



## FIRB Advisory 001-2024

FOR : The Cooperative Development Authority (CDA) and All Registered Cooperatives

SUBJECT : **Frequently Asked Questions on the Department of Finance and Department of Trade and Industry (DOF-DTI) Joint Administrative Order (JAO) No. 001-2023 and its Annexed Reports**

DATE : 3 January 2024

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In line with the policymaking and oversight functions of the Fiscal Incentives Review Board (FIRB) under Republic Act No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises” (CREATE) Act, the FIRB secretariat has prepared a summary of responses to frequently asked questions during the virtual town hall meetings and the onsite training/workshop sessions covering the following:

- DOF-DTI JAO No. 001-2023, prescribing the guidelines to implement Sections 305 to 308 of the Tax Code, as amended by the CREATE Act, for cooperatives registered with the CDA (“**Annex A**”); and
- Annexed reports [i.e., Annual Tax Incentive Report (ATIR) and Annual Benefits Report (ABR)] (“**Annex B**”).

For further inquiries or clarifications, you may reach out to the CDA. Alternatively, you may also contact the FIRB secretariat’s Monitoring and Evaluation Group at 5317-6363 local 6652, or through email at [firbmeg@ntrc.gov.ph](mailto:firbmeg@ntrc.gov.ph).

Your continued support and collaboration are highly appreciated.

Thank you.

  
**JUVY DANOFRATA**



Assistant Secretary of Finance and  
Head of the FIRB Secretariat

**ANNEX A**  
**Questions and Answers on the DOF-DTI JAO No. 001-2023**

**Legal basis**

**Q1: What is the basis for the issuance of the DOF-DTI JAO No. 001-2023?**

Section 21 of Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act,” mandates the Secretary of Finance and the Secretary of Trade and Industry, after due consultations with the Bureau of Internal Revenue and the Cooperative Development Authority (CDA), to jointly promulgate the guidelines to implement Sections 305, 306, 307, and 308 of the National Internal Revenue Code (NIRC) of 1997, as amended, specifically for cooperatives registered with the CDA.

**Rationale for the submission of reportorial requirements**

**Q2: What is the rationale for requiring cooperatives to submit reports on incentives and benefits?**

As fiscal incentives result in foregone government collections that could have been spent on much-needed infrastructure projects and social safety net programs, the CREATE Act codified the assessment of costs and benefits to provide an initial determination of the impact of incentives and to arm policymakers with objective data when formulating policy alternatives.

**Scope and coverage of DOF-DTI JAO No. 001-2023**

**Q3: Does DOF-DTI JAO No. 001-2023 apply to all cooperatives, irrespective of size or classification?**

Yes, DOF-DTI JAO No. 001-2023 applies to all cooperatives registered with the CDA, irrespective of size or classification.

**Q4: Are the cooperatives in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) covered by DOF-DTI JAO No. 001-2023? If yes, where will they submit the reportorial requirements?**

No, only cooperatives registered with the CDA are covered by DOF-DTI JAO No. 001-2023. The BARMM has its own regulatory body for cooperatives known as the Cooperative and Social Enterprise Authority (CSEA), which is mandated to register cooperatives, extend technical guidance and capability building, and inspect, monitor, and validate cooperative business operations in the Bangsamoro Region.

However, cooperatives located in BARMM and availing of national tax incentives are still required to submit the reportorial requirements as mandated under the CREATE Act. The CREATE Act, as a national law, applies to all cooperatives availing of incentives, regardless of location.

For submission purposes, BARMM-cooperatives need to file the required report with CSEA. A separate issuance will be issued to prescribe the rules for the submission of reports of cooperatives in the BARMM region.

### **Date of effectivity**

#### **Q5: When is the effective date of DOF-DTI JAO No. 001-2023?**

The JAO took effect last **15 April 2023**, or 15 days after publication. The JAO was signed and approved on 09 March 2023, and published on 31 March 2023.

#### **Q6: Is the DOF-DTI JAO No. 001-2023 applied retroactively?**

No, the DOF-DTI JAO No. 001-2023 shall be applied **prospectively**. Thus, reports covering taxable years 2022 or earlier shall be governed by the administrative order/law in force during that period, whereas reports covering taxable years 2023 and onward shall be governed by DOF-DTI JAO No. 001-2023.

### **Compliance with the reportorial requirements (ATIR and ABR)**

#### **Q7: Are all cooperatives required to submit reports under the JAO?**

No, only cooperatives **registered with the CDA and availing of tax incentives and exemptions (i.e., holding a valid and subsisting Certificate of Tax Exemption [CTE] from the Bureau of Internal Revenue [BIR] within the period covered by the reports)** are required to submit the ATIR and ABR.

