt from the payment of all court and sheriff's fees payable to the Philippine Government for and in connection with all actions brought under this Code, or where such actions ~~{is}~~ ARE brought by the Authority before the court, to enforce the payment of obligations contracted in favor of the cooperative.

(6) All cooperatives shall be exempt from putting up a bond for bringing an appeal against the decision of an inferior court or for seeking to set aside any third party claim: *Provided*, That a certification of the Authority showing that the net assets of the cooperative are in excess of the amount of the bond required by the court in similar cases shall be accepted by the court as a sufficient bond.

(7) Any security issued by cooperatives shall be exempt from the provisions of the Securities Act provided such security shall not be speculative.

ART. 62. PRIVILEGES OF COOPERATIVES. — Cooperatives registered under this Code shall, notwithstanding the provisions of any law to the contrary, SHALL ALSO be ~~also~~ accorded the following privileges:

(1) x x x

(2) x x x

(3) x x x

(4) x x x

(5) x x x

(6) x x x

(7) x x x

(8) x x x

(9) x x x

(10) Cooperatives ~~[transacting business with the Government of the Philippines or any of its political subdivisions or any of its agencies or instrumentalities, including government-owned and controlled corporations shall be exempt from prequalification bidding requirements, notwithstanding the provisions of Republic Act No. 9184, otherwise known as the Government Procurement Act]~~ SHALL BE CONSIDERED AS A SPECIAL CLASS OF BIDDERS UNDER R.A. NO. 9184, OR THE GOVERNMENT PROCUREMENT REFORMATION ACT (GPRA), WHO SHALL BE PREFERRED IN THE PROCUREMENT OF GOVERNMENT PROJECTS: PROVIDED, THAT THEY ARE QUALIFIED TO PERFORM THE SERVICES NEEDED AND FULLY COMPLY WITH THE PROCUREMENT PROCESS UNDER THE LAW.

TAKING INTO CONSIDERATION THE SPECIAL NATURE OF COOPERATIVES AND THE PUBLIC POLICY OF SUPPORTING THE

1 COOPERATIVE MOVEMENT, GOVERNMENT EMPLOYEES'
2 COOPERATIVES SHALL NOT BE DISQUALIFIED FROM PARTICIPATING
3 IN PROCUREMENT PROJECTS WITHIN THEIR MOTHER AGENCIES, AS
4 LONG AS THEY ARE QUALIFIED TO PROVIDE SUCH SERVICES.

5
6 FURTHER, IN RELATION TO SECTIONS 43 AND 48 OF R.A. NO. 9184,
7 AS MAY BE APPLICABLE, REGARDING THE PURCHASE OF
8 DOMESTICALLY-PRODUCED AND -MANUFACTURED GOODS,
9 SUPPLIES, AND MATERIALS, THE PROCURING ENTITY SHALL GIVE
10 FURTHER PREFERENCE TO DULY REGISTERED COOPERATIVES UNDER
11 THIS CODE; PROVIDED, THAT THE COOPERATIVE MEETS THE
12 ELIGIBILITY REQUIREMENTS OF THE PROCURING ENTITY, AS WELL AS
13 THE QUALITY AND QUANTITY REQUIRED FOR SUCH PROCUREMENT;

14 (11) x x x

15 (12) x x x

16 (13) x x x

17 (14) THE RELEVANT REGULATORY BODIES, GOVERNMENT AGENCIES,
18 AND LGUs SHALL NOT DISCRIMINATE AGAINST DULY REGISTERED
19 COOPERATIVES SEEKING ACCREDITATION AS SERVICE PROVIDERS, OR
20 SEEKING TO ENGAGE IN A PARTICULAR BUSINESS: PROVIDED, THAT
21 THEY POSSESS ALL OTHER QUALIFICATIONS UNDER THE LAW.

