

OPINION OF THE SECRETARY OF JUSTICE NO. 217, 1953

The Director
Bureau of Posts
Manila
Sir:

This is with reference to your letter of September 16, 1953, requesting my opinion as to whether or not a fraud order may be issued under the provisions of Sections 1982 and 1983 of the Revised Administrative Code against the San Miguel Brewery for conducting its scheme in which miniature Coca-Cola bottles are distributed in the manner and under the conditions described in your letter as follows:

"Under the cork disc inside some (not all) of the Coca-Cola crown caps is a special marking consisting of the silhouette of a Coca-Cola bottle in a red circle. Five of these specially marked crowns are exchanged with one miniature Coca-Cola bottle which is an exact replica of the regular Coca-Cola soft drink but is only 2 1/2 inches high. The miniature bottle does not contain Coca-Cola but a harmless colored liquid. Marked crowns can be redeemed with any of the familiar Coca-Cola trucks or at the local Coca-Cola bottling plant."

Sections 1982 and 1983 of the Revised Administrative Code provide in part as follows:

"SEC. 1982. Fraud orders.— Upon satisfactory evidence that any person or company is engaged in conducting any lottery, gift enterprise, or scheme for the distribution of money, or of any real or personal property by lot, chance, or drawing of any kind, x x x, the Director of Posts may instruct any postmaster or other officer or employee of the Bureau to return to the person depositing same in the mails, with the word 'fraudulent' plainly written or stamped upon the outside cover thereof, any mail matter of whatever class mailed by or addressed to any such person or company or the representative or agent of such person or company. x x x."

"SEC. 1983. Deprivation of use of money order system and telegraphic transfer service.— The Director of Posts may, upon evidence satisfactory to him that any person or company is engaged in conducting any lottery, gift enterprise, or scheme for the distribution of money, or of any real or personal property by lot, chance, or drawing of any kind, x x x forbid the issue or payment by any postmaster of any postal money order or telegraphic transfer to said person or company or to the agent of any such person or company, x x x."

The purpose of mail fraud orders issued under the above provisions is to prevent the use of the mails as medium for disseminating printed matter which on grounds of public policy has been declared to be non-mailable (Farley v. Heinger, 1939, 105 F. 2d. 79, 308 U.S. 587, 84 L. ed. 491). The object is not to interfere with any rights of the people, but to refuse the facilities of the post office establishment to mail matters defined as objectionable by Congress or found to be so by the postmaster general after hearing (Acret v. Harwood, D.C. Cal. 1941, 41 F. Supp. 492). And lotteries, gift enterprises and other similar schemes are condemned by the statute because of their tendency to inflame the gambling spirit and to corrupt public morals (Com. v. Lund, 15 A. 2d. 839, 143 Pa. Super. 208).

As above provided, a fraud order may be issued against any person or company engaged in conducting a lottery, gift enterprises, or scheme for the distribution of money, or of any real or personal property by lot, chance, or drawing of any kind. The question, therefore, may first be asked, what is a lottery?

The following definition is found in the decisions of the Supreme Court in the case of El Debate vs. Topacio (44 Phil. 278), thus:

"The term 'lottery' extends to all schemes for the distribution of prizes by chance, such as policy playing, gift exhibitions, prize concerts, raffles at fair, etc., and various forms of gambling. The three essential elements of lottery are: First, consideration; second, prize; and third, chance." (U.S. vs. Filart and Singson, 30 Phil. 80; U.S. vs. Olsen and Marker, 26

Phil. 395; U.S. vs. Bagoio, 39 Phil. 962; Valhalla Hotel Construction Company vs. Carmona, 44 Phil. 233).

I believe it the proper approach to the resolution of this case to address myself first to what you consider as the controversial point — whether the miniature Coca-Cola bottle may be deemed a prize in the lottery sense in this particular scheme where the same is being offered. If in the affirmative, then the inquiry can go deeper to determine whether the elements of chance and consideration are present.