**Q8: What if the cooperative’s CTE expires in the middle of the taxable year? Is it still required to submit the annexed reports covering the same period?**

Yes, a cooperative whose CTE expires in the middle of the taxable year is still required to submit the ATIR and ABR covering the same taxable year since the cooperative concerned is still entitled to tax incentives and exemptions at the beginning of the taxable year until its CTE expires. For as long as the validity period of the CTE is within the year covered by the reports, the cooperative will be required to submit the ATIR and ABR covering such year.

**Q9: How about newly registered cooperatives? Are they also covered by the new reportorial requirements?**

It depends on whether the newly registered cooperative has already secured a BIR-issued CTE within the period covered by the report. As an example, a new cooperative registered in 2023, which has already secured a BIR-issued CTE at any time within 2023, is already required to submit the ATIR and ABR covering the taxable year 2023 (for submission in May 2024). However, if the new cooperative registered in 2023 was only able to secure a CTE in 2024, such a cooperative will only be required to submit the ATIR and ABR covering taxable year 2024 (for submission in May 2025) onwards.

**Q10: Are cooperatives that incurred losses or those not yet earning still required to submit ATIR and ABR?**

Yes, cooperatives that incurred losses or are not yet earning are still required to submit the ATIR and ABR so long as they continue to avail of tax incentives and tax exemptions and hold a valid and subsisting BIR-issued CTE. While there may be no income tax benefit derived due to the net loss/deficit position, other fiscal incentive entitlements, which cover non-income based incentives (e.g., value-added tax [VAT] and/or percentage tax), may have been availed. These non-income based incentives must also be captured in the ATIR and ABR submissions.

**Q11: Is ATIR the same as the TIMTA report?**

The ATIR is similar to the “TIMTA” report previously submitted by the registered cooperatives to the CDA, containing cooperative-level data on tax incentives such as, but not limited to, income-based tax incentives, VAT and duty exemptions, and other information required by the CDA.

**Q12: Are the ATIR and ABR different and separate from the Cooperative Assessment Information System (CAIS)/Performance Audit Report (PAR) submitted by all cooperatives on an annual basis?**

Yes, the ATIR and ABR differ from the PAR required from CDA-registered cooperatives, which can be submitted through the CAIS. The ATIR and ABR are reports required under the CREATE Act for the conduct of an impact evaluation, such as a cost and benefit analysis, on investment and non-investment incentives. Under the CREATE Act, the FIRB is mandated to perform an impact evaluation covering the grant of fiscal incentives.

The data contained in the ATIR and ABR will be consolidated by the CDA and submitted to the FIRB for analysis.

**Q13: Who is authorized to sign the ATIR and ABR?**

The reports shall be duly signed by the Chairperson, General Manager, or any authorized officer of the concerned registered cooperatives. Unlike in the DOF-CDA JAO No. 1-2019<sup>1</sup>, an authorized officer of the cooperative can now sign the reports to be submitted to the CDA.

**Q14: How can an officer of the registered cooperative be authorized to sign the reports?**

An officer may be authorized through a general assembly or by the board of directors, provided that the authority must be supported by a written document (e.g., board resolution).

**Q15: Is the board resolution authorizing such an officer to sign the reports required to be notarized?**

Yes, the board resolution evidencing the authority of the officer to sign the reports must be notarized. However, the Chairman or General Manager of the registered cooperative may sign the reports without the need for a notarized board resolution since it is assumed to be part of their duties.

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<sup>1</sup> Entitled, "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" (16 May 2019).

**Q16: Where should the written document authorizing an officer to sign the reports be submitted?**

The written authorization shall be attached to the ATIR and ABR, which the cooperatives shall electronically submit to the CDA.

**Q17: Do cooperatives have to submit copies of their reports to the BIR after submitting them to the CDA?**

No. The registered cooperatives are only required to submit reports to the CDA. Correspondingly, the CDA is responsible for consolidating the reports for submission to the FIRB and/or BIR.

**Deadlines for the submission of the reportorial requirements**

**Q18: What reports are required to be submitted next year (2024)?**

For **2024**, **registered cooperatives** are required to submit an (1) ATIR and (2) ABR covering the taxable year 2023, and these must be submitted to CDA on or before 15 May 2024.

