



REPUBLIC OF THE PHILIPPINES
Department of Finance
Cooperative Development Authority



JOINT ADMINISTRATIVE ORDER NO. 1-2019

RULES AND REGULATIONS IMPLEMENTING SECTION 3 OF REPUBLIC ACT (RA) NO. 10963, OTHERWISE KNOWN AS THE "TAX REFORM FOR ACCELERATION AND INCLUSION LAW" IN RELATION TO SECTION 5(b) OF RA NO. 8424 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

WHEREAS, Section 3 of RA No. 10963 requires the Cooperative Development Authority (CDA) to submit to the Bureau of Internal Revenue (BIR) a tax incentive report availed by cooperatives registered with CDA and enjoying incentives under RA No. 9520, which information shall be included in the database created under RA No. 10708, otherwise known as the "Tax Incentives Management and Transparency Act (TIMTA)".

WHEREAS, Section 244 of RA No. 8424 or the National Internal Revenue Code, as amended, provides for the power of the Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, to promulgate all needful rules and regulations for the effective enforcement of the provisions of the Code.

WHEREAS, Section 4 of RA No. 8424, as amended, provides for the power of the Commissioner of Internal Revenue to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the Code or other laws.

WHEREAS, Section 84 of RA No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Act, mandates the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, to promulgate the necessary rules and regulations for its effective implementation.

WHEREAS, Section 13 of RA No. 6939 or the Cooperative Development Authority Act authorizes the CDA to promulgate such rules and regulations as may be necessary to implement the Act.

NOW, THEREFORE, these Rules and Regulations are issued as Joint Administrative Order No. 01-2019 to guide all concerned departments, offices, agencies, and stakeholders, in the implementation of Section 3 of RA 10963.

**RULE I
GENERAL PROVISIONS**

Section 1. Declaration of Policy. – It is the policy of the State to promote 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.

Section 2. Definition of Terms.

- a. **Bureau of Internal Revenue** – refers to the government agency entrusted with the power to assess and collect all national internal revenue taxes, fees and charges, and the enforcement of all forfeitures, penalties and fines connected therewith, and hereinafter referred to as the BIR.
- b. **Cooperative Development Authority** – refers to the government agency organized and existing by virtue of RA No. 6939, whose aim is to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development, and hereinafter referred to as the CDA.
- c. **Registered Cooperatives** - refers to any cooperative organized and existing under Philippine laws and registered with the CDA.
- d. **Tax Exemption** - refers to fiscal incentives as provided by law to registered cooperatives.
- e. **Certificate of Tax Exemption (CTE)** – refers to the ruling issued by the BIR granting a tax exemption to the cooperative.
- f. **Annual Tax Incentive Report** - refers to the report submitted by the registered cooperatives to the CDA containing claims for income-based tax incentives, value-added tax and duty exemptions, and other tax incentives as well as other information as may be required by the CDA.
- g. **Consolidated Annual Tax Incentives Report** - refers to the report to be submitted by the CDA to the BIR containing information on the income tax, value-added tax, and other tax incentives availed of by cooperatives registered and enjoying incentives under Republic Act No. 6938, as amended and a comprehensive data/information of registered cooperatives.

RULE II COMPLIANCE REQUIREMENTS FOR REGISTERED COOPERATIVES

Section 1. Filing of Tax Returns and Payment of Tax Liabilities. – All registered cooperatives shall file their tax returns and pay their tax liabilities, if any, on or before the deadline as provided under the NIRC, as amended, using the electronic system for filing and payment of taxes of the BIR.

For purposes of availing income-tax based incentives, only electronically filed tax returns shall be considered except when manual filing is allowed in accordance with BIR revenue issuances, in which case, the return manually filed must be duly stamped by the BIR. Notwithstanding the manual filing, the registered cooperatives are still required to file electronically within thirty days (30) days reckoned from the time the electronic filing/payment system is operational/available. The BIR and the CDA shall render assistance to the registered cooperatives in the electronic filing of tax returns.



