

# [ Act No. 1189, July 02, 1904 ]

## **AN ACT TO PROVIDE REVENUE FOR THE SUPPORT OF THE INSULAR, PROVINCIAL, AND MUNICIPAL GOVERNMENTS, BY INTERNAL TAXATION.**

*By authority of the United States, be it enacted by the Philippine Commission, that:*

### ARTICLE I.

#### GENERAL PROVISIONS AND OFFICERS OF INTERNAL REVENUE.

SECTION 1. The short title of this Act shall be "The Internal Revenue Law of Nineteen hundred and four.

SEC. 2. There shall be established a Bureau of Internal Revenue, the chief officer of which Bureau shall be known as the Collector of Internal Revenue. The shall be appointed by the Civil Governor, with the advice and consent of the Philippine Commission, and shall receive a salary at the rate of eight thousand pesos per annum.

The Bureau of Internal Revenue shall belong to the Department of Finance and Justice.

SEC. 3. The Collector of Internal Revenue under the direction of the Secretary of Finance and Justice, shall have general super-intendence of the assessment and collection of all taxes and excises imposed by this Act or by any Act amendatory thereof, and shall perform such other duties as may be required by law.

SEC. 4. The Collector of Internal Revenue shall from time to time and as often as lie deems necessary and not less than once each year, make and submit to the Secretary of Finance and Justice, for transmission to the Philippine Commission, a report of all the proceedings of the Bureau of Internal Revenue and collections and disbursements therein, specifying the source of each item of revenue and the classes of disbursements, will such recommendations as he may see fit to make, and likewise an estimate of the ' expenses of collecting the internal revenue for each province. The expenses of maintaining the office of the Collector of Internal Revenue, including all subordinates and employees of that office, shall be an insular expense to be borne by the Insular Government. But all expenses incurred by provincial treasurers, in pursuance of duties imposed upon them by this Act, shall lie borne by the-several provincial treasuries.

SEC. 5. The Collector of Internal Revenue shall prepare and distribute regulations, directions, and instructions. not in conflict with the provisions of this Act, pertaining to the assessment and collection of internal revenue, and shall provide the necessary forms, instruments, and implements for the purposes aforesaid, and shall distribute, in the manner in this Act provided, adhesive stamps and dies for expressing and denoting the several stamp taxes, or in the case of ad valorem taxes the amount thereof; such regulations, directions, and instructions may be general or local in character and when approved by the Secretary of Finance and Justice shall have the force and effect of law, until revoked or amended.

SEC. 6. The necessary adhesive stamps for the payment of taxes in this Act provided and the necessary blank cédulas shall be printed under the direction of the Treasurer of the Philippine Islands in such designs, denominations, and amounts as the Collector of Internal Revenue shall designate, and shall remain in the custody of the Treasurer of the Philippine Islands and he shall be responsible for them until disposed of as in this Act provided. The Collector of Internal Revenue shall make requisition from time to time upon the Treasurer for such number of blank cédulas and such number and denomination of stamps as may be required, and shall distribute them to provincial treasurers or other collectors of internal revenue as the law requires. The Insular Treasurer and the Collector of Internal Revenue shall each make monthly reports to the Auditor of the number of blank cédulas and stamps received and issued during the preceding month and the number on hand at the close of the month.

SEC. 7. The Collector of Internal Revenue before entering upon the duties of his office shall execute a bond to the Insular Government in the sum of sixty thousand pesos, with sufficient surety or sureties, to be approved by and filed with the Insular Treasurer " conditioned for the faithful performance of the duties of his office and the due accounting for all stamps, cédulas, moneys, and other property that shall come into his possession by virtue thereof. The Insular Treasurer may, from time to time, require that the bond shall be increased or decreased, according as the exigencies of the service require.

SEC. 8. Each provincial treasurer shall transmit to the Insular Treasurer on or before the fifth day of each calendar month all money collected by him during the preceding month on account of internal revenues, except as otherwise specifically provided in this Act. No money so collected, and by this Act properly belonging to the Insular Treasury, shall be retained by any provincial treasurer for the payment of salaries and expenses of his office nor for any other purpose.

SEC. 9. The bond of each provincial treasurer executed by him, as provided for in the Provincial Government Act and its amendments, shall stand as security that he shall faithfully perform the duties of his office as a collector of internal revenue according to law and shall justly and faithfully account for and hand over all public moneys which may come into his possession as such collector.

