

COMMISSIONER OF INTERNAL REVENUE, PETITIONER, VS. HAWAIIAN AND PHILIPPINE COMPANY, RESPONDENT.

G.R. No. L-16315. May 30, 1964

Ponente: DIZON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/0b3d1a422d26/>

DIZON, J.:

This is a petition filed by the Commissioner of Internal Revenue for the review of the decision of the Court of Tax Appeals in C.T.A. Case No. 598 ordering him to refund to respondent Hawaiian-Philippine Company the amount of P8,411.99 representing fixed and percentage taxes assessed against it and which the latter had deposited with the City Treasurer of Silay, Occidental Negros.

The undisputed facts of this case, as found by the Court of Tax Appeals, are as follows:

"The petitioner, a corporation duly organized in accordance with law, is operating a sugar central in the City of Silay, Occidental Negros. It produces centrifugal sugar from sugarcane supplied by planters. The processed sugar is divided between the planters and the petitioner in the proportion stipulated in the milling contracts, and thereafter is deposited in the warehouses of the latter. (Pp. 4-5, t.s.n.) For the sugar deposited by the planters, the petitioner issues the corresponding warehouse receipts or 'quedans'. It does not collect storage charges on the sugar deposited in its warehouse during the first 90 days period counted from the time it is extracted from the sugarcane. Upon the lapse of the first ninety days and up to the beginning of the next milling season, it collects a fee of P0.30 per picul a month. Thenceforth, if the sugar is not yet withdrawn, a penalty of P0.25 per picul or fraction thereof a month is imposed. (Exhibits 'B-1,' 'C-1', 'D-1', 'B-2', 'C-2', p. 10, t.s.n.)

"The storage of sugar is carried in the books of the company under Account No. 5000, denominated 'Manufacturing Cost Ledger Control'; the storage fees under Account No. 5216-20; the expense accounts of the factory under Account No. 5200; and the so-called 'Sugar Bodega Operations' under Account No. 5216, under which is a Sub-Account No. 20, captioned, 'Credits'. (Pp. 16-17, t.s.n., Exhibit 'F'.) The collections from storage after the lapse of the first 90 days period are entered in the company's books as debit to CASH, and credit to Expense Account No. 5216-20 (p. 18, t.s.n.)

"The credit for storage charges decreased the deductible expense resulting in the corresponding increase of the taxable income of the petitioner. This is reflected by the entries enclosed in parenthesis in Exhibit 'G', under the heading "StorageCharges1. (P. 18, t.s.n.) The alleged reason for this accounting operation is that, inasmuch as the 'Sugar Bodega Operations' is considered as an expense account, entries under it are 'debits'. Similarly, since 'Storage Charges' constitute 'credit', the corresponding figures (see Exhibit 'C') are enclosed in parenthesis as they decrease the expenses of maintaining the sugar warehouses.

"Upon investigation conducted by the Bureau, it was found that during the years 1949 to 1957, the petitioner realized from collected storage fees a total gross receipts of P212,853.00, on the basis of which the respondent determined the petitioner's liability for fixed and percentage taxes, 25% surcharge, and administrative penalty in the aggregate amount of P6,411.99 (Exhibit '5', p. 11, BIR rec.)

"On October 20, 1958, the petitioner deposited, the amount of P8,411.99 with the Office of the City Treasurer

of Silay. (Exhibits 'I' and '1-1', pp. 59-60, CTA rec.) Later, it filed its petition for review before this Court (Exhibit 'K', p. 25, CTA rec.)"

After due hearing the Court of Tax Appeals rendered the appealed decision.

The only issue to be resolved in the case at bar is whether or not, upon the facts stated above, petitioner is a warehouseman liable for the payment of the fixed and percentage taxes prescribed in Sections 182 and 191 of the National Internal Revenue Code which read as follows:

"Sec. 182. FIXED TAXES - (A) ON BUSINESS(1) PERSONS SUBJECT TO PERCENTAGE TAX. – Unless otherwise provided every person engaging in a business on which the percentage tax is imposed shall pay a fixed annual tax of twenty pesos. x x x."

"Sec. 191. PERCENTAGE TAX ON ROAD, BUILDING, IRRIGATION, ARTESIAN TOLL, WATERWORKS, AND OTHER CONSTRUCTION WORK CONTRACTORS, PROPRIETORS OR OPERATORS OF DOCKYARD, AND OTHERS, x x x warehousemen; plumbers, smiths; house or sign painters; lithographers, publishers, except those engaged in the publication or printing and publication of any newspaper, magazine, review or bulletin which appear at regular intervals, with fixed prices for subscription and sale, and which is not devoted principally to the publication of advertisements; printers and bookbinders, business agents and other independent contractors, shall pay a tax equivalent to THREE PERCENTUM of their gross receipts, x x x."

Respondent disclaims liability under the legal provisions quoted above, alleging that it is not engaged in the business of storing its planters' sugar for profit; that the maintenance of its warehouses is merely incidental to its business of manufacturing sugar and in compliance with its obligation to its planters. We find this to be without merit.

It is clear from the facts of the case that, after manufacturing the sugar of its planters, respondent stores it in its warehouses and issues the corresponding "quedans" to the planters who own the sugar; that while the sugar is stored free during the first ninety days from the date the "quedans" are issued, the undisputed fact is that, upon the expiration of said period, respondent charges and collects storage fees that for the period beginning 1949 to 1957, respondent's total gross receipts from this particular enterprise amounted to P212,853.00.

A warehouseman has been defined as one who receives and stores goods of another for compensation (44 Words and Phrases, p. 635) For one to be considered engaged in the warehousing business, therefore, it is sufficient that he receives goods owned by another for storage, and collects fees in connection with the same. In fact, Section 2 of the General Bonded Warehouse Act, as amended, defines a warehouseman as "a person engaged in the business of receiving commodity for storage."

That respondent stores its planters' sugar free of charge for the first ninety days does not exempt it from liability under the legal provisions under consideration. Were such fact sufficient for that purpose, the law imposing the tax would be rendered ineffectual.

Neither is the fact that respondent's warehousing business is carried in addition to, or in relation with, the operation of its sugar central sufficient to exempt it from payment of the tax prescribed in the legal provisions; quoted heretofore. Under Section 178 of the National Internal Revenue Code, the tax on business is payable for every separate or distinct establishment or place where business subject to the tax is conducted; and one line of business or occupation does not become exempt by being conducted with some other business or occupation for which such tax has been paid.

Lastly, respondent's contention that the imposition of the tax under consideration would amount to double

taxation is likewise without merit. As is clear from the facts, respondent's warehousing business, although carried on in relation to the operation of its sugar central, is a distinct and separate business taxable under a different provision of the Tax Code. There can be no double taxation where the State merely imposes a tax on every separate and distinct business in which a party is engaged. Moreover, in *Manufacturers Life Insurance Co. vs. Meer*, 89 Phil., 351, *City of Manila vs. Interisland Gas Service*, 99 Phil., 847, We have ruled that there is no prohibition against double or multiple taxation in this jurisdiction.

WHEREFORE, the decision appealed from is reversed and set aside, with costs.

Bengzon. C.J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., Barrera, Paredes, and Makalintal, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.