As used in connection with anti-lottery laws, the word "prize" comprehends anything of value gained (or, correspondingly, lost) by the operation of chance, or any inequality in amount or value in a scheme of payment of money or other thing of value as a result of the use of chance. The gain need not be large to constitute a prize. The inequality may not be great, nor in favor of the person selected by chance. It may be against him. He need not lose all or gain all. Partial gain (or loss in the hope of gain) is sufficient to constitute a prize (Equitable Loan & Security Co. v. Waring, 44 SE 320, 326, 117 Ga. 599, 62 L.R.A. 93). It is not essential that the prize, if a money one, be a specific amount (Commonwealth v. Wright, 137 Mass. 250, 50 Am. Dec. 306), or that the prize be money (State v. Hahn, 72 F. 2d. 459, 105 Mont. 270), or have a fixed market value (New York City Alms House v. American Art Union, 7 NY 228), or that the value be previously fixed (Public Clearing House v. Coyne, 121 F. 927, 48 L. ed. 1092). The element of prize may exist in a scheme so arranged as to return to each participant something of value, or even an equivalent for all that he pays in (Fitzsimons v. United States, 156 F. 477, 13 L.R.A. [NS] 1095), so that, the fact that there can be no loss to the participants in a scheme does not prevent it from being a lottery when there may be contingent gains (Ballou v. State, 20 A. 184).

It cannot be gainsaid that the miniature Coca-Cola bottles are things of value. They are not things that come from nowhere but are manufactured at the expense of thousands and thousands of pesos to the Coca-Cola Company. Of course you are right in your observation that the value of these bottles should be considered from the point of view of the general public to whom they are offered as an inducement, and not from the standpoint of the manufacturer. But there cannot be any doubt that those miniatures attract the public and are valued by them, especially the children. The fact that no fixed monetary value can be attributed to them, since they are not regularly sold over the counter, is of no moment for it is not essential that prize in lottery, if other than money, should have a fixed market value (New York City Alms House v. American Art Union, supra).

I am thus led to conclude that the miniature Coca-Cola bottles distributed in the manner and under the conditions described in the quoted portion of your letter are prizes in the statutory sense, which, if coupled with the other elements of chance and consideration, as hereinafter to be discussed, would constitute as a lottery the scheme in which they are being offered.

Let us now turn to the other two elements of a lottery — the elements of chance and consideration. The inquiry would be much more difficult were I to attempt a reconciliation of two apparently conflicting decisions of the Supreme Court relied upon by your Office and the proponents of the Coca-Cola scheme. In the case of U.S. vs. Olsen and Marker (36 Phil. 395), the facts of which are too well-known to require their repetition here in detail, the Supreme Court held that the scheme therein involved was not a lottery for the reason that the purchaser of cigarettes obtains full value for his money, and that there was no consideration for the chance to win the prize which was merely incidental. In the later case of El Debate vs. Topacio (44 Phil. 278), one of the main issues before the Court was the question of consideration. To the plaintiff's contention that there was no consideration as the participant received the full value of his money, the Court emphatically said that while this is true as regards persons who subscribe to the El Debate

regardless of the inducement to win a prize, it "is fallacious as to other persons who subscribe merely to win a prize (and it is to such persons that the scheme is directed), for as to them it means the payment of a sum of money for the consideration of participating a lottery."

But prescinding from the apparent repugnancy between those two decisions, I have decided to pass upon this case in the light of the pronouncements of the Supreme Court in the "El Debate" case, not only because it is the later decision, but more so for the reasons that, as in the instant case, it construes the provisions of our Postal Law, while the "Olisen" case involves the application of the Gambling Law. Besides, this Office has, in previous opinions, already stated that the "El Debate" decision is the controlling case in this jurisdiction on whether or not a given scheme constitutes a lottery, gift enterprise, or similar scheme under the Postal Law (See Ops. Sec. of Justice, Nos. 87 & 184, series of 1950).

