34 Phil. 401

[G.R. No. 10045. March 25, 1916]

THE PHILIPPINE RAILWAY COMPANY, PLAINTIFF AND APPELLANT, VS. WILLIAM T. NOLTING, COLLECTOR OF INTERNAL REVENUE OF THE PHILIPPINE ISLANDS, DEFENDANT AND APPELLEE.

D E C I S I O N

JOHNSON, J.:

The single question presented by the appeal in the present case is whether or not the plaintiff, the Philippine Railway-Company, under the law, can be required to put an internal revenue stamp upon each bill of lading issued by it.

On the 2d of July, 1904, the Philippine Commission adopted Act No. 1189. That Act purported to be "An Act to provide revenue for the support of the Insular, provincial, and municipal governments, by internal taxation." Paragraph 9 of section 116 of said law provides, among other things:

> "(*b*) On each copy of every set of bills of lading or receipts, except charter party, for any goods, merchandise or effects shipped from one port or place in the Philippine Islands to another port or place in said Islands, two centavos."

The same paragraph of the same section further provides:

> "It shall be the duty of every railway or steamship company * * * or person acting as a common carrier, to issue to the shipper or consignor, or to his agent, or to the person from whom any goods are accepted for transportation, a bill of lading, etc."

On the 28th of May, 1906, the Philippine Commission granted to the plaintiff herein a

charter for the construction and operation of a railway or railways in the Islands of Panay, Negros, and Cebu. That Act purported to be:

> "An Act granting to the Philippine Railway Company a concession to construct railways in the Islands of Panay, Negros, and Cebu, and guaranteeing interest on the first mortgage bonds thereof, under authority of the Act of Congress approved February 6th, 1905."

The provisions of said charter were accepted by the plaintiff herein and it immediately entered upon the construction of said railways. Said Act, upon acceptance by the plaintiff, constituted a contract. Section 13 [No. 13 of section 1] of said charter (contract) provided that:

> "In consideration of the premises and of the granting of this concession or franchise, there shall be paid by the grantee (the plaintiff) to the Philippine Government, annually, for a period of thirty years from the date hereof, an amount equal to one-half of one per centum of the gross earnings of the grantee in respect of the loans covered hereby for each preceding year; after said period of thirty years and for fifty years thereafter, the amount so to be paid annually shall be an amount equal to one and one-half per centum of said gross earnings for each preceding year; and after such period of eighty years the percentage and amount so to be paid annually by the grantee shall be fixed by the Philippine Government.
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> "*Such annual payments*, when promptly and fully made by the grantee, *shall be in lieu of all taxes of every name and nature*—municipal, provincial, or central—upon its capital stock, franchises, right of way, earnings, and all other property owned or operated by the grantee, under this concession or franchise."

The appellee attempted to show that the stamp required to be placed upon each bill of lading was not a tax against the plaintiff. The charter of the plaintiff required it to pay to the Government a certain specific sum, depending upon the period, which payment, when promptly and fully made, should be in lieu of all taxes of every name and nature—municipal, provincial, or central—upon its capital stock, its franchises, its right of way, its earnings, and all of its property. The phrase "all taxes of every name and nature" is a very

inclusive statement, especially when it names, in connection therewith, the only governmental entities who have a right to collect taxes. It is not only all inclusive, but it is also as well exceedingly exclusive. It not only includes all payments which may be regarded as taxes, but it excludes everything which might, by any possibility, be denominated taxes, other than those expressly named in said Act No. 1497. Said Act No. 1189 was adopted nearly two years before Act No. 1497. Said Acts were adopted by the same legislative body. When the Legislature said, in the subsequent Act that "Such annual payments * * * shall be in lieu of all taxes, of every name and nature," it must have had in mind the provisions of Act No. 1189 above quoted. That being true, if the Legislature had intended to make the provisions of Act No. 1189, so far as they imposed an additional tax or burden upon the plaintiff, applicable to the plaintiff, it certainly would have said so, and would not have relieved the plaintiff from "all taxes, of every name and nature."

Statutes which are plain and specific should be given an interpretation according to their terms. There is nothing obscure or indefinite in the language used in Act No. 1497. The language is plain and unambiguous. The plaintiff had a right to believe, when it accepted said contract, that it would be relieved of all of the burdens imposed by the Government, when it promptly and fully paid the amounts imposed by said section 13 [No. 13 of section 1].

Upon the question presented by the appeal, the legal department of the Central Government has given two opinions, one sustaining the contention of the defendant, and the other sustaining the contention of the plaintiff. We have carefully examined the record, the facts and the arguments of the appellant, as well as of the defendant, in relation with the two opinions heretofore rendered by the legal department of the Government and have arrived at the conclusion, without prejudice to the writing of a more extensive opinion hereafter, that the additional burden of a stamp upon each bill of lading issued by the plaintiff is a tax which was not contemplated by either the Government or the plaintiff at the time the charter or contract was entered into between them.

Therefore the judgment of the lower court sustaining the demurrer is hereby revoked, and it is hereby ordered and decreed that the record be returned to the lower court whence it came, with direction that an order be entered overruling the demurrer and that the defendant, if he so desire, shall answer the complaint within a period of five days from notice of said order, and without any finding as to costs. So ordered.

Arellano, C. J., Torres, Trent, and *Araullo, JJ.,* concur.

Moreland, J., dissents.

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