

DANAO COAL MINING SYNDICATE, LTD., PLAINTIFF AND APPELLANT, VS. JUAN POSADAS, JR., COLLECTOR OF INTERNAL REVENUE, DEFENDANT AND APPELLEE.

G.R. No. 23937. November 21, 1925

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STATEMENT

In its first cause of action, plaintiff alleges that it is a corporation organized and existing under the laws of the Philippine Islands, with its principal office and place of business in the municipality and Province of Cebu. That the defendant is the duly appointed, qualified and acting Collector of Internal Revenue of the Philippine Islands, with his principal office in the City of Manila. It is then alleged:

"2. That the plaintiff is the registered owner of 227.67 hectares of coal land, located in the municipality of Danao, Province of Cebu, Philippine Islands, as is evidenced by original certificate of title No. 264, in the land records of the City of Manila."

That on January 9, 1923, the defendant, claiming to act under section 15 of Act No. 2719, demanded of the plaintiff a tax of P2,000 per annum for the years 1922 and 1923, "because the plaintiff owned the 227.67 hectares of coal land described in paragraph two above." That on February 15, 1923, plaintiff paid the tax under written protest, and demanded a return of the money, which the defendant refused to do.

As a second cause of action, the plaintiff makes like allegations for the year 1923, and for a third cause of action, makes like allegations for the year 1924, and prays for judgment in its favor and against the defendant for the sum of P6,000, with interest and costs.

The defendant demurred to each cause of action on the ground that it does not state facts sufficient to constitute a cause of action. The demurrer was sustained, and the plaintiff, refusing to amend, judgment was entered for the defendant, from which the plaintiff appeals, assigning the following errors;

"I. The lower court erred in not holding section 15 of Act No. 2719 unenforceable as being in direct conflict with section 3 (p) of the Act of Congress, approved August 29, 1916 (Jones Law).

"II. The lower court erred in not holding section 15 of Act No. 2719 in conflict with section 3 (a) of the Act of Congress, approved August 29, 1916, in that it deprived the plaintiff of its property without due process of law.

"III. The lower court erred in not holding section 15 of Act No. 2719 in conflict with section 3 (e) of the Act of Congress, approved August 29, 1916, in that it impairs the obligation of the contract between the plaintiff and the Philippine Government, as evidenced by original certificate of title No. 264.

"IV. The lower court erred in not holding that section 15 of Act No. 2719, violates section 3 (o) of the Act of Congress, approved August 29, 1916, in that the rule of taxation, as to uniformity had not been violated.

"V. The lower court erred in dismissing the complaint."

JOHNS, J.:

Assuming that the allegations made in the complaint are true, as we must, for the purposes of this decision, it is an admitted fact that the plaintiff is the registered owner and has a valid title to the coal land in question. That is to say, the title to the land has passed from and out of the Government, and is now vested in the plaintiff, and for the purposes of this decision, the land must be deemed to be private, as distinguished from public land.

Upon that state of facts, the provisions of Act No. 2719, upon which the defendant relies, should be confined and limited to "coal-bearing lands of the public domain," which shall not be disposed of in any manner except as provided in this Act.

The Act in question is indexed as follows:

"Lease and development of coal lands."

"Disposal of coal-bearing lands."

"Government's right to coal deposits."

"Lease of unreserved coal land."

"Relinquishment of claims."

"Compensation."

"Nature of lease."

"Obligation of lessee."

"Royalties."

"Rental."

"Additional lease."

"Consolidation of leases."

"Prohibition upon lessee."

"Penalty for violation."

"Provision in case of inheritance, judgment or decree."

"Violation by officer or corporation."

"Unlawful trust."

"Free leases."

"Reservation of easements."

"Disposal of surface of lands."

"Forfeiture and cancellation of lease."

"Eminent domain."

"Insular Government as stockholder."

"Annual tax, etc."

It is true that section 15 of the Act provides:

"Effective upon the passage of this Act there shall be assessed and collected by the Collector of Internal Revenue, an annual tax of two thousand pesos on each block or tract of four hundred hectares, or fraction thereof, of coal lands owned by any person, firm, association, or corporation, and a tax of four centavos per ton of one thousand and sixteen kilos on each ton of coal extracted there- from * * *," and that it says:

"Coal lands owned by any person."

Act No. 2719 must be construed as a whole, and when so construed, it should be confined and limited to coal lands, the title to which is in the Government, and the meaning of the words "owned by any person" should be confined and limited to any person, who is the owner of a right, title or interest in coal lands, the title to which is in the Government. That section was never intended to apply to coal lands, the title to which has passed from and out of the Government, and which has become vested in a private owner.

From what has been said, it follows that the lower court committed error in sustaining the demurrer, and that it should have been overruled.

If it be a fact that at the times alleged in the complaint, the plaintiff was the registered owner of the coal land in question and had a valid Torrens title, the tax in question was unlawfully assessed, levied and collected, and the money should be refunded.

The judgment of the lower court in sustaining the demurrer is reversed, and the demurrer is overruled, the cause is remanded, with leave to the defendant to answer, and for any further proceedings not inconsistent with this opinion. Neither party to recover costs. So ordered.

Avanceña, C. J., Street, Malcolm, Villamor, Ostrand, and Romualdez, JJ., concur.

Villa-Real, J., did not take part.

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