REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**
Quezon City

May 17, 2016

**REVENUE MEMORANDUM CIRCULAR NO. 54-2016**

SUBJECT : Circularizing the Guidelines Governing the Issuance of Certificate of Compliance, in lieu of Certificate of Good Standing, pursuant to Cooperative Development Authority (CDA) Memorandum Circular (MC) No. 2015-08 Series of 2015

TO : All Internal Revenue Officers and Others Concerned

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For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder are the provisions of the Guidelines Governing the Issuance of Certificate of Compliance (COC), in lieu of Certificate of Good Standing (CGS), pursuant to CDA MC No. 2015-08 Series of 2015 of the Cooperative Development Authority, to wit:

**"Memorandum Circular No. 2015-08**
Series of 2015

**TO : ALL CONCERNED**

**SUBJECT : GUIDELINES GOVERNING THE ISSUANCE OF CERTIFICATE OF COMPLIANCE (COC)**

**Date : SEPTEMBER 29, 2015**

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Pursuant to the powers vested upon the Authority under RA 6939 and RA 9520, the following guidelines for the issuance of a Certificate of Compliance (COC) are hereby prescribed:

**SECTION 1. TITLE**

This Guidelines shall be known as the **"Guidelines in the Issuance of Certificate of Compliance (COC)."**

**SECTION 2. LEGAL BASES**

Article 113 of RA 9520; Rule 8, Section 7of the Revised IRR, Section 13 (e) of Joint BIR –CDA Rules and Regulations and Section 13 of RA6939.

**SECTION 3. SCOPE**

This Guidelines covers all cooperatives registered with the Authority.

**SECTION 4. OBJECTIVES**

a. To establish standards for the availment of incentives and privileges accorded to the cooperatives;
b. To provide criteria in monitoring cooperative's compliance with reportorial requirements;
c. To define the grounds for non-issuance, suspension or revocation of COC.

**SECTION 5. DEFINITION OF TERMS**

As used in this guidelines, the following terms shall be construed to mean:

a) **Authority** refers to the Cooperative Development Authority;

b) **Business Operation** refers to the economic undertaking of the cooperative that generates revenues/resources and causes the incurrence of expenditures, provides product and/or services to members in accord with the objectives and purposes as stated in the registered Articles of Cooperation;

c) **Certificate of Compliance** refers to the certificate, in lieu of the then Certificate of Good Standing, issued to all types of cooperatives after compliance with the rules of the Authority.

d) **Fiscal Year** refers to the operating cycle of business operation and activities of a cooperative, covering a twelve (12) month period. Calendar year may be adopted as the fiscal period.

e) **Legitimate Purpose** refers to any purpose that is not contrary to law, morals, and public policy.

f) **Preceding Fiscal Year** refers to the fiscal year immediately preceding the date of issuance of a regular COC.

g) **Required Reports** refer to the mandatory reports prescribed under Section 2, Rule 8 of the Revised IRR, in relation to Article 53 of RA 9520, and Section 3 (f) of RA 6939.

**SECTION 6. PURPOSES OF A CERTIFICATE OF COMPLIANCE (COC)**

A COC shall be issued **once a year** and can be used for any of the following purposes:

1. To affirm the cooperative's compliance with the CAPR and its attachments as prescribed by RA 9520, its Revised IRR, and other related issuances;

2. To avail of the incentives and privileges set forth by the CDA-BIR Joint Rules and Regulation Implementing Article 60 and 61 of RA 9520 in relation to RA 8424;

3. To secure permits and licenses prescribed under the provisions of the Local Government Code of 1991;

4. To comply with the documentary requirements prescribed by the financial institution in availing financial assistance;

5. To comply with the documentary requirements for accreditation as CDA training provider;

6. And for such other legitimate purposes as may be needed by the cooperatives;

**SECTION 7. REQUIREMENTS FOR ISSUANCE OF CERTIFICATE OF COMPLIANCE**

**1. The COC will be issued upon compliance with and submission of the following documents:**

a) Letter request duly signed by the Chairperson or any authorized representative (evidenced by Board Resolution that he/she is duly authorized) of the requesting cooperative stating therein the reasons/purpose of such request;

b) Proof of compliance that all required reports for the preceding fiscal year had been submitted, or complete copies of such reports (2 copies);

c) Copy of the Minutes of Meeting of the General Assembly (GA);

1. If the GA is held within 90 days after the close of the fiscal year, then the current year's GA minutes shall be submitted.

2. If the date of the GA as fixed in the by-laws is beyond the 90-day period, then a copy of the latest or that of the immediately preceding year's minutes shall be submitted.

