

# EDITORIAL

## TOO MANY TAXES

A careful study of the proposed increase in taxes on the mining industry can not but emphasize the fact that any such measures, if passed, would defeat their own purpose by seriously hindering the development of the mineral resources of the country.

While the mining industry is willing to help the Commonwealth in any reasonable way, it should not be taxed so heavily that the very existence of many companies will be threatened. The present scale of taxes, adopted in November, 1936, was the result of careful planning and represents a rate of taxation that was considered fair to the mining operator and fair to the government.

In 1937 the mining industry paid the government more than ₱3,740,000 in overall taxes and fees; it is estimated that with the increase in gold output taking place this year, the production tax alone will be around ₱2,650,000 in 1938 and ₱3,150,000 in 1939 (as compared to around ₱2,150,000 in 1937). These latter figures represent the tax on gross production alone, and do not take into account income taxes and the many other indirect taxes.

Many of the Philippine gold producers are operating on a small margin of profit. Excessive taxation, and that is what any increase would be, would wipe out that margin and make it impossible

*(Please turn to next page)*

## Table Of Contents

	<i>Page</i>
April—Another Record-Breaking Month	1
Itogon Mining Company .....	1
Marsman Building Corporation Lowest Bid .....	2
Suyoc Consolidated Mining Company...	2
San Mauricio Mining Company .....	2
Operating Costs Lowered .....	4-6
Mining For The Investor .....	7-12
FIRST, FIND A MINE; LOOKING INTO THE EARTH	
United Paracale Mining Company ....	13
Coco Grove, Inc. ....	13
Itogon Vein Systems .....	14-15
Mindanao Mining Company ..	16
Philippine Smelting Company .....	16
Gumaos Goldfields .....	16
Vibro Pile System Demonstration .....	18-19
Coco Grove Working Plan .....	20
Mysteries of Mining .....	22-24
DYNAMITE	
Marsman-Managed Properties .....	26
Editorial—Too Many Taxes .....	27-28

---

## THE MARSMAN MAGAZINE

*Published each month for Marsman & Company, Inc., Marsman Building, Port Area, Manila, Philippines. P. O. Box 297*

*The magazine is sent to all stockholders of Marsman managed properties and to all staff members of the companies associated with the Marsman interests.*

**NOTE:** *All ore values, bullion figures, etc., given in this magazine are expressed in pesos based on gold at \$35.00 an ounce and silver at the market price. Figures given in monthly reports are based on mine assays, and may differ to some extent from final mint or smelter returns.*

**SUBSCRIPTION PRICE, ₱5 A YEAR.**

**RALPH KEELER, Editor and Business Manager**

for them to continue to operation. As the taxes are increased, the income of the various companies will be reduced, and income taxes will be lower. If the tax rates are left as they are, there will naturally be a steady increase in the amount paid as production and income tax. Increased taxation will more than likely mean that gold production will not be increased as is planned at the present. Direct and indirect taxes thus will not increase as they normally will under existing conditions. In addition, the financial benefit to the government resulting from the increased business which will follow higher output will be considerable.

Many companies are now mining and milling low grade ore which would have to be left untouched in the ground if taxes are raised. The government has everything to gain and nothing to lose by encouraging the steady growth of mining.

Around 30,000 people are employed directly in mining, and many more indirectly. During 1937 around ₱18,000,000 was paid in wages and salaries, almost every peso of which was spent in the Islands. The importance of the mining industry to the Commonwealth cannot be emphasized too strongly, especially when it is realized that mining is still in its infancy in the Philippines.

One example of the concrete value of mining to the country is that of one mining company in the Baguio district which is now paying around ₱250,000 a year to the city of Baguio for power which it buys from the city hydro plants. This represents about one-fourth of the entire income of the city (excluding insular aid). Many other similar cases could be given; one has but to visit Baguio, Camarines Norte, Masbate, Surigao, and other mining centers to realize the tremendous impe-

tus mining has given to industry of all kinds.

Further, there is no present need for an increase in taxation. The Commonwealth is receiving millions from the United States this year. Its financial condition is excellent, and there is no sound reason for crippling a young industry by unwarranted tax boosts.

Matters of tax legislation should be thoroughly and carefully studied before any definite action is taken. It is significant to note that recent tax legislation in the United States is now being repealed by Congress because of its defects—an excellent example of the result of too hasty law-making.

The Philippine mining industry has just gone through a period of expansion and construction, that is already resulting in increased production and in increased revenue to the government. This expansion and construction was for the most part based on the assumption that the mining companies would be able to operate under the present tax rate. Any increases in taxation would upset the economic balance of the industry, and thus injure it seriously.

Mining operators do not believe that the government would willfully cripple mining, but they are fully aware of the general lack of understanding of the complexity of mining and of the nature of the problems which confront the operator. Mining is far from being the simple act of taking gold from an underground storehouse. It is a complicated, expensive, highly technical undertaking; and it has been truly said that for every peso taken from the ground at least two pesos have gone into it.

To insure the future of the mining industry, and with it substantial returns to the government, the assembly should not burden the industry with increased taxes.