

## THIRD DIVISION

[ G.R. No. 167962, September 19, 2008 ]

**ANTAM PAWNSHOP CORPORATION, PETITIONER, VS.  
COMMISSIONER OF INTERNAL REVENUE, RESPONDENT.  
CHAMBER OF PAWNBROKERS OF THE PHILIPPINES, INC.,  
PETITIONER-IN-INTERVENTION.**

### D E C I S I O N

**REYES, R.T., J.:**

ARE pawn tickets subject to documentary stamp tax? We resolve the question in this petition for review on *certiorari* of the Decision<sup>[1]</sup> of the Court of Appeals (CA) subjecting pawn tickets issued by petitioner Antam Pawnshop Corporation (Antam) to documentary stamp tax (DST).<sup>[2]</sup>

#### Facts

Petitioner Antam is a duly organized corporation engaged in the pawnshop business. Respondent Commissioner of Internal Revenue (CIR) is the head of the Bureau of Internal Revenue (BIR) whose principal duty is to assess and collect internal revenue taxes.

On October 27, 1999, respondent issued Letter of Authority No. 1998 00001631 authorizing BIR-Revenue District Office No. 32, Quiapo, Manila to examine petitioner's books of accounts and other accounting records for all internal revenue taxes for the period covering January 1 to December 31, 1998.<sup>[3]</sup>

On October 2, 2001, respondent issued a pre-assessment notice for deficiency value added tax (VAT), DST, and minimum corporate income tax (MCIT) for taxable year 1998.

On November 23, 2001, respondent issued Assessment Notices, all bearing the number 32-1-98, with corresponding Demand Letters for petitioner's (a) deficiency VAT in a total amount of P382,445.01;<sup>[4]</sup> (b) deficiency MCIT in the amount of P687.69;<sup>[5]</sup> (c) deficiency DST in the amount of P78,590.00;<sup>[6]</sup> and (d) compromise penalties in the total amount of P28,200, all for the taxable year 1998.

Meanwhile, on November 15, 2001, prior to the issuance of the above Assessment Notices,

petitioner paid P451.24<sup>[7]</sup> for MCIT due for taxable year 1998.

On December 21, 2001, petitioner filed its written protest with the BIR. On July 19, 2002, due to the inaction of the BIR, Antam went up, on petition for review, to the Court of Tax Appeals (CTA).

### **CTA Disposition**

In a Decision dated May 14, 2003, the CTA ordered Antam to pay (1) deficiency VAT in the amount of P382, 445.01,<sup>[8]</sup> (2) deficiency interest of P233.74 for late payment of MCIT,<sup>[9]</sup> and (3) deficiency DST assessment on subscribed capital stock in the amount of P15,000. However, it cancelled the compromise penalty for late payment as there is no compromise to speak of in the case.

The CTA opined that Antam was liable to pay VAT pursuant to Section 102(a)<sup>[10]</sup> (now renumbered as Section 108[A] of the National Internal Revenue Code [NIRC]). The phrase "sale or exchange of services" encompasses the performance of all kinds of services for a fee, remuneration or consideration. The enumeration of persons performing services for a fee is not exclusive. Other persons such as pawnshops which perform services for a fee and which are not expressly mentioned are also subject to VAT. The act of lending money at interest by the pawnshops and selling of pawned items constitute the performance of a service for a fee, remuneration or consideration. The word "including" referring to use or lease of properties should be construed merely as an enlargement and not a limitation.

Further, the CTA held that pawnshop transactions are not among those exempt from VAT under Section 103 (now Section 109) of the NIRC. Neither are there any express provisions of law exempting pawnshops from VAT.

