

FELIPE B. OLLADA, PETITIONER AND APPELLANT, VS. THE SECRETARY OF FINANCE, ET AL., RESPONDENTS AND APPELLEES.

G.R. No. 15397. October 31, 1960

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

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

Direct appeal on questions of law from the decision of the Court of First Instance of Manila in Civil Case No. 34731, dismissing appellant Ollada's petition for mandamus with preliminary injunction and damages.

The root of this case lies in Section 334 of the National Internal Revenue Code, as amended by Republic Acts Nos. 438 and 658, that provides as follows:

"Provided, however, that those whose quarterly sales, earnings, receipts, or output do not exceed five thousand pesos shall keep and use a simplified set of bookkeeping records duly authorized by the Secretary of Finance wherein all transactions and results of operations are shown and from which all taxes due the Government may readily be ascertained and determined anytime of the year."

Pursuant to the authority thus conferred upon the Secretary of Finance, the latter promulgated Revenue Regulations No. V-13, a portion of which reads:

" 'Simplified set of bookkeeping records' consist of the record of daily sales and cash deposits, the record of daily purchases, expenses, and cash disbursements, record of the summary transactions, and the yearly statements of net worth and operations, which may be in combined form or in separate booklets, as illustrated in the forms forming part of those regulations. These forms may be printed, mimeographed, typewritten or handwritten in print"

And consonant with said Revenue Regulations, the Secretary approved, for use by taxpayers, simplified sets of bookkeeping records devised by Mrs. Sabina R. Soriano and Messrs. Vicente I. Cruz, Yam Nam, and Jesus Lozada.

On January 25, 1956, the Secretary of Finance, again making use of his power and authority under Republic Act No. 438, as amended by Republic Act No. 658, amended Revenue Regulations No. V-13 by promulgating Revenue Regulations No. V-43, which partly reads as follows:

"'Simplified set of bookkeeping records' consist of the records of daily sales and cash receipts, the record of daily purchases, expenses and cash disbursements, record of the summary of transactions, and the yearly statements of net worth and operations, which may be in combined form or in separate booklets. Said records should be especially designed for each class or kind of trade or business and prepared by a Certified Public Accountant, should conform substantially with the forms illustrated in Revenue Regulations No. V-13, should be regularly bound and may be printed, mimeographed or typewritten."

Notwithstanding the promulgation of the foregoing amendatory Revenue Regulations No. V-43, the Collector of Internal Revenue continued to accept and approve for registration the simplified sets of bookkeeping records

formerly authorized under Revenue Regulations No V-13. It would appear that after the promulgation of the subsequent Revenue Regulations No. V-43, Mr. Lozada, one of those who prepared simplified sets of bookkeeping records under the anterior Revenue Regulations No. V-13, raised the point whether his bookkeeping record sets, as approved by the Secretary of Finance, could still be used after the promulgation of Revenue Regulations No. V-13; and, in response to his query, the latter answered that Revenue Regulations No. V-43 was not intended to have a retroactive effect and could not, therefore, adversely affect those who, like Mr. Lozada, had already acquired an accrued right to the use of their particular kind of simplified sets of bookkeeping records.

Between October, 28, 1953 and October 15, 1956, appellant Felipe OUada, a certified public accountant in the Philippines, prepared and devised his own simplified sets of bookkeeping records, specially designed to suit each of the different classes or kinds of business indicated therein, all of which were approved by the Secretary ' of Finance upon recommendation of the Collector of Internal Revenue.

The parties stipulated that, in devising, preparing and printing the aforesaid simplified sets of bookkeeping records, appellant spent and invested the sum of P42,746.50, not counting the cost and expenses of clerical and editorial work. While there is no evidence showing the extent of similar expenses incurred by Mrs. Sabina R. Soriano and Messrs. Vicente Cruz, Yam Nam and Jesus Lozada in preparing their own versions of simplified sets of bookkeeping records pursuant to Revenue Regulations No. V-13, like the appellant, it may be assumed that they also made some investments in the process.

The parties agree that the requirements of Revenue Regulations No. V-43 constitute a distinct improvement over the requirements of Revenue Regulations No. V-13. Likewise, they admit that, in promulgating both regulations, the Secretary of Finance acted within the prerogatives conferred upon him by law.

Petitioner-appellant Ollada prays in these proceedings that respondents-appellees Secretary of Finance and Collector (now Commissioner) of Internal Revenue be enjoined from further accepting, authorizing, and tolerating the use by the public of simplified sets of bookkeeping records that are not prepared in accordance with Revenue Regulations No. V-43.

The National Internal Revenue Code has entrusted to the Secretary of Finance the execution and implementation of Section 334, previously quoted. In carrying out this mission, the Secretary promulgated Revenue Regulations Nos. V-13 and V-43, and he was the one authorized to determine the respective spheres of application of each. His later resolution that Revenue Regulation No. V-43 was not intended to have retroactive effect (which in effect amounted to a ruling that Regulation V-43 did not prohibit the use of simplified bookkeeping records approved for use before V-43 became effective) was fully within the Secretary's powers and authority, and becomes part of the regulation itself. Not being clearly unreasonable or arbitrary, the Secretary's resolution is entitled to recognition and respect from the Courts (*Geukeko vs. Araneta*, 101 Phil., 706; 54 Off. Gaz. [15] 4494). Surely, no one is better qualified to interpret the intent behind these Revenue Regulations than the authority that issued them.

Even granting, *ad argumentum*, that the subsequent permission to use the old bookkeeping forms was incompatible with Revenue Regulations No. V-43, such incompatibility would not render the permission illegal or void, since it is not disputed that the Secretary may, at any time, amend or revoke any of the Regulations issued by him so long as it is in consonance with the statutes (Sec. 334, N.I.R.C.).

For the purposes of the law, what is important is that the simplified bookkeeping records should contain the necessary data from which the taxes due may be ascertained, and the import of the disputed resolution is that those records that were previously authorized, even if less convenient, are still adequate for the purpose. That being the case, we fail to see how the petitioner has ground for complaint. It may be true that his expected profits will be reduced by the continued permission to use the records authorized under former Revenue Regulations No.

V-13, but that fact does not confer any right of action upon him. The authority to print simplified records for sale to the public under the new Regulations carries no assurance of monopoly or guarantee of a ready market, and, as appellant himself admits, does not confer upon the licensee any exclusive, irrevocable or vested property rights. In fact, such authority to print is deemed subject to the implied condition that the Secretary may, at any time, change or repeal any of the regulations issued by him, as he may see fit.

In view of the foregoing, the judgment appealed from dismissing the petition is affirmed. Appellant to pay the costs.

Paras, C.J., Bengzon, Padilla, Bautista Angelo, Labrador, Barrera, Gutierrez David, and Paredes, JJ., concur.

Judgment affirmed.

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