

[CDA MEMORANDUM CIRCULAR NO. 2013-17, April 11, 2013]

CLARIFICATORY GUIDELINES IN THE IMPLEMENTATION OF ARTICLE 46 OF REPUBLIC ACT NO. 9520

WHEREAS, Article 46 of Republic Act No. 9520 provides:

ART. 46. Compensation. – (1) In the absence of any provisions in the bylaws fixing their compensation, the directors shall not receive any compensation except for reasonable per diems: Provided however, That the directors and officers shall not be entitled to any per diem when, in the preceding calendar year, the cooperative reported a net loss or had a dividend rate less than the official inflation rate for the same year. Any compensation other than per diems may be granted to directors by a majority vote of the members with voting rights at a regular or special general assembly meeting specifically called for the purpose: Provided, That no additional compensation other than per diems shall be paid during the first year of existence of any cooperative. "(2) The compensation of officers of the cooperative as well as the members of the committee as well as the members of the committees created pursuant to this Code or its bylaws may be fixed in the bylaws. "(3) Unless already fixed in the bylaws, the compensation of all other employee shall be determined by the board of directors.

WHEREFORE, the Authority hereby issues the following clarificatory guidelines:

SEC. 1. Title – This Memorandum Circular shall be known and cited as the Guidelines Governing the Grant of Compensation to Cooperative Directors and Officers.

SEC. 2. Purpose – The Authority issues these guidelines in order to ensure the proper implementation of Article 46 of RA 9520 and to enhance the sense of accountability and fiduciary responsibility of officers of cooperative as trustees of the members.

SEC. 3. Definition of Terms – For purposes of these guidelines, the following terms shall mean as:

a) *Compensation* – is a broad term that includes all forms of remuneration (*Manila Taxicab & Garage, Inc. v. Court of Industrial Relations*, 99 Phil 43). It refers to any remuneration given for services rendered, like salary which is a compensation paid regularly, as by month. It does not imply an immediate payment, or direct return, nor the payment of cash fare or its equivalent (15 CJS 652). It refers to any remuneration, by whatever name or euphemism it is designated [*Civil Liberties Union v. Executive Secretary*, 194 SCRA 315, 335 (1991)]

b) *Per diem* – refers to the allowance given as reimbursement for extra expenses incurred by one in the performance of his duties. (*GSIS v. CSC and Dr. Manuel Baradero*, GR 98395-102449, June 19, 1995).