22
23 ANY PERSON WHO ACTS CONTRARY TO THIS PROVISION MAY BE
24 HELD LIABLE UNDER THIS CODE AND ALL OTHER RELEVANT LAWS AND
25 ISSUANCES; AND

26
27 (15) COOPERATIVES SHALL HAVE THE RIGHT TO EFFECTIVE AND
28 REASONABLE PARTICIPATION IN DECISION-MAKING PROCESSES,
29 INCLUDING REPRESENTATION IN THE GOVERNMENT."

30 x x x

1
2 Upon dissolution, such donated capital shall be subject to escheat.
3

4 ART. 73. *Limitations on Share Capital Holdings.* — No member of a primary
5 cooperative other than a cooperative itself shall own or hold more than ten per centum
6 (10%) of the share capital of the cooperative.
7

8 Where a member of a cooperative dies, his heir shall be entitled to the shares of the
9 decedent: *Provided*, That the total ~~{share holding}~~ SHAREHOLDINGS of the heir does
10 not exceed ten per centum (10%) of the share capital of the cooperative: *Provided*,
11 *further*, That the heir qualify~~y~~IES and is admitted as A member of the cooperative:
12 *Provided, finally*, That where the heir fails to qualify as a member or where his total
13 ~~{share holding}~~ SHAREHOLDINGS exceed~~s~~ ten per centum (10%) of the share
14 capital, the share or shares in excess will revert to the cooperative upon payment to
15 the heir of the value of such shares.
16

17 FOR ALL COOPERATIVE FEDERATIONS, THE SHARE CAPITAL HOLDINGS
18 OF ANY MEMBER SHALL NOT EXCEED FORTY PERCENT (40%) OF THE
19 SUBSCRIBED SHARE CAPITAL OF THE COOPERATIVE FEDERATION.
20

21 ART. 74. *Assignment of Share Capital Contribution or Interest.* — x x x
22

23 ART. 75. *Capital Build-Up.* — The bylaws of every cooperative shall ~~{provide for}~~
24 REQUIRE a reasonable and realistic capital build-up AND/OR DEPOSITS BUILD-UP
25 program to allow the continuing growth of the members' investment AND SAVINGS
26 DEPOSITS in their cooperative as their own economic conditions continue to
27 improve.”

28 x x x
29
30

1 SEC. 8. Article 86 of Chapter X on Allocation and Distribution of Net Surplus of the
2 same Code, is hereby further amended to read as follows:

3
4 “ART. 86. *Order of Distribution.* — The net surplus of every cooperative shall be
5 distributed as follows:

6
7 (1) An amount for the reserve fund which shall be at least ten per centum (10%) of
8 net surplus: *Provided, THAT LARGE COOPERATIVES MUST SECURE ONE*
9 *HUNDRED PER CENTUM (100%) OF THEIR RESERVE FUNDS IN DEPOSIT*
10 *INSTRUMENTS, AT LEAST EIGHTY PER CENTUM (80%) FOR MEDIUM*
11 *COOPERATIVES, AND AT LEAST FIFTY PER CENTUM (50%) FOR MICRO*
12 *AND SMALL COOPERATIVES: PROVIDED, FURTHER, That, in the first five*
13 *(5) years of operation after registration, this amount shall not be less than fifty*
14 *per centum (50%) of the net surplus:*

15 (a) The reserve fund shall be used for the stability of the cooperative and to meet
16 net losses in its operations, *INCLUDING LOSSES INCURRED DURING A*
17 *PANDEMIC, A STATE OF EMERGENCY, AND OTHER SUCH FORCE*
18 *MAJEURE: PROVIDED, THAT IF ANY OF THE AFOREMENTIONED*
19 *EVENTS OCCUR, NECESSITATING THE USE OF THE RESERVE FUND,*
20 *COOPERATIVES MAY USE NOT GREATER THAN FIFTEEN PER*
21 *CENTUM (15%) OF THE LATTER TO MITIGATE THE LOSSES*
22 *INCURRED, AS MAY BE APPROVED OR CONFIRMED BY THE*
23 *GENERAL ASSEMBLY OF THE COOPERATIVE, AS THE CASE MAY BE.*

24 The general assembly may decrease the amount allocated to the reserve fund
25 when the reserve fund already exceeds the share capital.

