

CALTEX (PHILIPPINES) INC., PETITIONER AND APPELLANT, VS. COMMISSIONER OF INTERNAL REVENUE, RESPONDENT AND APPELLEE.

G.R. No. L-20462. June 30, 1965

Ponente: REYES, J.B.L., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/437b6115f837/>

REYES, J.B.L., J.:

Appeal from a resolution of the Court of Tax Appeals, in its CTA Case No. 966, dismissing, without prejudice, the petition for review of herein petitioner-appellant, Caltex (Philippines) Inc., seeking a refund of P6.110.00 (later reduced to P5.781.68, as per amended petition for review dated June 11, 1962) representing its payments of special import tax imposed on its importations from abroad of various items of machinery, equipment, accessories and spare parts, of which it claims to be exempt, pursuant to Section 6 of Republic Act No. 1394.

On 9 November 1960, Caltex (Philippines) Inc., filed in the Tax Court its petition for review against respondent Commissioner of Internal Revenue in the Court of Appeals, alleging, inter alia, that it is a domestic corporation and holder of a petroleum refining concession under Republic Act No. 387; that it is engaged in a productive enterprise in which it has employed substantial amounts of capital and labor in connection with the refining, storage, handling, and distribution of petroleum products; that on several occasions in 1958 and 1959 it imported from abroad various items of machinery, equipment, accessories, and spare parts for use of its depots or installations and in the gasoline service stations; that the Collector of Customs of Manila levied and collected in the aforesaid importations the special import tax imposed by Republic Act No. 1394, and included said tax in the landed costs of the imported merchandise for the purpose of computing the compensating tax due thereon under Section 190 of the National Internal Revenue Code and for which it (petitioner) paid the corresponding special import tax and compensating tax so computed and imposed; that the aforesaid importations were not subject to special import tax because Section 6 of Republic Act No. 1394 exempts from said tax "machinery, equipment, accessories and spare parts for the use of industries"; that the inclusion and imposition of said special import tax in the landed costs of the imported merchandise for purposes of computing the compensating tax due thereon was erroneous, and, as a consequence thereof, it (petitioner), overpaid compensating taxes in the total sum of P5.781.68; that it (petitioner) filed claims for refund with respondent Commissioner of Internal Revenue on the said overpaid compensating taxes, and until the petition was filed, respondent has failed to refund said amount, nor has he denied its claims for refund; and that because the two-year prescriptive period for recovery of internal revenue taxes illegally or erroneously collected as provided in Section 306 of the National Internal Revenue Code will soon expire, it was constrained to file the instant petition while awaiting respondent's decision in its claims for refund to protect its interests. Petitioner prays that respondent Commissioner of Internal Revenue be ordered to refund the total sum of P5.781.68 paid by it as excess compensating taxes.

Although on 27 December 1960 respondent Commissioner of Internal Revenue answered the petition for review substantially denying the material allegations thereof, the facts alleged by petitioner are uncontroverted. At the hearing, petitioner submitted evidence that it filed protests with the Collector of Customs of Manila against the

imposition of the tax in question over its importations; that the earliest liquidation of its several importations was made on 13 November 1958; and that, on 28 April 1960 and 4 November 1960, respectively, it filed claims for refund of the disputed tax with respondent Commissioner of Internal Revenue. It was established, however, that when the petition for review was commenced in the Tax Court on 9 November 1960, there had been no action yet by the Collector of Customs of Manila on the protests of petitioner Caltex, nor has there been any decision on its claims for refund.

Respondent, did not present any evidence. After the parties filed their respective memorandum, the case was submitted for decision.

As stated in the beginning of this opinion, the lower court dismissed the petition for review, without prejudice, reasoning out that:—

"Petitioner filed protests against the levy and collection by the Collector of Customs of Manila of the special import tax in question, but it does not appear that the question has been finally resolved by the customs authorities.

"The question in regard to the exemption of petitioner from or liability for the special import tax is a matter falling within the jurisdiction of the Bureau of Customs and not of the Bureau of Internal Revenue. Until and after the question in regard to the special import tax is resolved, the legality or correctness of the compensating tax collected on said merchandise cannot be determined." (Resolution, pages 85-8G, CTA Record)

Petitioner filed a motion to reconsider said resolution, but the lower court denied it; hence, the present appeal.

It is first contended by petitioner that the special import tax imposed by Republic Act No. 1394 is an internal revenue tax, and, as such, a claim for refund of taxes so erroneously or illegally levied and collected by the Collector of Customs pursuant to said law should be lodged with the Commissioner of Internal Revenue and not with the Commissioner of Customs. Petitioner argues that the Customs head and his subordinates are merely agents of the Revenue Commissioner in the collection of national internal revenue on imported articles (Section 6, National Internal Revenue Code) ; and that per Customs regulations, "protest against the payment of internal revenue taxes on imported merchandise shall, if filed with the Collector of Customs, be transmitted directly to the Collector of Internal Revenue for action in accordance with the provisions of the National Internal Revenue Code" (Par. V, first sentence, Customs Administrative Order No. 226, dated December 3, 1957; 54 Off. Gaz., 301).

