

AN ACT TO AMEND SECTIONS TWENTY-FIVE, TWENTY-SEVEN, THIRTY-SIX, SEVENTY-FOUR AND NINETY-ONE OF ACT NUMBERED ELEVEN HUNDRED AND EIGHTY-NINE, ENTITLED "THE INTERNAL REVENUE LAW OF...

Act No. 1940, May 20, 1909

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By authority of the United States, be it enacted by the Philippine, Legislator, that:

SECTION 1. Section twenty-five of Act Numbered Eleven hundred eighty-nine entitled "The Internal Revenue Law of Nineteen hundred and four," is hereby amended to read as follows:

"SEC. 25. The following sources of revenue shall be included in revenue for the Philippine Islands, and the taxes imposed shall be collected by the Collector of Internal Revenue provincial treasurers of the several provinces or their authorized deputies or as otherwise provided by law, and the fined therefrom shall be devoted to the support of the several provinces and of the several provinces and of the Insular and municipal governments in the manner in this Act provided:

"1. Certain license tax.

"2. Tax on distilled spirits.

"3. Tax on fermented liquors and wines.

"4. Tax on manufactured tobacco and snuff.

"5. Tax on cigars and cigarettes,

"6. Tax on matches.

"7. Tax on banks and bankers.

"8. Stamp taxes on specified objects.

"9. Toll or cedula personal tax.

"10. Tax on insurance companies.

"11. Tax on forestry products.

"12. Tax on valid perfected mining concessions granted prior to April eleventh, eighteen hundred and ninety-nine.

"13. Tax on business, manufacture, and occupation."

SEC. 2. Section twenty-seven of said Act is hereby amended to read as follows:

"SEC. 27. All taxes required by this Act to be paid upon the manufacture or sale of distilled spirits, rectified or manufactured liquor, wines and imitations of wines, fermented liquors, manufactured tobacco and snuff, cigars, cigarettes, and matches, and the execution of bonds, debentures, certificates of stock and indebtedness, or other documents, instruments, or papers, certificates, receipts, contracts, insurance bonds, tickets, and other written instruments of every kind which are subject to tax, and upon all ads pursuits, and trades subject to the taxes herein imposed, except the poll taxes, shall be paid by the affixture of internal-revenue stamps to be purchased, attached, and canceled in the hereinafter provided."

SEC. 3. Section thirty-six of said Act is hereby amended to read as follows:

"SEC. 36. All distilled, rectified, or manufactured spirits, fermented liquors, wines, imitation wines, matches,

cigars, cigarettes, or manufactured or partially manufactured tobacco imported from the United States or foreign countries, shall pay, in addition to duties imposed thereon (if any), the internal-revenue taxes imposed by this Act on similar articles of domestic manufacture. The taxes on imported articles shall be paid to the Collector of Internal Revenue or his duly authorized representative by the owner or importer while the articles are in the custody of the proper custom-house officer, and the articles shall not pass out of the custody of said custom-house officer until the taxes shall have to be paid the provisions of this Act and the regulations issued thereunder applicable to manufacturers of and dealers in articles of domestic manufacture subject to internal-revenue taxes, and all the provisions of this Act and the regulations issued thereunder concerning the packing of such articles shall apply to importers of and dealers in imported articles made subject to said taxes, and the owner or importer of or dealer in such imported articles shall be liable to all the penal provisions of this Act prescribed for manufacturers of and dealers in similar articles manufactured in the Philippine Islands. All taxes imposed under this Act on distilled, rectified, or manufactured spirits, fermented liquors, wines, imitation wines, matches, cigars, cigarettes, or manufactured or partially manufactured tobacco, manufactured in the Philippine Islands for domestic sale or consumption, shall be paid at the time of the removal of such articles from the manufactory, or other bonded warehouse.

"No tax imposed under this Act on any of the articles enumerated in this section shall be collected on any portion of such articles as may be removed for the purpose of their exportation and which shall be actually so exported aboard some ocean-going ship and which shall not be relanded in the Philippine Islands.

"The Collector of Internal Revenue shall issue such rules and regulations as may be necessary to carry into effect the provisions of this section, and for such purpose shall require that such marks or labels be placed on the packages containing such goods, that such bonds shall be given by the owners of such articles, and that such bills of lading, certificates, and other evidence shall be furnished by the owners of such articles as may be necessary to establish the fact that the said articles have, after removal from the manufactory or other bonded warehouse, been actually exported, and that no portion thereof has been sold or delivered for domestic consumption within the Philippine Islands. And upon the presentation of satisfactory proof as aforesaid, it shall be the duty of the Collector of Internal Revenue to cancel the bond or bonds furnished by the owners of such articles conditioned on faithful compliance with the provisions of this section."

SEC. 4. Section seventy-four of said Act as amended is hereby further amended to read as follows:

"SEC. 74. (a) Except as hereinafter provided there shall be levied and collected on all distilled spirits and manufactured liquors manufactured in the Philippine Islands for domestic sale or consumption a tax of twenty centavos on each liter of proof spirits, until January first, nineteen hundred and ten, and thereafter a tax of twenty-five centavos on each such liter of proof spirits: Provided, That on all distilled spirits and manufactured liquors produced by the fermentation of grain, there shall be levied and collected a tax of seventy centavos per proof liter. The tax imposed by this section shall be paid by the distillery owners or persons having possession of such spirits before removal from the distillery or bonded warehouse, and the tax shall be collected on the whole number of proof liters and shall be increased in proportion for any greater strength than the strength of proof spirit as defined in this article, and every fractional part of a liter, amounting to a half liter or over in a cask or package shall be taxed as a liter, and any fractional part of a liter less than a half liter in a cask or package shall be exempted from tax: Provided, That any package of spirits the total contents of which are less than a liter shall be taxed as one liter.

