

AN ACT FOR THE PURPOSE OF PROVIDING REVENUE AND OF MAINTAINING THE PARITY OF THE PHILIPPINE CURRENCY IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS ONE AND SIX OF THE ACT OF CONG...

Act No. 1045, January 27, 1904

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

SECTION 1. For the purpose of this Act the expression "local currency" shall signify Mexican coins, Spanish and Spanish-Filipino coins, and all other metallic moneys not upon a gold basis, in circulation in the Philippine Islands, and bank notes payable in said moneys.

SEC. 2. The Secretary of Finance and Justice is hereby authorized, whenever in his judgment the public interest may require, to direct the Insular Treasurer and all provincial and municipal treasurers to purchase Mexican dollars as bullion at their bullion value, said value to be determined from time to time by the Insular Treasurer, with the approval of the Secretary of Finance and Justice. The cost of the bullion so purchased shall be a proper charge against the gold-standard fund, and the money coined therefrom shall accrue to that fund.

SEC. 3. Whenever any contract, debt, or obligation, payable by the terms thereof in local currency, is sought to be enforced in any court and the right of the plaintiff is established, it shall be the duty of the court to render judgment for the plaintiff to recover as damages the lawful sum due to him, in Philippine pesos, instead of in the currency mentioned in the contract, debt, or obligation. For the purpose of determining the amount of such judgment, the court shall receive evidence as to the real and just value in Philippine currency of the currency named in the contract, debt, or obligation, including evidence of the local market value of such currency, its value in neighboring countries as currency, its value in the great markets of the world, its bullion value, and any other facts necessary to determine its true value. The local market value, whether affected by the prohibition of the importation of such currency or by other causes, shall not be conclusive evidence of the amount of the judgment to be rendered in such cases. Payment of a judgment thus rendered shall extinguish all liability on the contract, debt, or obligation.

SEC. 4. Whenever any contract, debt, or obligation is made payable in local currency, the debtor or person under obligation to make payment may tender to the creditor in lieu of such currency the just amount due thereon in Philippine pesos, computed in the manner stated in the preceding section, and the effect of such tender shall be the same as though the tender had been made in the kind of currency named in such contract, debt, or obligation.

SEC. 5. The two last preceding sections shall apply to all contracts, debts, or obligations made before the passage of this Act, as well as to those made subsequent thereto.

SEC. 6. Every check, note, draft, bond, bill of exchange, and every contract whatsoever, payable wholly or in part in local currency and drawn or made upon, or subsequent to October first, nineteen hundred and four, shall bear upon its face an internal-revenue stamp or stamps of a face value in Philippine currency to the amounts hereinafter provided, said stamp or stamps to be properly canceled at the signing of said check, note, draft, bond, bill of

exchange, or contract with the initials of one of the parties thereto and the date of the transaction. The rates of the stamp tax required upon every check, note, draft, bond, bill of exchange, and upon every written contract whatsoever, payable wholly or in part in local currency, except as otherwise provided in this Act, shall be as follows;

- An ad valorem rate of one per centum levied in Philippine currency upon the face value in local currency of each aforementioned instrument drawn or made during the month of October, nineteen hundred and four.
- An ad valorem rate of two per centum levied in Philippine currency upon the face value in local currency of each aforementioned instrument drawn or made during the month of November, nineteen hundred and four.
- An ad valorem rate of three per centum levied in Philippine currency upon the face value in local currency of each aforementioned instrument drawn or made during the month of December, nineteen hundred and four.
- An ad valorem rate of five per centum levied in Philippine currency upon the face value in local currency of each aforementioned instrument drawn or made subsequent to December thirty-first, nineteen hundred and four.