Petitioner's contention is not well-taken. In the guise of demand for reimbursement of compensating taxes, petitioner's case is actually one for exemption from the special import tax under Republic Act No. 1394.

Since Section 4 of Republic Act No. 1394 provides that:

"The special import tax shall be paid by the importer to the Bureau of Customs in accordance with the regulations to be promulgated by the Department of Finance and prior to the release of the imported goods, articles or products from customs custody."

and it being undisputed that the Special Import Tax Law (Republic Act No. 1394) is one of the laws administered by the Bureau of Customs, it is evident that said law should be considered as customs law, to which the section of Customs Administrative Order No. 226 (invoked by Caltex) does not apply, since the section, by its terms, refers only to internal revenue taxes.

Disposing of a practically identical issue raised in another case, this Court, speaking through Mr. Justice Labrador, held:

It is also contended that the Internal Revenue Law, especially the provisions thereof imposing the advance sales tax under Section 183 (B), does not fall within the jurisdiction of the Bureau of Customs for the reason that when the Bureau of Customs collects the advance sales tax it does so as deputies of the Collector of Internal Revenue. It is argued as a consequence thereof that the undervaluation of the onions¹ may not be considered as a violation of the customs laws or the laws and regulations enforced by said bureau. There is no merit in this contention. The law considers as customs law all laws and regulations subject to enforcement, by the Bureau of Customs, thus:

" 'Customs Law' includes not only the provisions of the Customs Law and regulations pursuant thereto but all other laws and regulations which are subject to enforcement by the Bureau of Customs or otherwise within its jurisdiction." (Section 1419, last paragraph, Revised Administrative Code; now Section 3514, 10th paragraph, Tariff and Customs Code)." (Leuterio vs. Commissioner of Customs, 101 Phil. 225; 53 Off. Gaz., 6520).

Having arrived at the foregoing conclusion, and since the Bureau of Customs has jurisdiction over the special import tax under Republic Act No. 1394, in question (See also Section 602 (a) and (j) of the Tariff and Customs Code), it also follows, as a logical consequence thereof, that any issue involving liability for, or exemption from, said tax as well as the procedure on protests and appeals should be governed by the pertinent provisions of the Tariff and Customs Code (Republic Act No. 1937), more specifically Sections 2308 to 2313 thereof. In fact, these provisions had been implemented by Customs Administrative Order No. 226, dated December 3, 1957 (published in 54 Off. Gaz., 300-302), in which the special import tax is enumerated as among those to be governed by said customs order. '

It is also undisputed that the Collector of Customs of Manila has not yet acted upon the protests of petitioner. Hence, there is no adverse ruling from which an appeal may be taken to the Commissioner of Customs in accordance with Section 2313 of the Tariff and Customs Code. Likewise, there is no decision or ruling of the Commissioner of Customs which may be appealed to the Court of Tax Appeals pursuant to Section 7 (2) of Republic Act No. 1125 in relation to Section 2402 of Republic Act No. 1937, both of which read -

"Sec. 7. Jurisdiction. The Court of Tax Appeals shall exercise exclusive appellate jurisdiction to review by appeal, as herein provided—

* * *

(2) Decisions of the Commissioner of Customs in cases involving liability for customs duties, fees or other money charges; seizure, detention or release of property affected; fines, forfeitures or other penalties imposed in relation thereto; or other matters arising under the Customs Law or other law or part of law administered by the Bureau of Customs;" (Republic Act No. 1125)

"Sec. 2402. Review by Court of Tax Appeals. The party aggrieved by a ruling of the Commissioner on any matter brought before him upon protest or by his action or ruling in any case of seizure may appeal to the Court of Tax Appeals, in the manner and within the period prescribed by law and regulations." (first paragraph, Republic Act No. 1937)

In the absence of any decision or ruling which may be the subject of an appeal or petition for review to the Court of Tax Appeals, said court has no case to take cognizance of (See CMS Estate, Inc. vs. Commissioner of Customs, G. R. No. L-18773, January 31, 1964). So that the lower court correctly dismissed the petition for review of petitioner for being premature or for not stating a cause of action.

WHEREFORE, the resolution appealed from should be, as it is hereby affirmed. Costs against petitioner-appellant Caltex (Philippines), Inc.

Bengzon, C.J., Bautista Angelo, Paredes, Dizon, Regala, Makalintal, Bengzon, J.P., and Zaldivar, JJ., concur.

Resolution affirmed.

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.