

Rafferty Vs. Smith, Bell and Co., Ltd.

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Court : US Supreme Court

Decided On : Dec-05-1921

Appeal No. : 257 U.S. 226

Appellant : Rafferty

Respondent : Smith, Bell and Co., Ltd.

Judgement :

Rafferty v. Smith, Bell & Co., Ltd. - 257 U.S. 226 (1921)

U.S. Supreme Court Rafferty v. Smith, Bell & Co., Ltd., 257 U.S. 226 (1921)

Rafferty v. Smith, Bell & Co., Ltd.

Nos. 138, 140, 142

Argued November 10, 1921

Decided December 5, 1921

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CERTIORARI TO THE SUPREME COURT

OF THE PHILIPPINE ISLANDS

SYLLABUS

1. Taxes on the value of exports from the Philippine Islands collected under a Philippine Act, effective July 1, 1916, while duties on such exports were forbidden by the Act of Congress of August 29, 1916, c. 416, 39 Stat. 545, were legalized, ratified, and confirmed by the congressional Act of June 5, 1920, c. 253, 41 Stat. 1015, 1025. P. [257 U. S. 231](#) .

2. This was within the power of Congress (*United States v. Heinszen Co.*, [206 U. S. 370](#)) even where the parties taxed had obtained judgments for restitution in the Supreme Court of the Philippines before the date of the ratifying statute, but where the judgments at that date were still reviewable and subsequently were reviewed in this Court by certiorari. P. [257 U. S. 232](#) .

40 Phil.Rep. 691 reversed.

Certiorari to the Supreme Court of the Philippine Islands for the review of judgments of that court holding illegal the collection of certain taxes and ordering the Collector of Internal Revenue for the Islands, defendant below, to refund them to the present respondents.

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MR. JUSTICE Mc REYNOLDS delivered the opinion of the Court.

These cases turn upon the same question, and were argued together. In our view, they can be disposed of by applying the Act of Congress, approved June 5, 1920, c. 253, 41 Stat. 1015, 1025, without passing upon any other point.

Acting under ostensible authority of 1614, Act 2657, Philippine Legislature, approved February 24, 1916, and effective July 1 thereafter, the Collector of Internal Revenue for the Philippine Islands levied and collected the taxes here challenged upon the value of certain commodities exported from those Islands by respondents between October 1, 1916, and September 30, 1917.

The Supreme Court of the Islands gave judgments for the respondents during March, 1920. Petitions for writs of certiorari filed here in September thereafter, and, within time prescribed by law, were allowed. Act of Congress approved September 6, 1916, c. 448, 39 Stat. 726.

Section 1614, Act 2657:

"All merchants not herein specifically exempted shall pay a tax of one percentum on the gross value in money of the commodities, goods, wares, and merchandise sold, bartered, exchanged, or consigned abroad by them, such tax to be based on the actual selling price or value at which the things in question are disposed of or consigned, whether consisting of raw material or of manufactured or partially manufactured products, and whether of domestic or foreign origin. . . ."

Section 11, Act of Congress, approved August 29, 1916 (Autonomy Act) c. 416, 39 Stat. 545:

"That no export duties shall be levied or collected on exports from the Philippine Islands, but taxes and assessments on

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property and license fees for franchises and privileges and internal taxes, direct or indirect, may be imposed for the purposes of the Philippine government and the provincial and municipal governments thereof, respectively, as may be provided and defined by acts of the Philippine Legislature, and, where necessary to anticipate taxes and revenues, bonds, and other obligations, may be issued by the Philippine government or any provincial or municipal government therein as may be provided by law and to protect the public credit. . . ."

The Act of Congress, approved June 5, 1920, *supra*, provides:

"The taxes imposed by the Philippine Legislature in 1614 of the Act numbered 2657, enacted by that body on February 24, 1916, are legalized and ratified, and the collection of all such taxes made under or by authority of such act of the Philippine Legislature is legalized, ratified, and confirmed as fully to all intents and

purposes as if the same had by prior act of Congress been specifically authorized and directed."

We think the language last quoted was intended to apply to the taxes collected from respondents here called in question, and that it is sufficiently broad to include them. That the enactment is within the power of Congress necessarily follows from the doctrine announced in *United States v. Heinszen & Co.*, [206 U. S. 370](#) , [206 U. S. 386](#) *et seq.*

The judgments below were subject to review here, and the mere fact that the causes had proceeded to such stage gave respondents no higher rights than those possessed by Heinszen & Co., whose action to recover, although instituted prior to the passage of that enactment, was held to have been barred by the Act of June 30, 1906, c. 3912, 34 Stat. 636.

The judgments of the Supreme Court, so far as adverse to Rafferty, the collector, must be reversed, and judgments

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entered here in his favor, but without any allowance for costs either in this Court or in the courts below.

Reversed.

MR. JUSTICE CLARKE concurs in the result.