**Memorandum Circular No. 2022-\_\_\_\_\_**

**Series of 2022**

**SUBJECT: POLICY GUIDELINES REQUIRING COOPERATIVES TO MAINTAIN A LIST OF ACTIVE AND INACTIVE MEMBERS**

 Pursuant to the powers vested to the Cooperative Development Authority (CDA) under Section 4 of the Republic Act No. 11364, the Authority hereby promulgates this Guidelines in the preparation and maintenance of cooperatives of the list of active and inactive members.

**Section 1. Title**

 This Guidelines shall be known as the **“Policy Guidelines Requiring Cooperatives to Maintain a List of Active and Inactive Members”*.***

**Section 2. Legal Bases**

1. **Rule IV, Section 4(a) of R.A. No. 11364, provides that:**

*“Section 4 (a) Develop and formulate, in consultation with the cooperative sector and other concerned institutions, appropriate regulations, standards, rules, orders, guidelines and/or circulars to implement this Act and RA No. 9520 to ensure the effective and sound operation of cooperatives.”*

1. **Section 15 of Joint Rules and Regulation Implementing**

*“Section 15. RENEWAL OF CERTIFICATE OF TAX EXEMPTION/RULING. - An application for renewal of Certificate of Tax Exemption shall be filed at least two (2) months prior to the date of expiration of the existing' Certificate of Tax Exemption/Ruling, and should be acted upon within the period prescribed in Section 13 of this Joint Rules and Regulations. Such renewal of the Certificate of Tax Exemption/Ruling shall be for a period of five (5) years unless sooner revoked for cause.*

*The application for renewal of Certificate of Tax exemption shall be accompanied by the following documents:*

1. *xxx xxx*

 *xxx xxx*

*g) Certification under oath of the list' of members and the share capital contribution of each member; and”*

1. BIR Revenue Memorandum Circular No. 2020-124

*Q2 (d) of the Revenue Memorandum Circular No. 124-2020, dated November 25, 2020, state that:*

*Q2: What are the obligations of cooperatives with duly issued CTEs?*

*“All registered cooperatives with duly issued CTEs shall:*

*xxx…*

*d. Original Copy of Certification under Oath by the Chairperson/General Manager of the List of Active and lnactive Members, their respective TlNs, and the Share Capital Contribution of each member as of the year end concerned.”*

**Section 3. Objectives**

To guide the cooperatives in complying with the requirements of BIR in the submission of the list of active and inactive members.

**Section 4. Coverage**

 This Circular shall apply to all cooperatives registered with the Authority.

***Section 5. Definition of Terms***

As used in this circular, the following terms shall be defined as:

***Authority*** – refers to the Cooperative Development Authority.

***Member*** – refers to a person either natural or juridical who has been admitted by the cooperative as member either regular or associate in accordance with the principles set forth in R.A. No. 9520, articles of cooperation and by-laws, and membership policy of the cooperative.

***Member-Consumer-Owner/Member-Customer-Owner (MCO)*** – shall refer to membership in electric cooperatives registered with the Authority as provided under Rule VI, Section 4 of the Revised Implementing Rules and Regulation of R.A. No. 9520, shall have the following types:

***Regular Member*** - refers to a natural person (member-consumer) (MCOs/member-customer owners) with electrical service connection.

***Associate Member*** - refers to a member-institution or entity availing of the services of electric cooperative, such as, but not limited to: corporation, industrial and commercial establishment, joint venture, other cooperatives, place of worship, local government building or facility, etc, as represented by the head of such establishment or entity.

***List of Members*** – refers to the list of active and inactive members of a cooperative .

**Section 6. Status of Members**

1. **Active-** the following are considered active members:
2. Members who are declared in good standing or member entitled to vote;
3. Members whose whereabouts are known and can be contacted by the cooperative, whenever necessary;
4. Members who have records of transactions and/or patronizing regularly any or all business/es of the cooperative;
5. Members who are actively and consistently participating in the activities/affairs of the cooperative.
6. With Tax Identification No. (TIN)
7. **Inactive-**the following are considered inactive members:
8. Members who are declared not in good standing;
9. Members whose whereabouts are not known for the last continuous period of six (6) months;
10. Members who do not have transaction or not patronizing any business of the cooperative for the continuous period of at least six (6) months;
11. Members who are not participating in the activities of the cooperative held within the period of six (6) months.

**Section 7 .Required Information/Contents of the List**

 The following are the minimum information required in the list of members:

A. For Primary Cooperatives

A.1. Individual Member:

* Name of Individual Member
* Membership Number
* Tax Identification Number (TIN), if any
* Status of Membership
* Active
* Inactive
* *Basis*

A.2. Juridical Person as a member of electric, water service, and

 other similar cooperatives allowed by law to accept juridical person as

 member

* Name of the Cooperative/Organization
* Membership Number
* Tax Identification Number (TIN), if any
* Status
* Active
* Inactive
	+ Basis

B. For Secondary ,Tertiary Cooperative, Union of Cooperatives, CSF Cooperatives, Insurance and Cooperative Banks

B.1 Information for member/cooperative

* Name of Cooperative
* Membership Number
* CDA Registration Number
* Date of Registration
* Type of Cooperative
* Tax Identification Number (TIN)
* Certificate of Tax Exemption
* Number
* Period of Validity
* Status of Membership
* Active
* Inactive
	+ Basis

B.2 Information of natural person member in case of Cooperative Banks

* Name of Individual Member
* Membership Number
* Tax Identification Number (TIN), if any
* Status of Membership
* Active
* Inactive
* *Basis*

**Section 8. Updating of List of Active and Inactive Members**

The cooperative must update the list of members regularly in any of the following cases:

1. Additions of new members;
2. Movement of the members’ share capital contributions;
3. Change of status from Active to Inactive members or vice versa; and
4. Termination of membership.

 The status of an inactive member shall be reverted to an active member as soon as he/she transacts business, patronizes and/or participates with the activities of the cooperative and his whereabouts are known. Accordingly, the cooperative shall require the member to submit his/her TIN, otherwise, authorize the cooperative to secure TIN for him/her.

**Section 8. Handling of Inactive Members**

Rights, privileges and benefits as well as termination of inactive members shall be in accordance with the cooperative’s by-laws and membership policy.

**Section 9. Existing list of Members**

Cooperatives which are currently maintaining a list/schedule members can include the status as to active and inactive and the same shall be considered compliance with this guidelines.

**Section 10. Sanction**

Any violation of the provisions of this Guidelines shall be subject to the following sanctions, after due notice and hearing:

First offense – Non-issuance of Certificate of Compliance (COC) for the immediately succeeding year; and

Second offense - Dissolution for willful violation of the lawful order of the Authority.

**Section 11. Separability Clause**

If any provision of this Guidelines is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

**Section 12. Information and Dissemination**

 All concerned CDA Extension Offices must endeavor to inform and disseminate this Circular to cooperatives within their jurisdiction.

**Section 13. Effectivity**

 This Memorandum Circular shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette and filing of the copy thereof with the Office of the National Administrative Register (ONAR).

Approved per BOD Resolution No. \_\_\_\_\_, S-2022 dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 Issued this \_\_\_\_\_ of \_\_\_\_\_\_\_\_\_, 2022.

  **For the Board of Directors:**

 **USEC. JOSEPH B. ENCABO**

 Chairman