

PHILIPPINE IRON MINES, INC., PETITIONER, VS. THE COMMISSIONER OF CUSTOMS AND COURT OF TAX APPEALS, RESPONDENTS.

G.R. No. L-23359. October 31, 1969

Ponente: TEEHANKEE, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/3be67ee569f3/>

TEEHANKEE, J.:

These three cases are herein jointly decided, since they involve similar facts and the common issue of whether or not wharfage dues are collectible, under sections 2801 and 2802 of Republic Act No. 1937, commonly known as the Tariff and Customs Code, on goods loaded or unloaded at private wharves.

In L-23359, petitioner Philippine Iron Mines, Inc. protested the assessment and collection by customs authorities of wharfage dues in the total sum of P11.00 on its two importations of certain goods unloaded at its private wharf at Larap, Pangasinan, Camarines Norte.

In L-23679, petitioner Caltex (Philippines) Inc. protested the assessment and collection by customs authorities of wharfage dues in the total sum of P150, 513.00 on its four importations of crude oil unloaded at its private wharf at Bauan, Batangas. In this case, petitioner, aside from invoking the common ground of the other petitioners in the two other cases that they had not used government wharves or facilities, claims that it should be exempted from payment of the wharfage dues as a petroleum concessionaire under the Petroleum Act of 1949, Republic Act No. 387.

In L-25400, petitioner Bislig Bay Lumber Co., Inc. protested the assessment and collection by customs authorities of wharfage dues in the total sum of P7, 945.00 on its twelve shipments of logs loaded at its private wharves at Mangagoy, Bislig, Surigao del Sur.

The Commissioner of Customs sustained in due course the actions of the respective Port Collectors of Customs at Camarines Norte, Batangas and Tacloban, Leyte, under whose jurisdiction falls the Port of Mangagoy, Bislig, where petitioner Bislig Bay Lumber Co., Inc. has its private wharves. On appeal, the Court of Tax Appeals upheld the decision of the Customs Commissioner. Hence, these appeals, where petitioners seek the reversal of the respective decisions rendered against them by the Tax Court.

The common issue in the three cases at bar has already been resolved in the affirmative by this Court. In *Procter and Gamble Philippine Manufacturing Corporation vs. Commissioner of Customs*,^[1] decided on April 27, 1967, this Court, confronted with an identical issue, held that cargoes of goods unloaded shipside from vessels anchored amidst the safety of the Port of Manila and discharged at the company's private wharf at Tondo, Manila, were liable for the payment of wharfage dues, even though no government wharf or facility was used to unload the cargoes, under the express provisions of Section 2802 of the Tariff and Customs Code.

The imposition of such wharfage dues or charges was traced back to 1901, when the original Customs Tariff of 1901 was enacted by the Philippine Commission under authority of the President of the United States,^[2] when

the Philippine Government did not have, own or operate a single pier or wharf. When the collection of such wharfage charge at the rate of \$1 per gross ton on sugar shipments loaded from a private wharf was protested for the first time after twenty-six years, this Court, in *Philippine Sugar Centrals Agency vs. Collector of Customs*,^[3] upheld the imposition. It pointed out therein that since the first enactment of the Act in 1901, imposing a wharfage charge of \$0.75 per gross ton, its reenactment as an Act of the U.S. Congress in 1905 and the subsequent enactment on August 5, 1909 by the U.S. Congress of the Philippine Tariff Act of 1909, imposing such wharfage charges at the increased rate of \$1 per gross ton, the wharfage charge was consistently and continuously construed by government officials as a proper charge on all goods exported through Philippine ports, and "that construction has been acquiesced in and accepted, and the money paid without any protest or objection for twenty-six years, for many years of which the Government never even owned or operated a wharf."^[4] This Court therefore refused to overthrow the long continued construction of the law as authorizing the collection of wharfage charges on all shipments, whether through government or private wharves, considering that the legislature was pre-sumed to be cognizant of such construction and never evinced its dissent therefrom. This Court further noted that the funds derived from such sources were deemed as a trust fund appropriated and used by the Government for the construction of wharves and the improvement of its harbors.

In the 1967 *Procter and Gamble* case above-cited, this Court noted that the Philippine Congress enacted Republic Act No. 1371 in 1955, expressly exempting importations of goods unloaded on private wharves from the current wharfage due of P2 per gross ton; but that the exemption was again eliminated from Section 2802 of the Tariff and Customs Code upon its enactment by Congress in 1957. This Court rejected the contention that wharfage dues should be deemed as compensation or rental for the use of government wharves only, and thus stated the reasons and justification for the imposition of the charges: "A vessel ordinarily enters a harbor and lays anchor or moors in a port to load, to unload or both. In doing so, the vessel derives benefit from port facilities provided and maintained by the Government. For this reason, they are in fairness made to contribute a share in said Government undertaking by payment of berthing charges and harbor fees. Similarly, cargoes discharged to a Philippine port from a vessel engaged in foreign trade derive benefit from Port facilities provided and maintained by the Government; said cargoes should also share the cost of providing and keeping a safe port, in the form of wharfage dues. Accordingly, a vessel that anchors at Manila Bay to seek protection from a storm is not charged wharfage dues by Bureau of Customs, although it may have to pay harbor fees and berthing charges. But when a vessel anchors at the Bay and discharges or unloads its cargo, wharfage dues are forthwith collected. For, as stated, said dues are assessed against the cargo discharged. This is clear from the provision of the law under which the assessment is based on the quantity, weight or measure of the cargo received by the importer and/or discharged by such vessel. And wharfage dues on the cargo are distinct from harbor fees or berthing charges on the vessel, so much so that different sections of the law cover them."^[5]