The applicable decision having been fixed and ascertained, I would be stressing the obvious were I to discuss and belabor herein the fact that the element of chance enters into this scheme of the San Miguel Brewery in the distribution of its miniature Coca-Cola bottles. It has been maintained in some quarters that chance is absolutely wanting as regards those who purchase Coca-Cola by the case, on the assertion and upon the assumption that five bottles with marked crowns are invariably among the twenty-four bottles contained in a case. But aside from the obvious answer that could be given — that the purchase of Coca-Cola by the case is merely an exception, purchase by the bottle being the general rule, — suffice it to cite the pertinent portion of the decision of the Supreme Court that in lottery under the Postal Law, "the element of chance is present even though it may be accompanied by an element of calculation or even of certainty." (El Debate vs. Topacio, supr.)

Applying, too, the principle enunciated in the "El Debate" decision, I am also of the opinion that the basis of the Supreme Court in concluding that the element of consideration is present in the scheme examined and considered in the said case, may also be applied with equal force in the instant case. Persons who buy Coca-Cola merely for the chance to win a miniature Coca-Cola bottle, not because of their desire for the drink, in effect pay a sum of money for the chance to participate in the scheme. (See also Ops., Sec. of Justice, Nos. 87 & 184, series of 1950). Thus, the practice of a bottler in stamping numbers under some of bottle crowns and redeeming such crowns in cash in amount of numbers, in order to advertise its beverages, constitutes lottery within constitutional and statutory inhibitions. (Try-Me Bottling Co. v. State, 178 So. 231, 235 Ala. 207.)

It is emphatically argued that to constitute a prize within the meaning of the anti-lottery statute, the value of the thing offered as prize must be greater than the value of the consideration paid for the chance of winning the same. And upon this proposition, it is vigorously stressed that a miniature Coca-Cola bottle cannot be deemed a prize on the alleged ground that the value of said bottle is less than the amount the public has to pay for the chance of obtaining it. The general premise may be right — that prize in lottery must be something of greater value than the amount ventured therefrom — but I am unable to subscribe to the conclusion deduced therefrom. Such conclusion appears, to my mind, as basically fallacious and the fallacy stems from the misconception that the public actually risks no less than fifty (P50) centavos — the cost of five (5) bottles of Coca-Cola soft drink — as consideration for the chance of obtaining a miniature Coca-Cola bottle. The Coca-Cola soft drink, it should be remembered, has always been sold, both before and after the scheme in question was undertaken, at ten (P10) centavos per bottle. Hence, it is evident that the fifty (P50) centavos referred to by counsel for the San Miguel Brewery represents chiefly the cost of five (5) bottles of the Coca-Cola drink, and only a small portion thereof, uncertain and negligible though it may be, constitutes the consideration hazarded for the chance of winning the prized miniature Coca-Cola bottle.

But assuming, moreover, for the sake of argument, that the scheme in question is not a lottery in the strict legal sense, it is at least a "gift enterprise" as the term is used in the aforesaid provisions of the Revised Administrative Code. Again, I find myself in this connection unable to agree with the theory advanced by the proponents of the scheme that a gift enterprise, to fall within the

purview of the statute, must be in the form or nature of a lottery with all its essential elements and inherent attributes. It is universally recognized that for a lottery to exist, all three elements of prize, consideration and chance must concur. The statute could have simply mentioned "Lottery" as ground for the issuance of a mail fraud order and that alone would be sufficient to embrace within its scope any and all schemes that involve the generally accepted elements of a lottery. But the law does not confine itself to mere lottery; it goes further and mentions "gift enterprise" and "scheme for the distribution of money, or of any real or personal property by lot, chance or drawing of any kind" as among those that may be administratively dealt with thru the issuance of a mail fraud order. Consequently, to adopt the theory of the counsel for the San Miguel Brewery would be to reduce the above-quoted words to mere superfluousities, and would premise the construction of the statute on the unreasonable presumption that the legislature has used those words in vain or left part of its enactment without sense or meaning. It is an elementary rule of construction that effect must be given, if possible to every word, clause and sentence of a statute. A statute should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant (Sutherland, Stat. Const., 3rd Ed., Sec. 4795, p. 339).