26
27 Any sum recovered on items previously charged to the reserve fund shall be
28 credited to such fund.

29 (b) x x x

30 (c) x x x

1 (i) x x x

2 (ii) x x x

3
4 (2) An amount for the COOPERATIVE E~~e~~ducation and T~~t~~ raining F~~f~~und
5 (CETF), shall not be more than ten per centum (10%) BUT NOT LESS THAN
6 FIVE PER CENTUM (5%) of the net surplus. The bylaws may provide that
7 certain fees or a portion thereof be credited to such fund. The fund shall provide
8 for the training, development, and OTHER similar ~~{other}~~ cooperative activities
9 geared towards the growth of the cooperative movement:
10

11 “(a) Half of the amounts transferred to the ~~{education and training fund}~~ CETF
12 annually under this subsection shall be spent by the cooperative for education and
13 training purposes; while the other half ~~[may]~~ SHALL be remitted to a union AND/or
14 federation chosen by the cooperative or of which it is a member, OF WHICH, NOT
15 MORE THAN EIGHTY PER CENTUM (80%) BUT NOT LESS THAN FIFTY PER
16 CENTUM (50%) MUST REDOUND TO THE BENEFIT AND DEVELOPMENT OF
17 SAID MEMBER COOPERATIVES, SUCH AS, BUT NOT LIMITED TO TRAININGS,
18 SEMINARS, AND OTHER RELATED ACTIVITIES. FAILURE OF THE MEMBER-
19 COOPERATIVE TO REMIT SUCH AMOUNT TO THE FEDERATION AND/OR
20 UNION SHALL RESULT IN APPROPRIATE SANCTIONS, SUCH AS SUSPENSION
21 OF PRIVILEGES OR NON-ISSUANCE OF THE CERTIFICATE OF COMPLIANCE,
22 AMONG OTHERS, AS MAY BE DECIDED BY THE AUTHORITY. The said union or
23 federation shall submit to the Authority and to its contributing cooperatives the
24 following schedules:

- 25 (i) List of cooperatives which have remitted their respective ~~{Cooperative~~
26 ~~Education and Training Funds (CETF)}~~;
27 (ii) Business consultancy assistance to include the nature and cost;
28 (iii) Other training activities undertaken specifying therein the nature,
29 participants, and cost of each activity.
30

1 (b) x x x

2
3 (3) An amount for the ~~{e}Community {d}Development {f}Fund (CDF)~~, which shall
4 not be less than three per centum (3%) of the net surplus. The ~~{community~~
5 ~~development fund}~~ CDF shall be used for projects or activities that will benefit
6 ~~{the community where the cooperative operates}~~ OR AID: (I) DIFFERENT
7 COMMUNITIES AROUND THE PHILIPPINES, ESPECIALLY THOSE IN
8 NEED DUE TO NATURAL DISASTERS, STATES OF EMERGENCY, OR
9 OTHER SIMILAR CIRCUMSTANCES; OR (II) PARTNER INTERNATIONAL
10 COOPERATIVES. HOWEVER, PRIORITY MUST BE GIVEN TO THE
11 COMMUNITY WHERE THE COOPERATIVE OPERATES. THE
12 COOPERATIVES SHALL HAVE FULL AUTHORITY TO DECIDE ON WHICH
13 PROJECTS THE CDF SHALL BE UTILIZED, BASED ON THE NEEDS OF
14 THEIR COMMUNITIES OR OTHER PARTNERS. THE CDF MUST BE
15 UTILIZED WITHIN ONE (1) YEAR FROM THE DISTRIBUTION OF THE NET
16 SURPLUS. FAILURE TO DO SO WILL SUBJECT THE COOPERATIVE TO
17 APPROPRIATE PENALTIES, AS MAY BE DETERMINED BY THE
18 AUTHORITY.