On the other hand, the **CDA** is required to submit the following reports:

<b>Report</b>	<b>Submitted to</b>	<b>Deadline</b>
Consolidated ATIR	FIRB and BIR	14 June 2024*
Consolidated ABR	FIRB	14 June 2024
Master list of registered cooperatives entitled to incentives	FIRB and BIR	30 January 2024
Master list of registered cooperatives that failed to submit an ATIR and/or ABR	BIR	14 June 2024

*\*For cooperatives following a fiscal year accounting period, the deadline for submission of the consolidated ATIR by the CDA to the BIR shall be within 60 days from the deadline for filing of the income tax return.*

## **Penalties**

### **Q19: What penalties are imposed for non-submission of reports under the JAO?**

The following are the penalties for non-submission of reportorial requirements under the JAO:

- a. **First (1<sup>st</sup>) Offense** - Payment of a fine amounting to P100,000.00;
- b. **Second (2<sup>nd</sup>) Offense** - Payment of a fine amounting to P500,000.00; and
- c. **Third (3<sup>rd</sup>) Offense** - Revocation of the BIR-issued CTE of the cooperative.

The guidelines on the imposition of penalties will be issued to prescribe the manner of imposition of the penalties under the Tax Code, as amended, and the JAO.

### **Q20: What is the legal basis for the prescribed administrative penalties?**

Since DOF-DTI JAO No. 001-2023 was issued to implement the Tax Incentives Management and Transparency provisions of the Tax Code, particularly with respect to cooperatives, the prescribed administrative penalties were based on Section 308 of the Tax Code, as amended.

### **Q21: What will happen if the BIR revokes the CTE due to the non-submission of reports? Can a cooperative still reapply for the issuance of a new CTE?**

Upon revocation of the CTE, cooperatives shall be immediately liable for the payment of taxes, including surcharge, interest, and compromise penalty, as applicable.

The cooperative may re-apply for the issuance of a new CTE, provided that the applicable taxes, including surcharges, interests, and penalties, have been paid. The new CTE shall be effective only upon the lapse of the period of prohibition to avail of the tax exemption.

## **Q22: What other offenses are penalized under Rule IV of the JAO?**

The following are other offenses penalized under the Penalty chapter of the JAO:

1. **Material misrepresentation of information for purposes of availing more incentives than what the cooperative is entitled to under existing laws.** This is punishable by the cancellation of registration, suspension of the enjoyment of incentive benefits, and refund of incentives, including interests and monetary penalties.
2. **Failure to comply, without justifiable reason, by any government official or employee with any of the provisions of the JAO.** This is punishable 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.

## **Q23: Is the failure of a cooperative to submit other required reports, such as the PAR, punishable under the JAO?**

No, only the non-submission of the ATIR and ABR is covered under Section 1, Rule IV of the JAO. The submission of reports required by CDA, such as PAR, is governed by separate laws and rules.

## **Q24: Is late filing of the ATIR and ABR likewise penalized under Section 1, Rule IV of the JAO?**

Yes. Based on Section 2, Rule II of the JAO, all registered cooperatives availing of tax incentives must submit to the CDA a complete ATIR and ABR on or before the deadline prescribed.<sup>2</sup> Thus, the late filing of the aforementioned reportorial requirements is already considered non-submission, subject to penalties prescribed under Section 1, Rule IV of the JAO.

**It must be underscored that the penalties are not automatically imposed, and due process shall be observed.** If the failure to submit the reports is not due to the fault of the cooperative, no penalty shall be imposed. However, the cooperative has the burden of proving that the failure was not due to its fault.

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<sup>2</sup> May 15 of the immediately following year.



**Q25: What are the instances where non-compliance with the submission of reportorial requirements will be excused?**

Reasons attributable to acts of God or force majeure, such as typhoons, calamities, pandemics, and armed conflict, may excuse a cooperative from non-submission of reports. In such cases, penalties prescribed under the CREATE Act, as implemented by the JAO, will not be imposed.

**Q26: Are registered cooperatives that do not have a CTE and/or not availing of any kind of tax incentive still subject to the penalties prescribed under the JAO?**

No. Only registered cooperatives availing of incentives are required to submit the ATIR and ABR and are thus subject to the penalty provision for failure to submit the reportorial requirements.

**Q27: Which office is responsible for imposing administrative penalties and collecting fines?**

For Section 1, Rule IV (Failure to Submit the Reportorial Requirements by a Registered Cooperative) of the JAO, it is the CDA that shall impose the penalties provided. For Section 2, Rule IV (Material Misrepresentation of Information for Purposes of Availing of Incentives), either the FIRB or the CDA may impose the penalties.

