



BAGONG PILIPINAS

Republic of the Philippines

**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**

DILG-NAPOLCOM Center, EDSA cor. Quezon Avenue, West Triangle, Quezon City

[www.dilg.gov.ph](http://www.dilg.gov.ph)

**ADVISORY**

**TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS, DILG REGIONAL DIRECTORS, AND ALL OTHERS CONCERNED**

**SUBJECT : REITERATION OF DILG MEMORANDUM CIRCULAR NO. 2017-16: EXEMPTION OF DULY REGISTERED COOPERATIVES FROM PAYMENT OF APPLICABLE TAXES, FEES, AND CHARGES**

**DATE : SEP 12 2024**

=====

In furtherance of the policy of the state to foster the creation and growth of cooperative as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice, Local Chief Executives are hereby reminded to see to it that the provisions stated on (1) **DILG Memorandum Circular No. 2017-16** titled, "*Exemption of Duly Registered Cooperatives from Payment of Applicable Taxes, Fees, and Charges*" and (2) **BLGF Memorandum Circular No. 11-001-2016** titled, "*Reiterating BLGF Memorandum Circular No. 31-2009, dated October 7, 2009 Re: Exemption of Cooperatives from the Payment of Local Taxes Fees and Charges*" are complied with.

**Sections 60 and 61 of the Republic Act No. 9520** or the **Philippine Cooperative Code of 2008** and the Joint Rules and Regulations Implementing Articles 60, 61, and 144 of the **National Internal Revenue Code (NIRC)**, as amended explicitly provide for the tax treatment of cooperatives, particularly, concerning taxes imposed by the NIRC in this manner:

1. *Duly registered cooperatives who solely have business transactions with their members shall not be subject to any taxes and fees including those imposed under internal revenue laws and other tax laws.*

*Provided and notwithstanding the provisions of any law or regulations to the contrary, cooperatives with accumulated reserves and undivided net savings of not more than Ten Million Pesos (Php 10,000,000.00) dealing with non-members shall be exempt from all national, city, provincial, municipal, or barangay taxes of whatever name and nature.*

2. *Duly registered cooperatives with accumulated reserves and undivided net savings of more than Ten Million Pesos (Php 10,000,000.00) transacting*

*business with both members and non-members shall not be subject to tax on their transactions with members. The transaction of members with the cooperative shall not be subject to any taxes and fees, including but not limited to final taxes on members' deposits and documentary tax. Meanwhile, transactions with non-members are subject to the payment of Income Tax, Value Added Tax (VAT), and Percentage Tax at the full rate.*

3. *All cooperatives, regardless of the amount of accumulated reserves and undivided net savings, shall be exempt from payment of local taxes and taxes on transactions with bank and insurance companies: Provided, that all sales or services rendered for non-members shall be subject to the applicable percentage taxes sales made by producers, marketing or service cooperatives: Provided further, that nothing in this article shall preclude the 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.*

However, under **BLGF Memorandum Circular No. 31-2009**, cooperatives transacting business with both members and non-members are still required to:

1. *Obtain or secure a Mayor's permit and pay the commensurate cost of regulation, inspection, and surveillance of the operation of its business but not exceeding One Thousand Pesos (Php 1,000.00);*
2. *Secure a Community Tax Certificate (CTC) as a juridical entity and pay the basic tax of Five Hundred Pesos (Php 500.00); and*
3. *Pay the service charges or rentals for the use of property, and equipment or public utilities owned by the local government units concerned such as charges for actual water consumption, electric power, toll fees for the use of public roads and bridges, and the like.*

In view thereof, all local government units are hereby enjoined to strictly observe the abovementioned policies and to effect the exemption of cooperatives from payment of taxes, fees, or charges.

All DILG Regional Directors are hereby directed to cause the widest dissemination of this Advisory within their respective area of jurisdiction.

For compliance and guidance of all concerned.



**ATTY. LORD A. VILLANUEVA**  
Officer-in-charge

BLGD/AFB/LFRDD/ZIM/BFC/macb/cms/arfm