"(b) Domestic alcohol of not less than one hundred and eighty degrees proof (ninety per centum absolute alcohol) may be withdrawn from a registered distillery or bonded warehouse without the payment of the internal-revenue tax provided in this section for use in tin-arts and industries and for fuel, light, and power, provided said alcohol shall have been mixed in the presence and direction of an authorized Government officer, with alcohol or other denaturing material or materials, or admixture of the same, suitable for the use for which the alcohol is withdrawn, but which destroys its character as a beverage and for liquid medicinal purposes; such denaturing to be done the application of any registered distiller on the or elsewhere in denatured

alcohol bonded ware-designated by the Collector of Internal Revenue under methyl admixture is withdrawn from bond to be used in distillery houses special for den purposes and to which alcohol for industrial may be transferred from the distillery premises under bond and under conditions prescribed by the Collector of Internal Revenue with the approval of the Secretary of Finance and Justice: Provided, however, That notwithstanding anything in this section contained, domestic alcohol, when suitably denatured, may be within bond without the payment of internal-revenue tax under the conditions herein prescribed for use in the manufacture of ether and chloroform and other definite chemical substances and provide it does not appear in the finished product as alcohol: And provided, further, That the license taxes imposed by section sixty-eight of this Act upon dealers in distilled spirits shall not apply to dealers in industrial alcohol manufactured and sold in accordance with the provisions of this section, and that the taxes imposed by section one hundred and thirty-nine of this Act shall apply to all dealers in industrial alcohol so manufactured, and sold.

"(c) The character and quantity of the said denaturing material and the conditions upon which said alcohol may be withdrawn free of taxes shall be prescribed by the Collector of Internal Revenue who shall, with the approval of the Secretary of Finance and Justice issue all such rules and regulations, in the manner prescribed in section thirty-six of this Act, as may be necessary to carry into effect the provisions of this section.

"(d) Distillers, manufacturers, dealers, and all other persons furnishing, handling or using alcohol withdrawn from bond under the provisions of this section shall keep such books and records, execute such bonds, render such returns, and display such signs as the Collector of Internal Revenue, with the approval of the Secretary of Finance and Justice, may by regulation require. such books and records shall be open at all times to the inspection of any internal-revenue officer or agent.

"(e) Any person who withdraws alcohol free of tax under the provisions of this section and regulations made in accordance therewith, and who removes or conceals same or is concerned in removing, depositing, or concealing same for the purpose of preventing and person who uses alcohol withdrawn from bond under the provisions of paragraph (b) of this section for manufacturing any beverage, or knowingly sells any beverage made in whole or in part from such alcohol, and any person who uses alcohol withdrawn from bond under the provisions of paragraph (b) of this section for the manufacture of liquid medicinal preparations, except as therein provided, or knowingly sells any liquid medicinal preparation containing untaxed alcohol as an ingredient, which alcohol was not withdrawn from bond and used in accordance with the provisions of paragraph (b) of this section, or knowingly violates any of the provisions of this section, or who shall recover or attempt to recover by redistillation or by any other process or means any alcohol rendered unfit for beverage or liquid medicinal purposes under the provisions of this section, or who knowingly uses, sells, conceals, or otherwise disposes of alcohol so recovered or redistilled, shall on conviction for each offense be fined not less than five hundred pesos nor more than ten thousand pesos, or be imprisoned for not less than six months nor more than five years, or both: Provided, That manufacturers employing processes in which alcohol used free of tax under the provisions of this section is expressed or evaporated from the articles manufactured shall be permitted to recover such alcohol, and to have such alcohol restored to a condition suitable solely for reuse in manufacturing processes under such regulations as the Collector of Internal Revenue, with the approval of the Secretary of Finance and Justice, shall prescribe."

SEC. 5. The title of article six of said Act is hereby amended to read as follows:

"ARTICLE VI.

"FERMENTED LIQUORS AND WINES."

SEC. 6. Section ninety-one of said Act is hereby amended to read as follows:

"SEC. 91. On all beer, lager beer, ale, porter, and other fermented liquor by whatever name called, except tuba, basi, and tapuy, which may be brewed or manufactured in the Philippine Islands for domestic sale or consumption, there shall be levied and collected a tax of four centavos on each liter, which tax shall be paid by the owner, agent, or superintendent of the brewery or wines and premises on which such fermented liquors are

manufactured. On all wines or imitation wines manufactured in the Philippine Islands there shall be levied and collected upon each gauge liter removed for domestic consumption the following taxes:

"(a) On all sparkling wines, one peso.

"(b) On all still wines containing fourteen per centum of alcohol or less, eight centavos.

"(c) On all still wines containing more than fourteen per centum of alcohol, fifteen centavos."

SEC. 7. This Act shall take effect at such time as may be fixed by the Governor-General by executive order with the exception of the provisions contained in the subdivisions (a), (c), (d), and (e) of section seventy-four of Act Numbered Eleven hundred and eighty-nine, as amended by section four of this Act, relative to denatured alcohol, which shall take effect on the first of July, nineteen hundred and nine: Provided, however, That if this Act is not in force on the thirty-first of December, nineteen hundred and nine, the Governor-General shall be authorized to provide for the continuance until the thirty-first of December, nineteen hundred and ten, of the tax on distilled spirits and manufactured liquors in the Philippine Islands for domestic sale or consumption, at the rate of twenty centavos on each liter of proof spirits, and the tax on cigarettes made of tobacco or of any raw material employed as a substitute therefor, at the rate of sixty-seven centavos on each thousand of cigarettes whose weight does not exceed two kilograms ii thousand.

Enacted, Mar 20, 1909.

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