

FELIX CALALANG, PETITIONER AND APPELLEE, VS. PABLO LORENZO AND PRIMO VILLAR, RESPONDENTS AND APPELLANTS.*G.R. No. L-6961. June 17, 1955*

Ponente: REYES, A., J.

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This action was commenced in the Court of First Instance of Manila to compel the Secretary of Public Works and Communications and the Chief of the Motor Vehicles Office to authorize payment of petitioner's motor vehicle registration fees for the year 1953 with a backpay certificate of indebtedness. The defendants contended that fees are not taxes and, therefore, not authorized to be paid with such certificate. But the trial court ruled otherwise. Hence this appeal.

Section 2 of the Backpay Law authorizes the issuance of a backpay certificate of indebtedness for the payment of the following:

"(1) obligations subsisting at the time of the approval of this Act for which the applicant may directly be liable to the Government or to any of its branches or instrumentalities, or the corporations owned or controlled by the Government, or to any citizen of the Philippines, or to any association or corporation organized under the laws of the Philippines, who may be willing to accept the same for such settlement; (2) his taxes; (3) government hospital bills of the applicant; (4) land purchased by him from the public domain; and (5) any amount received by the applicant as gratuity or pension which he has to refund to the Government or to any of its branches or instrumentalities * * *." (Republic Act 304, as amended by Republic Act 800.)

The question posed by the appeal is whether motor vehicle registration fees come within the purview of the above provision of the Backpay Law on the theory that they are taxes.

The charges prescribed by the Revised Motor Vehicle Law for the registration of motor vehicles are in section 8 of that law called "fees". But the appellation is no impediment to their being considered taxes if taxes they really are. For not the name but the object of the charge determines whether it is a tax or a fee. Generally speaking, taxes are for revenue, whereas fees are exactions for purposes of regulation and inspection and are for that reason limited in amount to what is necessary to cover the cost of the services rendered in that connection. Hence, "a charge fixed by statute for the service to be performed by an officer, where the charge has no relation to the value of the services performed and where the amount collected eventually finds its way into the treasury of the branch of the government whose officer or officers collected the charge, is not a fee but a tax." (Cooley on Taxation, Vol. 1, 4th ed., p. 110.)

From the data submitted in the court below, it appears that the expenditures of the Motor Vehicle Office are but a small portion—about 5 per centum—of the total collections from motor vehicle registration fees. And as proof that the money collected is not intended for the expenditures of that office, the law itself provides that all such money shall accrue to the funds for the construction and maintenance of public roads, streets and bridges. It is thus obvious that the fees are not collected for regulatory purposes, that is to say, as an incident to the enforcement of

regulations governing the operation of motor vehicles on public highways, for their express object is to provide revenue with which the Government is to discharge one of its principal functions—the construction and maintenance of public highways for everybody's use. They are veritable taxes, not merely fees.

As a matter of fact, the Revised Motor Vehicle Law itself now regards those fees as taxes, for it provides that "no other taxes or fees than those prescribed in this Act shall be imposed," thus implying that the charges therein imposed—though called fees—are of the category of taxes. The provision is contained in section 70, of subsection (b), of the law, as amended by section 17 of Republic Act 587, which reads:

"Sec. 70(6) No other taxes or fees than those prescribed in this Act shall be imposed for the registration or operation or on the ownership of any motor vehicle, or for the exercise of the profession of chauffeur, by any municipal corporation, the provisions of any city charter to the contrary notwithstanding: Provided, however, That any provincial board, city or municipal council or board, or other competent authority may exact and collect such reasonable and equitable toll fees for the use of such bridges and ferries, within their respective jurisdictions, as may be authorized and approved by the Secretary of Public Works and Communications, and also for the use of such public roads, as may be authorized by the President of the Philippines upon the recommendation of the Secretary of Public Works and Communications, but in none of these cases, shall any toll fees be charged or collected until and unless the approved schedule of tolls shall have been posted legibly in a conspicuous place at such toll station."

Villar and de Vega, in their book entitled "The Revised Motor Vehicle Law, Commented and Annotated," observe that the changes introduced by the amendatory Act prove "the congressional acknowledgment of the fact that automobile registration fees are at present considered taxes," The following is their comment on the provision:

"The origin or source of the first sentence of this subsection, as well as the proviso immediately following it, is found in section 53 of Act No. 3045 (Old Automobile Law), reading as follows:

"No further fees than those fixed in this Act shall be exacted or demanded by any public authority of these Islands for the operation or use of any motor vehicle on any public highway, bridge or ferry, or for the operation of any motor vehicle by the owner thereof: Provided, however, That nothing in this Act shall be construed to exempt any motor vehicle from the payment of any lawful and equitable insular, local or municipal property tax imposed thereupon * * *."

"The provisions above quoted have been amended in this Act by adding thereto after the word 'ferry' the phrase 'or for the exercise of the profession of chauffeur.' Evidently, the amendment was designed to make clearer the intention of the Legislature to exempt all chauffeurs and motor vehicles from the payment of fees other than those prescribed in this Act, a thing which is not quite clear in Act No. 3045. The intention of the Legislature was accomplished, not only by the addition of the phrase above mentioned but also by the incorporation in section 71 of this Act of a new proviso reading as follows:

'And provided, moreover, That no provincial or municipal authority shall impose or collect any tax or fee on the business or privilege of maintaining or operating a Public Service motor vehicle.'

"The subsection, as thus amended, had stayed in the statute books for a considerable period of time. Liberation came and with it the gradual increase of the rates of registration fees for motor vehicles to meet the ever-increasing demand for more funds or revenues for the construction or reconstruction of public highways. The rise of automobile registration fees to the proportion of a tax, coupled with the circumstance that recently some cities have taken the attitude that they, are legally empowered by this subsection before its amendment by Republic Act 587, to impose an ad valorem tax on motor vehicles, had compelled the Legislature in said Republic Act 587, to again amend the law by adding the word 'taxes' after the word 'fees/ by changing the phrase 'for the operation, or use of any motor vehicle,' to read 'for the registration or operation or on the ownership of any motor vehicle, and lastly,, by eliminating from the law the proviso above quoted.

"The amendments last above mentioned proved in unmistakable manner the congressional acknowledgment of the fact that automobile registration fees are at present considered taxes; and, at the same time established the new Government policy to divest all cities and other municipal corporations of the power to impose an *advalorem* or property tax on motor vehicles." (Italics ours.)

We note from one of the annexes to the complaint that the Auditor General has also ruled that motor vehicle registration fees may properly be considered as taxes the purposes of the Backpay Law.

Our conclusion from the foregoing is that the charges prescribed by the Revised Motor Vehicle Law for the registration of motor vehicles are taxes and may, therefore, be paid with a backpay certificate of indebtedness.

Wherefore, the decision appealed from is affirmed, but without special pronouncement as to costs.

Bengzon. Acting C. J., Padilla, Montemayor, Jugo, Bautista Angelo, Concepcion, and Reyes, J. B. L., JJ., concur.

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