This ruling upholding the imposition of wharfage dues on goods loaded or unloaded at private wharves has been reiterated by this Court in a second *Procter and Gamble* case against the Customs Commissioner in 1968^[6] and several other cases.^[7] In the 1968 *Procter and Gamble* case, Mr. Chief Justice Concepcion, speaking for the Court, further emphasized that "moreover, wharfage dues are charged, not for the use of any wharf. Like 'harbor fees, berthing charges, storage charges and the net income from the share of arrastre charges,' wharfage fees are imposed to 'x x x form a special fund to be known as 'Port Works Fund,' x x x for the study, investigation, field surveys, research, planning, development, construction, improvement, maintenance, and repair of ports, ports facilities and port areas, warehouses, sheds and offices, buoys, lighthouses and other aides to navigation including the purchase, maintenance, rental charges and replacement of necessary equipment x x x. (As provided in Act No. 3592, as amended by Commonwealth Act No. 130 and Republic Acts Nos. 1216 and 2695.)"

We, therefore, find no compelling reason that has been adduced by petitioners to warrant a modification or setting

aside of the doctrine previously enunciated by the Court.

The contention of petitioner Caltex (Philippines) Inc. in Case L-23679 that it should have been exempted from payment of the wharfage dues as a petroleum concessionaire under the Petroleum Act of 1949 remains for resolution. Article 103 of the Act, Republic Act 387 provides that "Cus-toms duties. - During the first five years following the grant-ing of any concession, the concessionaire may import free of customs duty, all equipment, machinery, material, instruments, supplies and accessories. x x x." Said pe-titioner contended that since its five-year exemption period thereunder expired on June 30, 1958 and its four importa-tions of crude oil undisputedly arrived prior thereto in March and April, 1958, its privilege of exemption from customs duties[8] should include exemption from the wharfage dues in question.

A similar contention that exemption as a new and necessary industry under Republic Act No. 901 included exemp-tion from wharfage dues was rejected by the Court in the 1968 Procter and Gamble Case (supra). In that case, the Court held that both under our Constitution and the Tariff and Cus-toms Code, wharfage dues are distinct from and not consi-dered as part of customs duties: "Our Constitution provides that 'the Congress x x x may not deprive the Supreme Court x x x of its jurisdiction to review, revise, reverse, modify or affirm on appeal, certiorari, or writ of error x x x final judgments and decrees of inferior courts' in inter alia, 'all cases involving the legality of any tax, impost, assess-ment, or toll or any penalty imposed in relation thereto,' and that 'Congress may by law authorize the President x x x to fix x x x tariff rates, import or export quotas, and tonnage and wharfage dues.' Thus our fundamental law distin-guishes between taxes, on the one hand, and 'imposts' - that is to say, tariff rates or duties imposed for the importation of goods - on the other. Similarly, the Constitution does not consider 'wharfage dues' as part of 'tariff rates' or customs duties. And neither does our Tariff and Customs Code. Cus-toms duties are governed by Book I, Title I, of said Code, under the headings 'tariff Law' and 'Import Tariff', respectively, whereas wharfage dues are collectible pursuant to Book II thereof, Title VII of said book, under the caption 'Fees and Charges Collectible by the Bureau of Customs.' Indeed, said Code regards customs duties, taxes and wharfage charges as three (3) distinct and separate concepts."

Considering furthermore that as earlier stated, wharfage dues are specifically allotted by law for the special Port Works Fund and that exemptions are regarded as in derogation of sovereign authority and of common right and are construed strictissimi juris against the person or entity claiming exemption, the contention of petitioner Caltex that its exemption from customs duties should be liberally construed to include exemption from wharfage dues must fail.

ACCORDINGLY, the decisions appealed from are hereby affirmed, with costs against the respective petitioners.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Sanchez, Castro, and Fernando, JJ., concur.
Zaldivar and Barredo, JJ., took no part.

[1] L-22819, 19 SCRA 883.

[2] The Philippines then was U. S. Territory.

[3] 51 Phil. 131 (1927).

[4] Idem, at p. 143.

[5] 19 SCRA 883, at 888-889.

[6] L-24173, May 23, 1968; 23 SCRA 691.

[7] Hawaiian-Phil. Co. vs. Auditor General, L-18440, Oct. 25, 1967, 21 SCRA 481; Cia. General de Tabacos vs. Actg. Commissioner of Customs, L-24247, May 13, 1968, 23 SCRA 600.

[8] Upheld by the Court in Commissioner vs. Caltex (Phil.) Inc., 106 Phil. 829 (1959).

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.