



Republic of the Philippines
OFFICE OF THE PRESIDENT
COOPERATIVE DEVELOPMENT AUTHORITY
5th Flr Ben-lor Bldg., 1184 Quezon Ave., Quezon City

March 25, 1993

MEMORANDUM CIRCULAR NO. 93-005
Series of 1993

T O : ALL CDA PERSONNEL, FEDERATIONS, UNIONS AND OTHERS
CONCERNED

SUBJECT : Exemption of Cooperatives from Local Business
Taxes, Fees and Charges

For the information of all concerned, quoted hereunder are the provisions of the Local Government Code of 1991 concerning the tax privileges of cooperatives:

1. Section 133. **Common Limitations on the Taxing Powers of Local Government Units** - Unless otherwise provided herein, the exercise of the taxing powers of provinces, cities, municipalities and barangays shall not extend to the levy on:

n) x x x Taxes, fees or charges on Countryside and Barangay Enterprises and cooperatives duly registered under R. A. 6180 and Republic Act Numbered Sixty-nine hundred thirty-eight (R.A. 6938) otherwise known as the "Cooperative Code of the Philippines, respectively, and;

2. Section 234. **Exemptions From Real Property Tax** - The following are exempted from payment of the real property tax:

d x x x All real property owned by duly registered cooperatives as provided for under R. A. 6938.

Pursuant to such provisions of the 1991 Local Government Code, duly registered cooperatives are no longer subject to any local taxes, fees and charges that maybe imposed by the local government units - this is the gist of the opinion rendered by the Bureau of Local Government Finance, a bureau under the Department of Finance which has jurisdiction over local government units implementing local taxation.

The opinion was rendered by the BLGF in answer to the query of the Acting Municipal Treasurer of Kadingilan, Bukidnon on the latter's asking for a legal basis for collecting business taxes and license fees from cooperatives. The highlights are as follows:

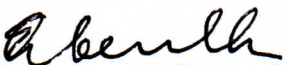
"Pursuant to Section 5 (o) of the Local Tax Code, the exercise of the taxing powers of local government units shall not extend to the imposition of taxes "on cooperatives duly organized and registered with the proper government offices.

"Further, under the provisions of the Local Government Code of 1991 (R.A. 7160), the exemption from local business taxes provided for under the aforesaid provision of P. D. 231, as amended, has been reiterated and expanded to include EXEMPTION ALSO FROM FEES AND CHARGES. (Sec. 133 par. n)" (Underscoring ours)

"Accordingly, and beginning January 1, 1992, cooperatives which are duly registered with the Cooperative Development Authority shall not be subject to any LOCAL BUSINESS TAXES AND CHARGES THAT MAY BE IMPOSED BY LOCAL GOVERNMENT UNITS". (Underscoring ours)

In view of the said development starting January 1, 1992, cooperatives are exempted from paying all forms of local business taxes, and other non-taxes revenue source such as permit fees, service charges, license fees, sanitation fees and other charges.

For your information and guidance.


EDNA E. ABERILLA
Chairman