Anent the assessment for deficiency MCIT, since petitioner already paid the basic deficiency MCIT of P451.24,<sup>[11]</sup> it is liable only for the payment of deficiency interest for late payment in the amount of P233.74.<sup>[12]</sup>

Apropos the assessment for DST on pawn tickets, the CTA ruled that pursuant to Section 3 of Presidential Decree (P.D.) No. 114,<sup>[13]</sup> a pawn ticket is neither security nor a printed evidence of indebtedness. Consequently, it cannot be considered as a document subject to DST under Section 195 of the NIRC. However, for failure to present proof of payment of tax, Antam was held liable for DST on subscribed capital stock in the amount of P15,000.00.

Both parties filed their respective motions for reconsideration which were subsequently denied by the CTA.

On October 7, 2003, the CIR filed with the CA a petition for partial review to assail the

cancellation by the CTA of deficiency DST on pawn tickets. On October 9, 2003, Antam also petitioned the CA for review of the CTA decision in so far as it orders Antam to pay VAT on its pawnshop business, DST on subscribed capital stock and deficiency interest for late payment of MCIT.

### **CA Decision**

In its Decision dated January 21, 2005, the CA ruled that pawn tickets are subject to DST. The decretal portion of the decision provides:

**WHEREFORE**, the decision of the Court of Tax Appeals is **REVERSED** insofar as the cancellation of the deficiency documentary tax assessment on the pledge loans is concerned. Respondent is **ORDERED** to **PAY** P31,810.00,<sup>[14]</sup> inclusive of surcharge and interest thereon for the year 1998, plus 20% delinquency interest from December 28, 2001 until fully paid pursuant to Section 249(C) of the NIRC.<sup>[15]</sup>

The CIR contended that a pawn ticket is an evidence of the contract of pledge and thus subject to DST pursuant to Section 195 of the NIRC. A pawn ticket is issued upon receipt of a pawn and should be presented upon redemption.

Antam, on the other hand, argued that for a document to be taxable under Section 195 of the NIRC, the document must show on its face the existence of a debt.

The CA agreed with the dissenting opinion of CTA Justice Juanito Castañeda, Jr. that the pawn ticket is the logical document evidencing a contract of pledge and thus subject to DST pursuant to Section 195 of the NIRC in relation to Section 173.

The CA explained that the DST provided under Section 173 of the NIRC is levied on the documents but in respect to the transaction so had or accomplished. In general, documentary stamp taxes are levied on the exercise by persons of certain privileges conferred by law for the creation, revision or termination of specific legal relationships through the execution of specific instruments. Examples of such privileges include entering into a contract of pledge.<sup>[16]</sup>

The CA ratiocinated that although P.D. No. 114 defines a pawn ticket as neither a security nor printed evidence of indebtedness, the law also acknowledged that pawnshops enter into a contract of pledge.<sup>[17]</sup>

Dissatisfied with the decision of the CA, Antam is now before Us with a petition under Rule 45.

On May 30, 2006, the Chamber of Pawnbrokers of the Philippines (CPPI) filed its motion to intervene and to admit its petition for review in intervention. In a resolution dated July

10, 2006, the Court granted CPPI's motion.

### **Issue**

Submitted for Our resolution is the issue of whether the CA erred in finding the petitioner liable for DST on pawn tickets. If so, what of the surcharges and delinquency interest?

### **Our Ruling**

#### **Pawn tickets are subject to payment of documentary stamp tax.**

It is petitioner's contention, shared by the intervenor, that a pawn ticket, being merely a receipt for a pawn as defined in P.D. No. 114, is not subject to DST under Section 195 of the NIRC. The pawn ticket is neither a security nor a printed evidence of indebtedness. The document to be taxed should be the pledge agreement, if any is issued, and not the pawn ticket. To be subject to DST, they posit that the document must be one of those enumerated under Sections 174 to 198 of the NIRC. In the alternative, should the Court rule otherwise, intervenor CPPI contends that Antam should not be held liable for deficiency interest on DST as it is akin to a mistake in the application and interpretation of a difficult or doubtful question of law.

Respondent CIR, however, argue that a pawn ticket is proof of a contract of pledge. Thus, pawn tickets issued by Antam are subject to DST under Section 195 of the NIRC.