GA Minutes shall be prepared in accordance with the order of business as defined in the By-laws of the cooperative, which contains the following information:

i. Result of election of the Board of Directors and Committee Members;
ii. Approval of the Development Plan and/or Annual Plan and Budget;
iii. Presentation and acceptance of Cooperative Annual Progress Report including the AFS, Performance Audit Report, Social Audit Report and List of Officers and Trainings Undertaken /Completed by the General Assembly;
iv. Appointment of the CDA Accredited External Auditor;

v. Acceptance of the management and committee report by the General Assembly; and

d) Payment of Certification Fee

2. If the COC shall be used for any of the purposes falling under paragraphs 4-6 of Section 6 hereof, the cooperative shall secure a certified true copy of the valid COC and mandatory reports submitted to the Authority upon compliance with the following:

a) Submission of the Letter request duly signed by the Cooperative Chairperson or any authorized representative of the requesting cooperative stating the purpose for such request;

b) Payment of Certified True Copies of the requested documents

A newly registered cooperative shall be exempted from complying with the above requirements and shall be issued with the COC upon payment of Certification Fee of One Hundred Pesos (P100.00).

**SECTION 8. GROUNDS FOR NON-ISSUANCE OF A CERTIFICATE OF COMPLIANCE**

Any of the following shall be a ground for the non-issuance of a COC:

1. Non-submission of required reports;
2. Failure to encode CAPR through web-based CAPRIS and to submit the printed form generated by the system;
3. Willful failure to comply with the mandatory trainings for officers;
4. Non-settlement of fines and/or penalty/ies for late or non-submission of mandatory reports;
5. The cooperative has been declared dissolved;

**SECTION 9. GROUNDS FOR SUSPENSION OR NON-RELEASE OF CERTIFICATE OF COMPLIANCE**

Any existing dispute on the legitimacy of leadership as evidenced by a complaint filed with the Authority shall be a ground for suspension or non-release of a COC.

**SECTION 10. WAIVER OF COMPLIANCE WITH THE REQUIRED REPORTS**

Cooperatives suffering from total destruction/loss of records and reports due to *force majeure* or fortuitous events shall be issued a COC only after compliance with the requirements set forth in Section 6 of MC No. 2015-04 dated August 18, 2015.

## SECTION 11. SIGNING AUTHORITY AND JURISDICTION

The approving authority and jurisdiction in the issuance of COC shall be vested in the following:

| APPROVING AUTHORITY | JURISDICTION |
|---|---|
| **Extension Office Director** | COC of primary, secondary and tertiary cooperatives with principal address within the area of jurisdiction of the Extension Office concerned. |
| **Chairman** | COC of newly registered selected types of cooperative (e.g. Labor Service Cooperative, Small Scale Mining Cooperative, etc.) registered with Central Office after the date of registration. |
| | COC of Insurance Cooperatives, Coopbanks, Electric Cooperatives and tertiary cooperatives with national coverage. |

## SECTION 12. PERIOD FOR FILING A REQUEST

A request for the issuance of a Certificate of Compliance shall be made before the Authority on or before April 30 of the current year. Any request made after such period shall be considered as "late filing".

Issuance of COC shall be made not later than December 31 of the current year. Any request filed after December 31 shall not be granted and no COC shall be issued to the cooperative covering the immediately preceding year, although the cooperative is still required to submit the reports and to pay the corresponding penalties.

## SECTION 13. PERIOD OF COVERAGE AND VALIDITY OF COC

The COC hereby issued shall cover the operations of the cooperative for the year immediately preceding the reporting period and shall be valid and effective until **April 30 of the succeeding year**

## SECTION 14. FEES AND PENALTIES

For request of a COC, a certification fee of One Hundred Pesos (Php 100.00) shall be collected from the cooperative.

A penalty shall be charged in each of the following:

a. Php 300.00 for late filing of application for COC, and
b. Php 300.00 for every year of failure to secure COC.

For certified true copies of COC, fees shall be in accordance with the Schedule of Fees as prescribed by the Authority.

## SECTION 15. REPEALING CLAUSE

This guidelines hereby repeals Memorandum Circular No. 2011-16 dated May 6, 2011 and other related issuances which are inconsistent herewith.

**SECTION 16. DISSEMINATION**

All Extension Offices of the Authority shall cause the information dissemination of this Guidelines.

**SECTION 17. EFFECTIVITY**

This Memorandum Circular shall take effect after fifteen (15) days following its publication in the Office of the National Administrative Registry (ONAR) or Official Gazette.

Approved pursuant to Board Resolution No. 231, Series of 2015 dated September 29, 2015.

**For the Board of Administrators:**

**By:**

**(SGD) ORLANDO R. RAVANERA**
**Chairman"**

Sample COC is attached as Annex A

All revenue issuances with provisions specifically mentioning the Certificate of Good Standing such as Revenue Memorandum Order No. (RMO) 76-2010, as amended, are hereby amended or modified accordingly.

All concerned are hereby enjoined to be guided accordingly and give this circular as wide a publicity as possible.

(Original Signed)
**KIM S. JACINTO-HENARES**
Commissioner of Internal Revenue

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