A "gift enterprise" in a broad sense is defined as a scheme under which presents are given to purchasers of goods as an inducement to buy (Retail Section of Chamber of Commerce, etc. v. Kieck, 257 NW 493, 128 Neb. 13). In its widest concept, a "gift enterprise" may or may not involve the element of chance. Statutes directed against all gift enterprises whether or not the chance element enters into the scheme, have been held unconstitutional as invading property rights and the freedom to contract (24 Am. Jur., 474). The term, however, is used in our statute in association with the words "lottery" and "scheme for the distribution of xxx by lot, chance, or drawing of any kind", and in consonance with the doctrine of *ocius a sociis*, that the meaning of particular terms in a statute should be ascertained by reference to words associated therewith (Virginia v. Tenn., 148 U.S. 503, 37 L. ed. 537), the law evidently concerns itself with those species of gift enterprises that involve the lottery element of chance. In this restricted sense, therefore, a "gift enterprise" may be aptly defined as a scheme under which goods are sold for their market value but by way of inducement each purchaser is given a chance to win a present or prize (Barker v. State, 193 SE 605, 56 G. App. 705). While it may be conceded that prize in strict lottery must be something of greater value than the consideration risked therefor, the rule will not necessarily be true with respect to a gift enterprise where, as may be reasonably inferred from the definition of the term, the thing given as present or prize would ordinarily be of less value than the article bought. The prize may be of insignificant value as compared with the cost of the article purchased, but so long as the distribution of the prize is determined by lot or chance and the prize is offered as an inducement to buy, the scheme is a gift enterprise within the purview of the statute. It has also been held on good authority that, while it is impossible to lay down an absolute rule as to what constitutes the distinction between lotteries and gift enterprises, a plan will be considered within a statute against gift enterprises if it involves an award by chance without the consideration necessary to constitute the scheme a lottery (Crimes v. State, 235 Ala. 192, 178 So. 73; Russell v. Equitable Loan & Sec. Co., 129 Ga. 154, 58 SE 88, cited in State v. Fox-Great Falls Theater Corporation, 132 P. 2d. 689, 694). Thus, the operation of a so-called "bank night" by which a theater awarded money, after the showing of a moving picture, by lot and in which the public could participate without paying admission or without entering the theater is, if not a lottery, at least a gift enterprise involving lottery principle within the meaning of constitutional provisions condemning lotteries and gift enterprises (City of Wink v. Griffith Amusement Co., 100 SW 2d. 695; See also Barker v. State, 193 SE 605, 56 G. App. 706).

All things considered, it is my opinion that the scheme in question is a lottery, or at least a gift enterprise within the meaning of Sections 1982 and 1983 of the Revised Administrative Code. Your query is therefore answered in the affirmative.

Respectfully,

ROBERTO A. GIANZON
Acting Secretary

REPUBLIC ACTS

(REPUBLIC ACT NO. 900)

AN ACT TO AMEND SECTION TWENTY-EIGHT OF REPUBLIC ACT NUMBERED FOUR HUNDRED NINE, KNOWN AS THE REVISED CHARTER OF THE CITY OF MANILA.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section twenty-eight of Republic Act Numbered Four hundred nine, known as the Revised Charter of the City of Manila, is hereby amended to read as follows:

SECTION 28. *The Bureau of Public Schools.*—The Director of Public Schools shall exercise the same jurisdiction and powers in the city as elsewhere in the Philippines, and the city superintendent of schools shall have all the powers and duties in respect to the schools of the city as are vested in division superintendents in respect to the schools of their divisions.

"The Municipal Board shall have the same powers in respect to the establishment of schools in Manila as are conferred by law on municipal councils.

