

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 SU...

Commonwealth Act No. 565, June 07, 1940

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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 or cooperative associations under this Act as well as those necessary and convenient to carry into effect the objectives hereof.

SEC. 7. The President of the Philippines is authorized to set aside a portion of the fund appropriated under

Commonwealth Act Numbered Four hundred and ninety-eight for the proper carrying out of the purposes of this Act. The sum thus set aside, together with the Agricultural Cooperative Fund created under Commonwealth Act Numbered One hundred sixteen and with the available appropriations transferred to the agency in charge of the administration of this Act, shall constitute a special fund to be known as the National Cooperative Fund and shall be disbursed upon direction of the head thereof, subject to the provisions of section 7-I-(4) of Commonwealth Act Numbered Two hundred and forty-six. All income or receipts derived from the operation of the special fund herein created shall accrue to and form part of the same and shall be available for expenditure and/or investment for the same purposes for which it has been created.

SEC. 8. This Act shall take effect upon its approval.

Approved, June 7, 1940.

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