Section 2. Submission of Annual Tax Incentives Report. - All registered cooperatives which were issued a Certificate of Tax Exemption (CTE) and availed of tax incentives shall submit to the CDA the Annual Tax Incentives Report (**Annex "A"**) as mandated under Section 4, paragraph (2), of RA No. 10708 and Section 3 of RA No. 10963. The Report shall be duly signed by the Chairman and/or the General Manager of the concerned registered cooperative, and submitted to the CDA in accordance with the following schedules:

Accounting Period	Year Ending On	Deadline of Cooperative submission
Calendar Year	December 31	April 30 of the succeeding year
Fiscal Year	January – November	15 days from the deadline of filing of Annual Income Tax Return

**RULE III
INCENTIVES MONITORING MECHANISM**

Section 1. Role of the CDA. – The CDA shall:

- a. Submit to the BIR, the Registered Cooperative Master List (**Annex "C"**) which shall contain the list of all registered cooperatives within thirty (30) days after the approval of these Rules. The Registered Cooperative Master List shall be updated every thirty (30) days after the close of each calendar/ fiscal year.
- b. Submit to the BIR the Consolidated Annual Tax Incentives Report (**Annex "B"**), within sixty (60) days from the statutory deadline for filing of Annual Income Tax Return and payment of taxes due thereon, if any.

The Consolidated Annual Tax Incentives Report shall cover the information reflected in the Annual Income Tax Incentives Report filed by registered cooperatives depending on the accounting period used, whether calendar or fiscal year to wit:

Accounting Period	Year Ending On	Deadline of CDA submission
Calendar Year	December	60 days from the date of statutory date of filing
Fiscal Year	January – November	60 days from the deadline of filing of Annual Income Tax Return

- c. Submit to the BIR a Master List of Cooperatives which failed to submit the Annual Tax Incentives Report required under Section 2 of these Rules, within thirty (30) days from the deadline of the submission of said Report.
- d. Issue a Memorandum Circular (MC) to all cooperatives for the implementation of this JAO.



Section 2. Role of BIR. – The BIR shall

- a. Submit to the Department of Finance (DOF) the Registered Cooperative Master List (**Annex “C”**) which shall contain the list of all registered cooperatives within sixty (60) days after the close of each calendar year;
- b. Submit to the DOF on or before August 15 of the current year, the Consolidated Annual Tax Incentives Report (Annex “B”) submitted by the CDA; and
- c. Submit to the DOF within 90 days after the lapse of the close of each calendar year an updated report with income based tax incentives as evaluated and determined by the BIR.
- d. Collate the list of cooperatives which are non-compliant with the submission of the required Annual Tax Incentives Report required under Section 2 of these Rules, for endorsement to the concerned Revenue District Offices (RDOs) for assessment and collection of applicable taxes.

Section 3. Role of DOF. – The DOF shall include in the database created under RA No. 10708 the reports herein submitted by the BIR to the DOF.

**RULE IV
NON-COMPLIANCE WITH FILING REPORTORIAL REQUIREMENTS**

Section 1. Effect of failure to submit the Reportorial Requirements by a Registered Cooperative. - Submission of the reportorial requirements under Rule II, Section 2 of this Order shall be a continuing requirement for the effectivity of the Certificate of Tax Exemption of a registered cooperative.

Failure to comply with the reportorial requirements by a registered cooperative shall have the following effects:

First Offense – CTE shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of one (1) year from the date of revocation

Second Offense – CTE shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of three (3) years from the date of revocation

Third Offense – CTE shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of five (5) years from the date of revocation

Fourth Offense – CTE shall be deemed revoked and cooperative shall be prohibited from re-application

Registered cooperatives shall be liable for the payment of taxes immediately upon revocation of the certificate of tax exemption, inclusive of surcharge, interest and



compromise penalty. Upon payment of taxes, registered cooperatives can re-apply for the issuance of certificate of tax exemption which shall be effective only upon the lapse of the period of prohibition to avail of the tax exemption.