SEC. 10. The stamps for the payment of internal-revenue taxes issued to any provincial treasurer shall be charged to his account at the full face value thereof, and every provincial treasurer shall make a monthly return to the Collector of Internal Revenue of all stamps sold by him and account for the amount of taxes collected; and every provincial treasurer shall be credited with the full value of taxes collected and remitted by him. The returns herein required of provincial treasurers shall be upon such forms as the Collector of Internal Revenue may prescribe.

SEC. 11. The Collector of Internal Revenue, with the consent of the Secretary of Finance and Justice, whenever in his judgment the good of the service so requires, may employ such number of competent persons as may be necessary to act as inspectors and revenue agents at an annual salary not exceeding four thousand pesos each, and he may at his discretion assign any such inspector or revenue agent to duty under the direction of any officer of internal revenue or to such other special duty as he may deem necessary, and he may at any time assign any

employee in the Bureau of Internal Revenue to perform the duties of inspector or revenue agent.

SEC. 12. Every such inspector or revenue agent shall, under the direction of the Collector of Internal Revenue, see that all laws and regulations relative to the collection of internal-revenue taxes are faithfully executed and complied with and shall aid in the prevention, detection, and punishment of any frauds thereto, and shall examine as to the efficiency of all officers of internal revenue. He shall report in writing to the Collector of Internal Revenue any neglect of duty, incompetency, delinquency, or malfeasance in office of any internal-revenue officer of which he may obtain knowledge, with a statement of all the facts in each case and any evidence sustaining the same. He may, by notice in writing, suspend from duty any gauger or storekeeper. In case of the suspension of any gauger or storekeeper he shall immediately notify the provincial treasurer of the proper province and the Collector of Internal Revenue and within three days hereafter report his action and his reasons therefor in writing to the Collector of Internal Revenue. Should he discover any neglect of duty, incompetency, delinquency, or malfeasance in office of any provincial treasurer in the performance of his duty as a collector of internal revenue, he shall immediately report the facts to the Collector of Internal Revenue and to the Insular Treasurer in writing; and the Collector of Internal Revenue immediately upon receipt of such report shall take all necessary steps to protect the revenue and shall transmit such report to the Secretary of Finance and Justice. All necessary traveling expenses which revenue agents and inspectors incur in the public service shall be paid monthly from Insular funds.

SEC. 13. There shall be appointed by the Collector of Internal Revenue, with the consent of the Secretary of Finance and Justice, such number of internal-revenue storekeepers as may be necessary, who shall, each receive such compensation, not to exceed ten pesos per day, as he shall determine with the approval of the Secretary of Finance and Justice.

SEC. 14. Every storekeeper shall take an oath faithfully to perform the duties of his office and shall give a bond to the Insular Government with sufficient surety or sureties, to be approved by the Insular Treasurer, for the faithful discharge of his duties, in such form and for such amount as the Insular Treasurer may prescribe. Storekeepers shall be assigned, by the Collector of Internal Revenue to such bonded or manufacturer's warehouse established by law as he may deem expedient, and any storekeeper may be transferred by the Collector of Internal Revenue from one warehouse to another.

SEC. 15. The Collector of Internal Revenue, with the consent of the Secretary of Finance and Justice, may appoint as many internal-revenue gaugers as he deems necessary for the service, who shall each take oath faithfully to perform his duties and shall give bond to the Insular Government for the faithful discharge of the duties assigned to him by law or regulations, which bond shall have sufficient surety or sureties and shall be approved by and filed with the Insular Treasurer, who shall fix the amount thereof. The duties of every such gauger shall be performed under the supervision of the provincial treasurer of the province to which he may be assigned, or of a collector of customs in charge of exports and imports in any port of entry to which he may be assigned.

SEC. 16. Gaugers shall be entitled to receive such fees, to be determined by the

quantity gauged, as may be proscribed by the Collector of Internal Revenue by general order; and said fees together with their actual and necessary traveling expenses shall be paid monthly from Insular funds.

SEC. 17. Every internal-revenue officer whose payment, charges, salary, or compensation is composed wholly or in part of fees, allowances, or rewards from whatever source derived, shall be required to render to the Collector of Internal Revenue under regulations to be approved by the Secretary of Finance and Justice, a statement under oath setting forth the entire amount of such fees, emoluments, or rewards of whatever nature or from whatever source received during the time for which said statement is rendered, and any false statement knowingly and willfully rendered shall be deemed willful perjury and punished in the manner prescribed by law for the crime of perjury; and any neglect or omission to render such statement shall be punished by a fine in a sum of not more than one thousand pesos."

