

[Commonwealth Act No. 565, June 07, 1940]

AN ACT PROVIDING FOR THE ORGANIZATION OF COOPERATIVE ASSOCIATIONS, AUTHORIZING THE CREATION OF AN AGENCY OR DESIGNATION OF AN INSTRUMENTALITY OF THE GOVERNMENT TO PROMOTE AND SUPERVISE THE SAID ASSOCIATIONS, AND RAISING FUNDS FOR THE PROMOTION AND SUPERVISION OF THE SAME.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. Fifteen or more persons, citizens of the Philippines or of the United States, residents of the Philippines, may organize a cooperative association for the mutual benefit of the members thereof. Any association or corporation organized under other laws of the Philippines, at least sixty-one per centum of the capital of which is owned by citizens of the Philippines or of the United States, may, by the affirmative of the members or stockholders holding two-thirds of its capital, organize a cooperative association or convert itself into a cooperative association under the provisions of this Act: Provided, that no such association or corporation organizing a cooperative association under this Act shall own or hold more than twenty per centum of the authorized capital of the same, unless the majority of the capital of such association or corporation is owned by the Government.

SEC. 2. No member or stockholder of a cooperative association organized under this Act shall be entitled to more than one vote, regardless of the number of the shares he may own therein, unless the stockholder be a corporation owned or controlled by the Government, whose votes shall be equal to the number of shares it may hold therein.

SEC. 3. No hospital invested in any cooperative association organized under this Act or under any other existing law shall earn more than eight per centum interest per annum.

SEC. 4. The provisions of the Corporation Law and of existing laws regulating agricultural or other cooperative associations, as are not inconsistent with the provisions of this Act, shall apply to the cooperative associations herein authorized. Such cooperative associations, as well as those organized prior to the approval of this Act under existing laws at least sixty-one per centum, of the capital of which is owned by citizens of the Philippines or of the United States, shall, during the first five years from their organization, be exempted from all taxes and Government fees of whatever nature and description.

SEC. 5. The President of the Philippines, may, by executive order, consolidate in any Government agency now existing all Government activities relating to the promotion, organization, and supervision of cooperative or mutual aid associations or he may create a new agency for such purpose, transferring to the same the personnel, equipment, supplies, records, and unexpended balances of appropriations employed in said activities.

SEC. 6. The President may issue such rules and regulations as may be necessary to promote and help the organization of cooperative associations under this Act as well