**Q28: How will the CDA impose the penalty prescribed for a third offense under Section 1, Rule IV of the JAO if the BIR issues the CTEs?**

The CDA will only recommend the revocation of the CTE to the BIR. In relation thereto, guidelines on the implementation of the penalty provision will be issued.

**Q29: Will the amendment of the submitted reports subject the registered cooperatives to penalties?**

No. The amendment of the submitted reports shall not subject the registered cooperatives to penalties, provided that the reports were submitted on or before the prescribed deadline.

**Q30: What penalty will be imposed for failure to submit the reportorial requirements covering the taxable year 2022 or earlier?**

Since the DOF-DTI JAO No. 001-2023 operates prospectively, failure to submit the reportorial requirements covering the taxable year 2022 or earlier shall be subject to the penalties provided under the DOF-CDA JAO No. 1-2019.

**Q31: Where will the monetary penalties imposed and collected under the JAO accrue?**

Any and all penalties imposed and collected by the CDA under the JAO shall accrue to the general fund.

**Annex B**  
**Questions and Answers on the Annexed Reports**  
**(ATIR and ABR of Cooperatives)**

**ATIR and ABR Templates**

**Q1: Where can cooperatives download the Excel templates for the ATIR and ABR of cooperatives?**

The Excel templates for the **ATIR and ABR of Cooperatives (FIRB Form No. 3003AS)** may be downloaded from the FIRB website through this link: <https://firb.gov.ph/download/firb-form-3003as-atir-and-abr-of-cooperatives-v2-2/>.

As of 20 December 2023, the latest version of the ATIR and ABR templates is **version 2.2**, as circulated through **FIRB Advisory No. 019-2023**. The FIRB secretariat may release an updated version of the templates through the issuance of another FIRB Advisory, upon prior consultation with the CDA and other stakeholders. As such, cooperatives are highly advised to regularly visit the FIRB website ([www.firb.gov.ph](http://www.firb.gov.ph)) in order to download the most updated ATIR and ABR templates and be updated on the latest FIRB issuances.

**Q2: What specific annexes are required to be filled-out by the cooperatives?**

Annexes A and B shall be filled-out by the Cooperatives for submission to the CDA. Meanwhile Annexes C, D, and E shall be filled-out by the CDA and submitted to the FIRB and the BIR, as applicable. Please refer to the table below for reference:

<b>Report</b>	<b>Accomplished by</b>	<b>Submitted to</b>
Annex A (ATIR)	Cooperatives	CDA
Annex B (ABR)	Cooperatives	CDA
Annex C (Consolidated ATIR)	CDA	FIRB and BIR
Annex D (Consolidated ABR)	CDA	FIRB
Annex E (Masterlist of registered cooperatives entitled to incentives)	CDA	FIRB and BIR

Even if only Annexes A and B are required to be accomplished by cooperatives, the other annexes should not be deleted to prevent the destruction or corruption of the Excel templates.

**Q3: Who shall accomplish the ATIR and ABR?**

DOF-DTI JAO No. 001-2023 does not specify the particular individual who shall accomplish the ATIR and ABR. However, please note that the preparation of the said reports require technical knowledge and skill in both accounting and the taxation of cooperatives, similar to the preparation of BIR tax returns.

In this regard, we strongly recommend that ATIR and ABR be prepared by the cooperatives' accountants, bookkeepers, finance managers, or other related roles in-charge of maintaining the books of accounts and/or filling the cooperatives' tax returns, as applicable.

**Q4: Why are some data fields protected?**

Certain fields in the template, particularly those shaded in orange, have been intentionally protected and cannot be edited or deleted. The protected data fields have embedded data validation measures to ensure a consistent format upon submission. Further, the sample data provided in rows 14 and 15 are also protected and cannot be modified. Consequently, all data entry shall start from row 16, after the sample data provided.

**Q5: Where can we find the general instructions and guidelines on how to accomplish the ATIR and ABR templates?**

The general instructions and detailed guidelines on accomplishing the ATIR and ABR, particularly the description of each header per annex, may be found on the "Guidelines" tab of the ATIR and ABR templates.

We highly suggest that the person or staff responsible in accomplishing the ATIR and ABR constantly refer to the contents of the "Guidelines" tab in order to properly and to accurately fill-out the information required by the subject reports.

**Q6: What if the amount pertaining to a certain field is negative? Do cooperatives need to include negative (-) signs with the amounts?**

Cooperatives do not need to include negative (-) signs to indicate that the amount is negative. The template has an auto-compute function to capture amounts with a negative/deficit position.