SEC. 18. The Collector of Internal Revenue may, with the consent of the Secretary of Finance and Justice, impose the duties of storekeeper and gauger upon one officer where the amount of spirits or other article produced at the distillery or other manufactory is not sufficient, in his judgment, to warrant the employment of two officers to perform the separate duties of storekeeper and gauger. The compensation for said storekeeper and gauger shall be that of storekeeper only.

SEC. 19. It shall be the duty of every provincial treasurer, in case he finds sufficient evidence of a violation of the provisions of this Act, such that a criminal prosecution or proceeding for forfeiture ought to be instituted, to report within ten days to the fiscal of the province a statement of all the facts and circumstances of the case within his knowledge, together with the name of the offender and the names of the witnesses. It shall likewise be the duty of every revenue agent or inspector to make such report to the provincial fiscal in cases of the character named in this section that may come to his knowledge in the performance of his duties; the revenue agent, inspector, or provincial treasurer, as the case may be, shall, at the time of making such report to the fiscal, forward a duplicate thereof to the Collector of Internal Revenue. It shall be the duty of the fiscal in such case to institute and conduct the prosecution, should the facts warrant the same.

SEC. 20. Every provincial treasurer and his authorized deputies and every inspector and revenue agent is authorized to summon witnesses, administer oaths, and to take evidence touching any part of the administration of the law with which he is charged or where such oaths or evidence are authorized by law to be taken. In pursuance of the provisions of this section the officer taking the testimony may issue a subpoena and enforce the attendance of witnesses in the manner provided in Chapter XVI of Act Numbered One hundred and ninety.

SEC. 21. Any officer of internal revenue may be specially authorized by the Collector of internal Revenue to seize any property which may be by law subject to seizure, but such special authority must be limited in respect to the time, place, kind, and class of property as the Collector of Internal Revenue may specify.

SEC. 22. Any officer of internal revenue who divulges to any person or makes known in any other manner than may be provided by law any information derived by him in the performance of his official duties, the trade secrets, operation, style of work, or apparatus of any manufacturer or producer visited by him in the discharge of his

official duties shall be fined in a sum not more than two thousand pesos and be imprisoned for a term not less than one nor more than five years.

SEC. 23. Any internal-revenue officer who is or shall become interested, directly or indirectly, in the manufacture, sale, export, or import of tobacco, snuff, or cigars, or in the distilling, sale, import, export, rectification, or redistillation of distilled spirits, or in the manufacture, export, import, or sale of fermented liquors, shall be fined in a sum not less than one thousand pesos nor more than ten thousand pesos, at the discretion of the court.

SEC. 24. Every officer, employee, or agent appointed and acting under the authority of this Act—

First. Who is guilty of any extortion or willful oppression under color of law; or,

Second. Who knowingly demands other or greater sums than are authorized by law, or receives any fees, compensation, or reward except as by law prescribed for the performance of any duty; or,

Third. Who willfully neglects to give receipts for any sums collected in the performance of his duties, except for sums received for cedulas or stamps sold,, or to perform any of the duties enjoined on him by law; or,

Fourth. Who conspires or colludes with any other person to', defraud the revenues; or,

Fifth. Who willfully makes opportunity for any person to defraud the revenues; or,

Sixth. Who does or omits to do any act with intent to enable any other person to defraud the revenues; or,

Seventh. Who negligently or designedly permits the violation. of the law by any other person; or,

Eighth. Who makes or signs any false entries in any book, or makes or signs any false certificate in any case where he is required to make entry, certificate, or return; or,

Ninth. Who, having knowledge or information of the violation of any provision of this Act by any person, or of a fraud committed by any person on the revenues, fails to report in writing such knowledge or information to his next superior officer and to the Collector of Internal Revenue; or,

Tenth. Who demands or accepts, or attempts to collect, directly or indirectly, as payment, gift, or otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of law, except; as expressly authorized by law, shall be fined in a sum not less than four hundred pesos nor more than ten thousand pesos, or be imprisoned for a term not less than six months nor more than five years, or be punished by both fine and imprisonment, in the discretion of the court. One-half of any fine so imposed shall be for the use of the Insular Government and the other half for the use of the informer, who shall be ascertained and stated in the judgment