"The clerical force and assistants and laborers in the Office of the Superintendent of City Schools shall be paid by the city, as well as the office expenses for supplies and materials incident to carrying on said office. The Municipal Board may provide for additional compensations for the Superintendent of City Schools and for other national school officials, teachers and employees in the Division of City Schools so that the Superintendent of City Schools may have a total salary equal to that of a city Department Head of the same importance and the salaries of all other officials and employees in the Division of City Schools performing similar duties and rendering the same kind and amount of work in the city may be equalized. For purposes of Republic Act Numbered Six hundred sixty, the combined salaries received from the National Government and from the city by the Superintendent of City Schools and other national officials, teachers and employees in his office shall be considered as their base pay."

SECTION 2. This Act shall take effect upon its approval.

Approved, June 20, 1953

(REPUBLIC ACT NO. 770)

AN ACT TO CREATE A PUBLIC CORPORATION TO BE KNOWN AS THE SCIENCE FOUNDATION OF THE PHILIPPINES, AND TO DEFINE ITS POWERS AND PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress Assembled:

SECTION 1. This Act shall be known and cited as "The Science Foundation Act of the Philippines".

SEC. 2. The Vice President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, the Majority Floor Leader of the Senate, the Majority Floor Leader of the House of Representatives, the Minority Floor Leader of the Senate, the Minority Floor Leader of the House of Representatives, the Secretary of Health, the Secretary of Education, the President of the Manila Rotary Club, the President of the Manila Lions' Club, the President of the National Federation of Women's Clubs, the President of the Philippine Chamber of Commerce, the President of the Philippine Junior Chamber of Commerce, the President of the American Chamber of Commerce, the President of the Chinese Chamber of Commerce, Manuel V. Arguelles, Conrado Benitez, Agérico B. Sison, Antonio Nubla, Albino Syep, Jose P. Marcelo, Gumer-sindio Garcia and Manuel I. Felizardo, all of Manila, Philippines, their associates and successors, are hereby created a body corporate and politic in deed and in law, by the name, style, and title of "The Science Foundation of the Philippines" (hereinafter called the Corporation). Vacancies among the above charter members shall be filled, and their associates and successors, shall be elected upon the sponsorship of any two of the charter members and the two-thirds secret vote of the others thereof. The principal office of the Corporation shall be in the City of Manila, Philippines.

SEC. 3. The said Corporation shall have perpetual succession, with the power to sue and be sued; to hold such real and personal estate as shall be necessary for corporate purposes, and to receive real and personal property by gift, devise, or bequest; to adopt a seal, and to alter or destroy the same at pleasure; to make and

adopt the by-laws, rules and regulations not inconsistent with the laws of the Philippines, and generally to do all such acts and things (including the establishment of regulations for the election of associates and successors) as may be necessary to carry into effect the provisions of this Act and promote the purposes of said Corporation.

SEC. 4. The purposes of this Corporation shall be:

(a) To initiate, promote, stimulate, solicit, encourage and support basic and applied scientific research in the mathematical, physical, medical, biological, engineering and other sciences, by means of grants, loans, and other forms of assistance to qualified persons and institutions applying for same;

(b) To award scholarships and graduate fellowship in the mathematical, physical, medical, biological, engineering and other sciences;

(c) To foster interchange of scientific information among scientists here and abroad;

(d) To aid in the establishment of adequate scientific laboratories; and

(e) To encourage, protect and aid in the organization of science clubs and societies in the schools and colleges of the Philippines.

