REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
MANILA

LA ORDEN DE PP. BENEDICTINOS
DE LAS ISLAS FILIPINAS,
Petitioner,

- versus - C.T.A. CASE NO. 943

COMMISSIONER OF INTERNAL
REVENUE,
Respondent.

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DECISION

Petitioner seeks to recover the amount of ₱1,608.00, alleged to have been illegally and erroneously collected by respondent as compensating tax on twenty (20) Underwood Standard Typewriters and two (2) cases of tape recording parts and accessories.

The facts of this case are stipulated by the parties and are as follows:

"1. That petitioner is a religious institution duly incorporated as a corporation sole for religious and charitable purposes sometime in or about 1907, and it was organized and existing under and by virtue of the laws of the Philippines, with principal office at Mendiola Street, Manila, Philippines, as evidenced by its Articles of Incorporation, a photostatic copy of which is hereto attached as Annex 'A' and made an integral part hereof; and that respondent is the officer duly appointed and authorized by law to enforce the internal revenue tax laws of the Philippines, with office address at the Department of Finance Building, Manila.

"2. That petitioner received from the Reverend Father Genadius Diez, O.S.B., a resident of Newark, New Jersey, United States of America, by way of gratuitous donation, twenty (20) Underwood standard typewriters (11-inch-carriage) and two (2) cases of tape recording parts and accessories, said articles having arrived in Manila, Philippines, in or about January 1960, consigned to herein petitioner, as evidenced by the photos-

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tatic copies of the consular invoice of merchandise, bill of lading, notice of arrival, affidavits of the said Rev. Fr. Diez, the consignor, and Reverend Fr. Origenes of the petitioner, all hereto attached as Annexes 'B', 'C', 'D', 'E', and 'F', respectively, and made integral parts hereof;

"3. That the Department of Finance issued Department Order No. 18, dated October 20, 1950, implementing Republic Act No. 1916, which Act authorizes the free entry of importations donated to international civic organizations, religious or charitable societies or institutions;

"4. That in pursuance of Republic Act No. 1916, petitioner applied for exemption from all taxes and duties as evidenced by its letter dated January 19, 1960 and February 17, 1960, copies of which letters are hereto attached as Annex 'G' and 'H', respectively, and made integral parts hereof;

"5. That respondent denied said petition for exemption on the ground that said articles are classified as office supplies and equipment in accordance with Department Order No. 18, as embodied in his letter dated February 8, 1960, a copy of which is attached to the petition for review as Annex 'B' and found on page 10 of the BIR records;

"6. That petitioner in the meantime paid the compensating taxes for said articles in the amounts of ₱660.00 and ₱948.00, or a total of ₱1,608.00, as evidenced by Official Receipts Nos. 09743 and 14560, photostatic copies of which receipts are hereto attached as Annexes 'I' and 'J', respectively, and made integral parts hereof;

"7. That in a letter dated May 30, 1960, petitioner requested the refund of the amounts of ₱660.00 and ₱948.00 as compensating taxes, or a total of ₱1,608.00, on the articles in question, a copy of which is hereto attached as Annex 'K' and made an integral part hereof;

"8. That respondent in his decision dated July 19, 1960 denied petitioner's request for refund for the reason that the alleged articles are, for purposes of Department Order No. 18

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classified as office equipment and, therefore, are not embraced within the exempting provision of Republic Act No. 1916, copy of said decision is found on page 21 of the BIR records;

"9. That the only issue involved in this case is the resolution of a legal question, i.e., whether or not the classification made by Department Order No. 18 of the articles to be exempted under Republic Act No. 1916 is valid and binding and in consonance with the intent and purpose of said Republic Act No. 1916."

The only issue, as heretofore mentioned, is whether or not the classification made by the Department of Finance Order No. 18 of the articles to be exempted from tax under Republic Act No. 1916 is valid.

Respondent justifies the collection of compensating tax on the articles in question upon Section 2(b) of Department Order No. 18 (October 20, 1958), which excludes office supplies and equipment from the tax exemption provisions of Republic Act No. 1916. On the other hand, petitioner assails the validity of the order for making distinctions contrary to the clear terms of the tax-exempting statute.

Section 2(b), of Department Order No. 18, in so far as it excludes from the benefits of the tax-exemption provision of Republic Act No. 1916 "x x x office supplies and equipment x x x" is invalid for it restricts the scope and applicability of the law. The following pertinent clauses in Section 1, Republic Act No. 1916, "<u>all donations in any form and all articles</u> imported into the Philippines, x x x <u>shall be exempt from the payment of all taxes</u> and duties upon proof x x x that such donations in any form and articles so imported are donations for its use or for free distribution and not for barter, sale, or hire: x x x," (Underlining supplied) manifestly indicate the expansive intention of Congress. Note that the adjective ALL has been used repeatedly in the said provision to modify the collective nouns DONATIONS and ARTICLES. The lexical meaning of the term "all" is "the whole of; x x x and referring to amount, quantity, extent, duration, quality or degree; as all the wheat, all the year; (2) the whole number or sum of; x x x" (Webster's New International Dictionary, 2nd Ed., p. 67). The law, therefore, embraces "all articles" and "all donations" consigned to the organizations, societies or institutions specified in Republic Act No. 1916, of which petitioner is unquestionably one, provided that the goods have been donated for their use or for free distribution and not for barter, sale or hire. (Commissioner of Internal Revenue vs. Church of Jesus Christ "New Jerusalem", G.R. No. L-15772, October 31, 1961.) As the Supreme Court held, the conditions for tax exemption under the provisions of Republic Act No. 1916 are: (a) that the imported articles must have been donated; (b) that the donee consignee must be "a duly incorporated or established international civic organization, religious or charitable society, or institution for civic, religious or charitable purposes"; and that (c) the articles so imported must have been donated for the use of said organization, society or institution, "or for free distribution and not for barter, sale, or hire" (Commissioner vs. Church of Jesus Christ "New Jerusalem" supra). The importation at bar satisfies all these three conditions because the imported articles in question were donated (Annex E, Stifacts) to petitioner, a duly incorporated religious organization (Annex A, Stifacts), for the religious training and education of its student-priests, and not for barter, sale or transfer to any other person or entity (Annexes F & G, Stifacts). Consequently, Department Order No. 18 is invalid in so far as it is unduly restrictive of the tax exemption benefits of Republic Act No. 1916.

WHEREFORE, the decision appealed from is hereby reversed, and respondent Commissioner is ordered to refund to petitioner the sum of ₱1,608.00, without interest. No costs.

SO ORDERED.

Manila, Philippines, January 17, 1962.

MARIANO NABLE
Presiding Judge

We concur:

AUGUSTO M. LUCIANO
Associate Judge

ROMAN M. UMALI
Associate Judge