Provided, That the aforementioned tax shall not be collected upon the following:

- Checks, drafts, or bills of exchange drawn against a deposit of local currency and made payable to a person, firm, or corporation, or made payable to a bank and used in the purchase of a draft or bill of exchange payable to a person, firm, or corporation, in settlement either wholly or in part of a bona fide specific debt payable in local currency by the depositor and contracted in writing or reduced to writing prior to the first day of October, nineteen hundred and four.
- Checks, drafts, or bills of exchange payable in local currency and presented to a bank for deposit, payment, or sale by a creditor who has received the same in payment of a bona fide specific debt payable in local currency, contracted in writing or reduced to writing prior to the first day of October, nineteen hundred and four.
- Deposit receipts, or other evidences of deposits of local currency, given by a bank or other corporation or person to any person, firm, or corporation making a deposit of local currency, in accordance with the provisions of this Act and for the purpose of providing funds for the payment of bona fide specific obligations payable in local currency and contracted in writing or reduced to writing prior to the first day of October, nineteen hundred and four.
- Checks, drafts, notes, bills of exchange, and contracts of any kind, the purpose and effect of which is the prompt shipment out of the Philippine Islands of the amount of Mexican currency the payment of which is called for in said check, draft, note, bill of exchange, or contract of any kind.
- Checks, drafts, notes, bills of exchange, and contracts of any kind, the purpose and effect of which is the prompt transfer of local currency to the Government of the Philippine Islands in accordance with the provisions of law.
- Contracts of any character whatsoever whose sole purpose and effect is the transference of a local-currency account to a Philippine-currency basis.
- Checks, drafts, or bills of exchange payable only in a foreign country.

SEC 7. Every transfer of ownership by indorsement or otherwise after September thirtieth, nineteen hundred and four, of as check, draft, note, bond, bill of exchange, or any contract whatsoever, payable wholly or in part in local currency in the Philippine Islands after September thirtieth, nineteen hundred and four, except such instruments as are specified in subsections (a), (b), (c), (d), (e), (f) and (f) of section six shall be considered a separate and distinct contract, and as such shall require a stamp or stamps.

SEC. 8. A tax of one per centum per month, payable quarterly, in Philippine currency, shall be levied upon the average daily balance of each deposit of local currency held after December thirty-first, nineteen hundred and four, by any bank, corporation, or individual receiving deposits in the Philippine Islands, and it shall be the duty of every bank, corporation, or individual receiving deposits in the Philippine Islands, which shall receive or continue local-currency deposits after December thirty-first, nineteen hundred and four, to furnish the Collector of Internal Revenue, within ten days after the beginning of each quarter of the calendar year, a statement of the names and addresses of holders of local-currency deposits held by them during the preceding quarter, together with the average daily balance of each deposit respectively for each month of said quarter, and such other information as the Collector of Internal Revenue shall require for the proper administration of this Act and it shall be the further duty of such banks, corporations, or individuals to pay said tax to the Collector of Internal Revenue within thirty days after the beginning of each quarter of the calendar year, deducting the amount of the tax from the depositor's account. The tax receipt of the Collector of Internal Revenue shall be a sufficient voucher for the bank, corporation, or individual as to the proper use of the money and shall be accepted by the depositor as money paid. Such average daily balance shall be calculated by adding together the sums of deposit to the credit of the depositor at the close of each business day in said month and dividing the sum so obtained by the number of days upon which said deposit was held: Provided, That any person wishing to maintain a local-currency deposit after December thirty-first, nineteen hundred and four, for the purpose of keeping funds for the payment at a future date of a bona fide specific local-currency obligation contracted in writing or reduced to writing prior to October first, nineteen hundred and four, may, by obtaining in advance the express permission in writing of the Secretary of Finance and Justice, and having the same registered with the Collector of Internal Revenue or his deputy, maintain such a deposit up to the time of the maturity of said local-currency obligation without paying the aforementioned tax.

SEC. 9. Every check, draft, note, bond, bill of exchange, and every contract whatsoever payable in local currency, and ever deposit so payable shall be presumably subject to the taxes levied in accordance with the provisions of this Act; and the obligation shall rest upon the drawer or maker, holder or beneficiary, and, in case of transfer by indorsement, upon each indorser, indorsee, or holder of said check, draft, note, bond, bill of exchange, or bank deposit, who claims exemption, to prove that he is entitled to any of the exemptions provided in this Act. No check, draft, note, bond, bill of exchange, or any contract whatsoever, payable in local currency, shall be exempted from the payment of the stamp tax provided for in sections six and seven of this Act, unless the contract for which exemption is claimed shall be registered with the Collector of Internal Revenue or his deputy before October first, nineteen hundred and four, and a certificate lie attached thereto by the Collector of Internal Revenue or his deputy certifying the exemption and no deposit of local currency shall be exempted from the payment of the tax on bank deposits as provided in sections eight and nine of this Act unless the exemption is obtained as herein provided, together with a certificate certifying the same, prior to January first, nineteen hundred and five.