Pursuant to Art. 140, 6 (b) and (f) of RA9520, providing information, reports or other documents to the CDA which the person knows to be false or misleading, and failure to comply with an order or written instructions issued or given by the CDA are punishable by imprisonment of not less than one (1) year nor more than five (5) years or a fine of not more than Fifty thousand pesos (P50,000.00) or both at the discretion of the court.

Section 2. Penalty for Non-compliance of Government Official or Employee with the provisions of this JAO. - Any government official or employee who fails, without justifiable reason, to provide or furnish the required tax incentives report or other data or information within the prescribed period as required under this Joint Administrative Order shall be penalized, after due process, by a fine equivalent to the official's or employee's basic salary for a period of one (1) month to six (6) months or by suspension from government service for not more than one (1) year, or both, in addition to any criminal and administrative penalties imposable under existing laws.

RULE V FUNDING

Section 1. Funding. Such amount necessary to carry out the implementation of these Rules shall be sourced from the regular budget of the agencies involved herein from current General Appropriations Act.

For this purpose, the DOF, the BIR and the CDA may apply for the supplemental budget, subject to DBM Rules and Regulations, for the development and/or enhancement of systems and database with a view to generating data and reports electronically.

The CDA, BIR and DOF shall endeavor within a period of three (3) years to automate their systems with a view to generating data and reports electronically. For this purpose, the said agencies shall be granted their budgetary requirements to meet the objectives of these Rules.

RULE VI INFORMATION DISSEMINATION

Section 1. Information Dissemination. This JAO shall be disseminated nationwide. Information campaign and dissemination programs and activities shall be undertaken by the CDA and the BIR.



**RULE VII
TRANSITORY PROVISIONS**

Section 1. *Transitory Provisions.* – The CDA shall submit to the BIR a Registered Cooperative Master List (**Annex “C”**) covering taxable year 2018 within thirty (30) days after the approval of this JAO.

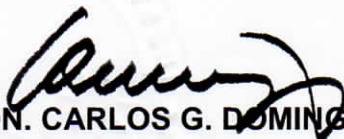
The CDA shall submit to the BIR a Consolidated Annual Tax Incentives Report (**Annex “B”**) covering taxable year 2018 on or before September 30, 2019. BIR shall submit to the DOF Annex B on or before December 15, 2019.

For this purpose, the BIR and the CDA shall undertake to enhance its database system in order to provide the information on actually availed incentives of registered cooperatives.

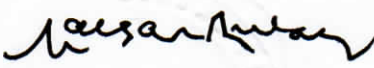
**RULE VIII
REPEALING AND EFFECTIVITY CLAUSES**

Section 1. *Separability Clause.* - If any provision of this JAO is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

Section 2. *Effectivity.* - This JAO shall take effect fifteen (15) days following its publication in a newspaper of general circulation and filing of three (3) copies hereof with the Office of National Administrative Register (ONAR), University of the Philippines (UP) Law Center, Diliman, Quezon City pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.


HON. CARLOS G. DOMINGUEZ
Secretary
Department of Finance
MAY 16 2019


RECOMMENDING APPROVAL:


HON. CAESAR R. DULAY
Commissioner
Bureau of Internal Revenue


HON. ORLANDO R. RAVANERA
Chairman
Cooperative Development Authority

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UNTIL DECEMBER 31, 2019
NOTARIAL COMMISSION 17-23
PASADENIA ST. P.C.
IBP NO. 022811 / 01/03/2019 PASIG
PTR NO. 582667 / 01/03/2019 P.C.
MCLE COMPLIANCE NO. VI-0002830 - 4/14/2022
ROLL OF ATTORNEYS NO. 29679
TIN: 172-528-620-000

SUBSCRIBED AND SIGNED TO
BEFORE ME THIS MAY 20 2019
PASAY CITY PHILIPPINES