**Q7: What is meant by “tax relief availment” and “tax otherwise due”?**

Tax relief availment measures the foregone revenues of the government as a result of the grant of tax incentives and exemptions to cooperatives. This is measured by computing the difference between the tax otherwise due and the actual taxes paid by the cooperative.

Meanwhile, tax otherwise due refers to the amount of taxes that should have been paid by the cooperative if it were not entitled to any tax incentive or exemption (i.e., it is not a holder of a valid and subsisting BIR CTE). Actual taxes paid refers to the taxes paid by the cooperative based on its filed tax returns.

The ATIR template is structured in a way that allows for the easy calculation of the tax relief availment of registered cooperatives in terms of income tax and business tax.

**Q8: Where can we find the amounts utilized for cooperative social activities and community programs?**

The actual amounts utilized for the cooperative's social activities and community programs, as reported in the ABR, can be found in the cooperative's Social Audit Report (SAR) under sections D.1.a, D.1.b, D.1.c, and D.2.

**Q9: How about the withholding taxes which the cooperatives withhold on their payments of goods and services to their suppliers? Are these taxes required to be disclosed in the ATIR?**

Withholding taxes pertain to advance payments of the **taxes due of third parties** (i.e., suppliers and vendors) which are withheld and remitted by the cooperative to the BIR, as provided under the Tax Code and the related revenue issuances. Given the nature of withholding taxes, these do not affect the computation of a cooperative's tax relief availment. As such, withholding taxes are not disclosed in the ATIR.

## **Mode of submission**

### **Q10. What email address shall be used to submit the reports?**

Under the DOF-DTI JAO No. 001-2023, the CDA shall issue a memorandum circular outlining the process for submitting the reportorial requirements, including the email address to which the ATIR and ABR forms should be submitted.

### **Q11: After accomplishing the form, is there a prescribed format before submitting the reports?**

The ATIR and ABR form will be submitted in electronic format (i.e., as a spreadsheet or Excel file) to the CDA. As a kind reminder, please do not protect sheets with passwords inaccessible to the CDA, FIRB and BIR.

Kindly save the file using the following file name format:

- "FIRB Form No. 3003AS\_YYYY\_COOP NAME"
- As an example for a submission covering taxable year 2023, "FIRB Form No. 3003AS\_2023\_ABC EMPLOYEES CREDIT COOPERATIVE".

Moreover, at the bottom left portion of every tab, input the name and position of the authorized officer who certifies the accuracy of the information disclosed in the reports, as well as the date when the report was submitted.

### **Q12: In the submission of the ATIR and ABR, is there a need to attach certifications, such as the COR and the CTE?**

No, there is no need to attach the COR and CTE in submitting the reports. Only the ATIR and ABR file in electronic format will be submitted to the designated email address of the CDA.

### **Q13: If the cooperative has several branches spread in different areas of the Philippines, does the cooperative need to submit different reports per branch?**

No. Only one (1) ATIR and ABR excel file shall be submitted by each registered cooperative. However, information for each branch should be separately reported in the succeeding rows. For purposes of preparing the ATIR and ABR, a

"branch" should pertain to a branch of the cooperative with a separate BIR registration and a uniquely assigned branch code.

**Q14: If the cooperative is still under audit by 15 May 2024, can a tentative ATIR and ABR be submitted on or before the deadline, and thereafter, submit an amended report once the audit is completed, without incurring any penalties?**

Even if the cooperative is still under audit by 15 May 2024, it is still required to file an annual income tax return by 15 April 2024 (assuming the cooperative's taxable year-end corresponds to the calendar year). Hence, the data/information to be reflected in the ATIR and ABR should be based on the data/information reflected in the previously filed income tax returns. Further, the process of preparing and submitting the ATIR and ABR should be likened to the process of preparing and filing actual tax returns. The same due diligence and internal control mechanisms must be applied.

We also advise the cooperatives to inform the CDA in advance should the former decide to file a tentative ATIR and ABR on the day of the deadline, with the final report to be submitted at a subsequent date. This will allow the CDA to evaluate the situation and explore options as regards the application of the related penalty provisions.

### **Others Matters**

**Q15: What activities did the FIRB secretariat conduct in order to disseminate information on how to accomplish the ATIR and ABR of cooperatives?**

The FIRB secretariat, in partnership with the CDA, has conducted both onsite and virtual training/workshop sessions on accomplishing the ATIR and ABR of cooperatives. In case the cooperatives need further assistance in accomplishing the templates, they may contact the FIRB secretariat and the CDA through our designated contact numbers and email addresses.