SEC. 10. Every check, draft, note, bond, bill of exchange, and every contract whatsoever which is not properly stamped in accordance with the provisions of this Act shall be void, and every person, firm, bank, or corporation who gives or receives such check, draft, note, bond, bill of exchange, or contract which is subject to the stamp tax under this Act without its being properly stamped, or who shall receive or keep a deposit of local currency or make such a deposit without observing the provisions of this Act, shall be guilty of a criminal offense, and shall be liable to a fine not exceeding the face value in Philippine currency of fifty per centum of the number of pesos of local currency called for in said check, draft, note, bond, bill of exchange, or contract, or of the deposit so kept.

SEC. 11. (a) All persons, firms, or corporations who engage in any business whatsoever in the Philippine Islands, after December thirty-first, nineteen hundred and four, and make use of local currency to any extent whatever in either buying, selling, or renting goods property, or services must, previously to engaging in such business and

annually thereafter, in addition to the other licenses now required by law, obtain a license from the Collector of Internal Revenue in the manner prescribed in the provisions of the Industrial Tax Law for the issuance of industrial licenses: Provided, That persons, firms, banks, or other corporations may deal in the checks, drafts, notes, bonds, bills of exchange, and contracts which are mentioned in paragraphs (a), (b), (c), (d), (e), (f), and (g) of section six as not subject to a stamp tax or may make such local-currency deposits as are exempted from taxation by sections eight and nine without securing such a license: And provided further, That a bank, corporation, or individual may purchase local currency with the purpose and effect of promptly shipping said currency out of the country, without securing such a license: And provided further, That the collection of accounts, debts, or other obligations made or incurred prior to January first, nineteen hundred and five, shall not be considered current business subject to the provisions of this section.

(b) The licenses shall be classified in accordance with the classification of rates of the industrial taxes, and the amount payable for a license of the first class shall be ten thousand pesos, Philippine currency, for a license of the second class, five thousand pesos, Philippine currency; for a license of the third class, one thousand pesos, Philippine currency, and for a license of the fourth class, five hundred pesos, Philippine currency.

(c) Each separate factory, shop, store, or oilier business establishment, and each separate trade or business whether owned, managed, or carried on by the same or different persons, firms, or corporations, shall be considered for the purposes of this Act a separate industry, and shall require for its legal conduct or management a separate license of the class provided for in this Act. This section of this Act shall be administered in accordance with the provisions of the Industrial Tax Law so far as those provisions are not contrary to the provisions of this Act.

(d) Any person, firm, or corporation who shall use local currency in the conduct of his business without a license and contrary to the provisions of this Act shall be guilty of a criminal offense, and shall be subject to a fine of not exceeding ten per centum of the license fee required for his business, in addition to the payment of the license fee. Each separate transaction in local currency contrary to law shall constitute a separate offense and shall subject the offender to a separate fine of not exceeding ten per centum of the license fee.

SEC. 12. Immediately upon the passage of this Act it shall be the duty of the Chief of the Division of the Currency to prepare, and have published in the principal languages and dialects of the Philippine Islands, an announcement explaining the new Philippine currency and the more important laws and official regulations pertaining to the use of that currency and the more important laws and official regulations pertaining to the use of that currency, and the methods provided for the withdrawal of local currency from circulation. Copies of this announcement shall be sent to all the provincial governors, provincial and municipal treasurers, presidents and municipal councilors of the Philippine Islands, and shall be posted and advertised as widely as possible throughout the Philippine Islands.

SEC. 13. This Act shall be administered by the Collector of Internal Revenue for the Philippine Islands.

SEC. 14. This Act shall take effect on its passage.

Enacted, January 27, 1904.

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