SEC. 5. The governing body of said Corporation shall consist of a Board of Trustees composed of residents of the Philippines. Juan Salcedo, Jr., Camilo Osias, Raul T. Luterio, Vidal A. Tan, M. V. Arguelles, Miguel Cuaderno, Sr., Agérico B. Sison, Antonio Nubla, and Jose P. Marcelo, shall constitute the first Board of Trustees: *Provided*, That at all times the majority of the succeeding members of the Board of Trustees shall be persons holding positions in the Government. The members of the Board of Trustees under this charter shall be divided into two groups by lot. The trustees of the first group shall serve for a term of three years, and those of the second group, for six years. Vacancies that may occur in the Board shall be filled, and successors to the first members of the Board of Trustees, shall be elected, by the sponsorship of two charter members and the two-thirds secret vote of the remaining charter members thereof. The Board of Trustees shall have power to make and to amend the by-laws, and, by a two-thirds vote of the whole Board at a meeting called for this purpose, may authorize and cause to be executed mortgages and liens upon the property of the Corporation. The Board of Trustees may, by resolution passed by a majority of the whole Board, designate five or more of their number to constitute an executive committee of which a majority shall constitute a *quorum*, which committee, to the extent provided in said resolution or in the by-laws of the Corporation, shall have and exercise the powers of the Board of Trustees in the management of the business affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. The Board of Trustees, by the affirmative vote of majority of the whole Board, may appoint any other standing committees, and such standing committees shall have and may exercise such powers as shall be conferred or authorized by the by-laws. With the consent in writing and pursuant to an affirmative vote of a majority of the charter members of said Corporation, the Board of Trustees shall have authority to dispose in any manner of the whole property of the Corporation.

SEC. 6. An annual meeting of the charter members, their associates and successors shall be held once in every year after the year of incorporation, at such time and place as shall be prescribed in the by-laws. Special meetings of the Corporation may be called upon such notice as may be prescribed in the by-laws. The number which shall constitute a *quorum* at any annual or special meeting shall be prescribed in the by-laws. The Board of Trustees shall have power to hold their meetings and keep the seal, books, documents, and papers of the Corporation within or without the City of Manila.

SEC. 7. Any donation or contribution which from time to time may be made to the Science Foundation of the Philippines by the Government or any of its subdivisions, branches, offices, agencies, or instrumentalities or from any person or entity, shall be expended by the Board of Trustees in pursuance of this Act.

SEC. 8. Any donation or contribution which from time to time may be made to the Science Foundation of the Philippines shall

be considered allowable deductions on the income of the donor or giver for income tax purposes; and other transactions undertaken by it in pursuance of its purposes as provided in section 4 hereof shall be free from any and all taxes.

Sec. 9. From and after the passage of this Act, it shall be unlawful for any person within the jurisdiction of the Philippines to falsely and fraudulently call himself out as, or represent himself to be, a member of or an agent for the Science Foundation of the Philippines; and any person who violates any of the provisions of this Act shall be punished by imprisonment of not to exceed six months or a fine not exceeding five thousand pesos, or both, in the discretion of the court.

§53. 10. This Act shall take effect upon its approval.

Approved, June 20, 1952.

(REPUBLIC ACT NO. 896)

AN ACT TO DECLARE THE POLICY ON ELEMENTARY EDUCATION IN THE PHILIPPINES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. This Act shall be known as the "Elementary Education Act of 1953."

Sec. 2. In pursuance of the aim of all schools expressed in section five, Article XIV of the Constitution, and as amplified by subsequent legislation, it shall be the main function of the elementary school to develop healthy citizens of good moral character, equipped with the knowledge, habits, and ideals needed for a happy and useful home and community life.

Sec. 3. To put into effect the educational policy established by this Act, the Department of Education is hereby authorized to revise the elementary-school system on the following basis: The primary course shall be composed of four grades (Grades I to IV) and the intermediate course of three grades (Grades V to VII). Pupils who are in the sixth grade of the time this Act goes into effect will not be required to complete the seventh grade before being eligible to enroll in the first year of the secondary school: *Provided*, That they shall be allowed to elect to enroll in Grade VII if they so desire.

Sec. 4. The Secretary of Education may, with the approval of the President, authorize, in the primary grades, the holding of one class, morning and afternoon, under one teacher. In the intermediate grades, classes may be authorized on the basis of two classes under three teachers or of three classes under five teachers. Where there is not enough number of children to meet the minimum requirements for organizing one-grade or two-grade combined classes, the Secretary of Education may authorize the organization of classes with more than two grades each.