19
20 (4) An optional fund, a land and building, and any other necessary fund the total
21 of which shall not exceed seven per centum (7%). THIS FUND MAY ALSO BE USED
22 FOR THE BENEFIT OF ITS MEMBERS AND EMPLOYEES UNDER EXCEPTIONAL
23 CIRCUMSTANCES SUCH AS THE OCCURRENCE OF A PANDEMIC, CRISIS, OR
24 FORCE MAJEURE.

25
26 HOWEVER, IF THE OPTIONAL FUND IS INSUFFICIENT, THE COOPERATIVE
27 MAY CHARGE ANY DEFICIENCY TO DIRECT EXPENSES.

28
29 “(5) xxx

1 (a) xxx

2 (b) xxx

3 (c) xxx

4 (d) xxx

5
6 **SEC. 9.** Article 109 of the same Act is hereby amended with the insertion of a new
7 subsection 1 and 2, and the renumbering of subsections 1, 2, 3, 4, 5, 6, 7 and 8 as
8 subsections 3, 4, 5, 6, 7 and 8. Article 109 shall now read as follows:

9
10 “ART. 109. *Definition and Coverage.* — A public service cooperative, within the
11 meaning of this Code, is one organized to render public services as authorized under
12 a franchise or certificate of public convenience and necessity duly issued by the
13 appropriate government agency. Such services may include the following:

14 “(1) WATER SUPPLY OR DISTRIBUTION;

15 “(2) HEALTH SERVICES;

16 “(~~1~~3) Power generation, transmission, and/or distribution;

17 “(~~2~~4) Ice plants and cold storage services;

18 “(~~3~~5) Communication services, including telephone, telegraph, and
19 telecommunications, AND OTHER VALUE-ADDED SERVICES;

20 “(~~4~~6) Land and sea transportation cooperatives for passenger and/or cargo.
21 Transport cooperatives organized under the provisions of Executive Order No. 898,
22 Series of 1983, shall be governed by this Chapter;

23 “(~~5~~7) Public markets, slaughterhouses, and other similar services; and

24 “(~~6~~8) Such other types of public service as may be engaged in by any cooperative.
25 Such cooperative shall be primarily governed by this Chapter and the general
26 provisions of this Code insofar as they may be applicable unless they are inconsistent
27 herewith.

28 x x x

SEC. 10. Articles 115 and 117 of Chapter XV on Credit Cooperatives of the same Code, are hereby further amended to read as follows:

“ART. 115. *Definition and Objectives.* — A credit cooperative is a financial organization OR INTERMEDIARY owned and operated by its members with the following objectives:

- (1) x x x.
- (2) x x x.
- (3) x x x.

ART. 116. *Organization and Registration.* — x x x.

ART. 117. *Organizational Linkage.* — Credit cooperatives may organize chapters or subsidiaries, or join leagues and federations for the purpose of providing commonly needed essential services including but not limited to the following:

- (1) Interlending of surplus fund;
- (2) Mutual benefits;
- (3) Deposit guarantee;
- (4) Bonding;
- (5) Education and training;
- (6) Professional and technical assistance;
- (7) Research and development;
- (8) Representation; ~~and~~
- (9) STABILITY FUND; AND
- (10) Other services needed to improve their performance.

x x x

SEC. 11. Article 130 of Chapter XVII on Electric Cooperatives of the same Code, is hereby amended to read as follows:

~~"ART. 130. [Registration Options of Electric Cooperatives—Electric cooperatives registered with the National Electrification Administration (NEA) under Presidential Decree No. 269, as amended, which opt not to register with the Authority are allowed to retain the word 'cooperative' in their registered names: *Provided*, That they shall not be entitled to the benefits and privileges under this Code.]~~ ROLE OF THE NATIONAL ELECTRIFICATION ADMINISTRATION. — ALL ELECTRIC COOPERATIVES MUST REGISTER WITH THE AUTHORITY, AS REQUIRED UNDER THIS CODE. THIS NOTWITHSTANDING, THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) RETAINS JURISDICTION WITH REGARD TO THE AUTHORITY AND REGULATION OVER THE TECHNICAL ASPECTS OF AN ELECTRIC COOPERATIVE.

x x x

SEC. 12. Article 135 of Chapter XVIII on Miscellaneous Provisions of the same Code, is hereby further amended to read as follows:

“ART. 135. *Compliance With Other Laws.* —~~[The Labor Code and all other labor laws, the Social Security Act, the Medical Care Act, and all other social legislations and all other laws and executive orders shall apply to]~~ALL cooperatives duly registered under this Code[.] SHALL, AT ALL TIMES, BE SUBJECT TO ALL RELEVANT LAWS, RULES AND REGULATIONS, AS WELL AS ISSUANCES AND DIRECTIVES ISSUED BY A DULY AUTHORIZED GOVERNMENT REGULATORY BODY IN EXERCISE OF ITS JURISDICTION UNLESS OTHERWISE SPECIFICALLY COVERED BY PROVISIONS OF THIS CODE.

THIS NOTWITHSTANDING, COOPERATIVES THAT ARE REGISTERED OR
APPLYING FOR SPECIFIC LICENSES WITH OTHER REGULATORY AGENCIES

1 The Authority may motu proprio, initiate complaints for violations of
2 this provision.

3
4 (2) Any person who willfully attempts in any manner to evade or defeat tax in
5 violation of the provisions of Articles 60 and 61 of this Code shall, in addition
6 to other penalties provided by law, upon conviction thereof, be punished by a
7 fine of not less than Thirty ~~T[~~t~~]~~housand ~~P[~~p~~]~~esos (~~PHP~~30,000.00) but not more
8 than ~~{One Hundred Thousand Pesos (PhP100,000.00)}~~ THREE HUNDRED
9 THOUSAND PESOS (PhP300,000.00) and suffer imprisonment of not less than
10 two (2) years but not more than four (4) years: *Provided*, That the conviction or
11 acquittal obtained under this article shall not be a bar to the filing of a civil suit
12 for the collection of taxes;

13 (3) x x x

14 (4) x x x

15 (5) x x x

16 (6) x x x

17 (7) x x x

18
19 The cooperative or any of its members can file a case against any officer
20 or employee of the ~~{Bureau of Internal Revenue}~~ BIR or of any other
21 government agency with the Ombudsman, the Civil Service Commission, other
22 appropriate government agency or the courts of law.

23
24 In case of violation of any provision of this Code, the individual or
25 individuals, and in the case of organizations or government agencies, its
26 officers, and directors shall, upon conviction by a Court, each suffer a penalty
27 of not less than two (2) years but not more than five (5) years OF imprisonment
28 or a fine in the amount of not less than Twenty ~~T[~~t~~]~~housand ~~P[~~p~~]~~esos
29 (~~Ph~~P20,000.00), or both at the discretion of the court. In the case of a public

1 MUST COMPLY WITH THE GOVERNANCE REQUIREMENTS OF SAID AGENCY
2 TO OPERATE OR FUNCTION AS SUCH."

3 x x x

4
5 SEC. 13. Articles 139, 140, 141, and 144 of Chapter XIX on Final Provisions of the
6 same Code, are hereby further amended to read as follows:

7
8 "ART. 139. *Implementing Rules and Regulations.* – WITHIN NINETY (90) DAYS
9 FROM THE EFFECTIVITY OF THIS ACT, [F]the Authority shall issue rules and
10 regulations to implement ~~[those provisions of]~~ this Code, INCLUDING THE
11 AMENDMENTS THERETO ~~[which expressly call for the issuance thereof. This~~
12 ~~paragraph shall not apply to those cases wherein a specific provision of this Code~~
13 ~~expressly designates particular government agencies which shall issue the regulations~~
14 ~~called for by any provision of this Code.]~~ WITHIN THE SAME PERIOD, THE
15 PARTICULAR GOVERNMENT AGENCIES EXPRESSLY DESIGNATED UNDER
16 SPECIFIC PROVISIONS IN THIS CODE SHALL ALSO ISSUE THE REGULATIONS
17 CALLED FOR BY SUCH RESPECTIVE PROVISIONS.

18
19 ART. 140. *Penal Provisions.* – The following acts or omissions affecting cooperatives
20 are hereby prohibited:

- 21 (1) The use of the word 'cooperative' by any person or of persons or organizations,
22 unless duly registered as a cooperative under this Code except as provided for
23 under Article 130 hereof. In case of violation, the individual or individuals
24 concerned, or in the case of an organization, its officers and directors shall, upon
25 conviction, each suffer the penalty of imprisonment of not less than two (2)
26 years nor more than five (5) years and a fine not exceeding ~~[Twenty Thousand~~
27 ~~Pesos (P20,000)]~~ TWO HUNDRED THOUSAND PESOS (PhP200,000.00) or both
28 at the discretion of the Court.

1 official or employee, the offender shall, upon conviction, suffer the accessory
2 penalty of temporary absolute disqualification.

3
4 ART. 141. *Printing and Distribution.* —

5 (1) ~~[The National Printing Office shall publish t]~~ This Code, AS AMENDED, SHALL
6 BE PUBLISHED in the Official Gazette in full within sixty (60) days from the
7 date of approval thereof. Copies of this Code shall be given to every department,
8 agency, and instrumentality of the National Government, including regional,
9 provincial offices, and local governments including government-owned and
10 controlled corporations.

11 (2) x x x

12
13 ART. 142. Interpretation and Construction. — x x x.

14 ART. 143. Repealing Clause. — x x x.

15 ART. 144. Transitory Provisions. —

16 (1) x x x

17 (2) x x x

18 (3) x x x

19 (4) TO ENSURE A SMOOTH IMPLEMENTATION OF THIS CODE, THE
20 AUTHORITY GRANTED TO NON-COOPERATIVES AS TRAINING SERVICE
21 PROVIDERS SHALL CONTINUE TO BE EFFECTIVE UNTIL THEIR
22 EXPIRATION OR SIX (6) MONTHS FROM THE PROMULGATION OF THE IRR
23 TO BE ISSUED PURSUANT TO ART. 139 OF THIS CODE, WHICHEVER COMES
24 LATER.

25 (5) PRIMARY COOPERATIVES ALREADY EXISTING MUST BECOME
26 MEMBERS OF A FEDERATION AND/OR UNION WITHIN SIX (6) MONTHS
27 FROM THE EFFECTIVITY OF THIS ACT, IN COMPLIANCE WITH ART. 10
28 HEREIN.

29 x x x

1 **SEC. 14. Separability Clause.** — If any provision contained herein is declared
2 unconstitutional, invalid, illegal, or unenforceable in any respect, the validity, legality,
3 and enforceability of the remaining provisions shall not be affected or impaired in any
4 way.

5
6 **SEC. 15. Repealing Clause.** — All provisions, laws, rules and regulations, orders,
7 decrees, and issuances, insofar as they are inconsistent with the foregoing
8 amendments and provisions, are hereby repealed or modified accordingly. The
9 remaining provisions of R.A. No. 6938, as amended, are hereby adopted as part of the
10 Code.

11
12 **SEC. 16. Effectivity.** — This Act shall take effect fifteen (15) days after the
13 completion of its publication in the Official Gazette or in two (2) newspapers of
14 general circulation.

15
16 *Approved,*