Sec. 5. It shall be compulsory for every parent or guardian or other person having custody of any child to enroll such child in a public school, the next school year following the seventh birthday of such child, and such child shall remain in school until the completion of an elementary education: *Provided, however*, That this compulsory attendance shall not be required in any of the following cases: First, when the child enrolls in or transfers to a private school; Second, when the distance from the home of the child to the nearest public school offering the grade to which he belongs exceeds three kilometers or the said public school is not safely or conveniently accessible to the child; Third, when such child is mentally or physically defective in which case a certificate of a duly licensed physician or competent health worker shall be required; Fourth, when, on account of indigence, the child cannot afford to be in school; Fifth, when the child cannot be accommodated because of excess enrolment; and Sixth, when such child is being regularly instructed by its parent or guardian or private tutor, if qualified to teach the several branches of study required to be taught in the public schools, under conditions that will be prescribed by the Secretary of Education.

§53. 6. There is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this Act.

§53. 7. All acts or parts of acts inconsistent with the provisions of this Act are hereby repealed.

§53. 8. This Act shall take effect upon its approval.

Approved, June 20, 1953.

It's high time you think of your income tax. Let, you forget there are new regulations governing this tax and for your benefit this paper is printing here the latest dope there is to it from the bureau of internal revenue. Here goes:

"In connection with the filing of the 1953 income tax returns of both individuals and corporations, the following are being released for the information and guidance of the taxpayers concerned:

1. Rates of individual income tax—The rates on individual income tax for the year 1953 have reverted to the 1949 rate as provided for under Republic Act No. 82 which took effect on January 1, 1946, because the effectivity of the rates provided under Republic Act No. 590, which were enforced from January 1, 1950 to December 31, 1952, has not been extended by Congress. The rates applicable to income of individuals during the year 1953 are as follows:

"For the 1st P200	3%
"P2,000 to P4,000	6%
"P4,000 to P6,000	9%
"P6,000 to P10,000	13%
"P10,000 to P20,000	17%
"P20,000 to P30,000	22%
"P30,000 to P40,000	26%
"P40,000 to P50,000	28%
"P50,000 to P60,000	30%
"P60,000 to P70,000	32%
"P70,000 to P80,000	34%
"P80,000 to P90,000	36%
"P90,000 to P100,000	38%
"P100,000 to P150,000	40%
"P150,000 to P200,000	42%
"P200,000 to P300,000	44%
"P300,000 to P400,000	46%
"P400,000 to P500,000	48%
"P500,000 to P700,000	50%
"P700,000 to P1,000,000	52%
"P1,000,000 to P2,000,000	55%
"P2,000,000 up	60%

"2. Personal exemption—The personal exemption for single individual is P1,800 and for a married person or head of a family, P3,000. The additional exemption for each child below 21 years of age is P600. No proportional exemption is allowed except when the status of the taxpayer changes during the taxable year by reason of his death.

"3. Requirement for filing — All citizens and resident aliens having a gross income of P1,800 or more for the year 1953 are required to file income tax returns on or before March 1, 1954.

"4. Corporations—Corporations are required to pay for the year 1953 the rate of 20% on the first P100,000 net income and 28% on the excess over P100,000 of their net income. These rates have been extended up to December 31, 1954 by Republic Act No. 868.

"5. Withholding taxes on non-resident aliens and non-resident foreign corporations—The rates of withholding taxes are 24% for non-resident foreign corporations and 12% for non-resident alien individuals, unless the income of the latter from Philippine sources exceeds P16,500 in which case the graduated rates under Section 21 of the National Internal Revenue Code will be applied.

"6. Claiming the 10% optional standard deduction—In lieu of all deductions allowed by law, an individual other than a non-resident alien may claim an optional standard deduction of 10% of the gross income of P1,000—whichever is the lesser. The standard optional deduction cannot exceed P1,000. Only one kind of deduction can be claimed, either the itemized deduction or the optional. Both cannot be claimed. If both are claimed, whichever is greater will be allowed.

"Taxpayers are requested to file their income tax returns as early as possible and not to wait for the last day for filing the same in order to avoid the rush and crowd and in order to help the Bureau in processing their returns earlier. Likewise, it is

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