On the prime issue, We rule for respondent.

Focal to this ruling is the correct interpretation of Section 195 in relation to 173 of the NIRC.

*Section 195. Stamp Tax on Mortgages, Pledges and Deeds of Trust.* - On every mortgage or pledge of lands, estate, or property, real or personal, heritable or movable, whatsoever, where the same shall be made as a security for the payment of any definite and certain sum of money lent at the time or previously due and owing or forborne to be paid, being payable, and on any conveyance of land, estate, or property whatsoever, in trust or to be sold, or otherwise converted into money which shall be and intended only as security, either by express stipulation or otherwise, there shall be collected a documentary stamp tax at the following rates: x x x.

*Section 173. Stamp Taxes Upon Documents, Loan Agreements, Instruments and Papers.* - Upon documents, instruments, loan agreements and papers, and upon acceptances, assignments, sales and transfers of the obligation, right or property incident thereto, there shall be levied, collected and paid for, and in respect of the transaction so had or accomplished, the corresponding documentary stamp tax prescribed in the following sections of this Title, by the person making,

signing, issuing, accepting, or transferring the same wherever the document is made, signed, issued, accepted, or transferred when the obligation or right arises from Philippine sources or the property is situated in the Philippines, and at the same time such act is done or transaction had: *Provided*, That whenever one party to the taxable document enjoys exemption from the tax herein imposed, the other party thereto who is not exempt shall be the one directly liable for the tax.

Section 195 of the NIRC imposes, among others, a DST on pledge of personal property made as a security for the payment of a sum of money.

A pledge may be defined as an accessory, real, and unilateral contract by virtue of which the debtor or a third person delivers to the creditor or third person movable property as security for the performance of the principal obligation, upon fulfillment of which the thing pledged with all its accessions and accessories shall be returned to the debtor or third person.<sup>[18]</sup>

Section 3 of P.D. No. 114 defines a pawnshop as a person or entity engaged in the business of lending money on personal property delivered as security for loans. Thus, in essence, a pawnshop enters into a contract of pledge with the pawner or the borrower.

At the time of every loan or pledge, the pawnbroker or the pawnshop is required to deliver to each person pawning or pledging a ticket signed by the pawnbroker containing, among others: (1) the amount of the loan; (2) the date the loan was granted; (3) rate of interest; and (4) the name and residence of the pawnee.<sup>[19]</sup> Failure to do so shall subject the pawnshop to penalties under Section 18<sup>[20]</sup> of said law.

Considering that the pawn ticket issued by the pawnshop should contain the foregoing, the pawn ticket is evidently a proof of a contract of pledge. We agree with petitioner that the law does not consider the pawn ticket as a security nor a printed evidence of indebtedness. However, what is subject to DST is not the ticket itself but the privilege of entering into a contract of pledge.

A documentary stamp tax is in the nature of an excise tax. It is not imposed upon the business transacted but is an excise upon the privilege, opportunity or facility offered at exchanges for the transaction of the business. It is an excise upon the facilities used in the transaction of the business separate and apart from the business itself.<sup>[21]</sup>

In general, documentary stamp taxes are levied on the exercise by persons of certain privileges conferred by law for the creation, revision, or termination of specific legal relationships through the execution of specific instruments. Examples of such privileges, the exercise of which, as effected through the issuance of particular documents, are subject to the payment of documentary stamp taxes are leases of lands, mortgages, pledges, and trusts and conveyances of real property.<sup>[22]</sup>

Thus, there is no basis for petitioner's assertion that a DST is literally a tax on the document and that no tax may be imposed on the pawn ticket.

In the 2006 case of *Michel J. Lhuillier Pawnshop, Inc. v. Commissioner of Internal Revenue*,<sup>[23]</sup> the Court held that for purposes of taxation, a pawn ticket is proof of an exercise of a taxable privilege of concluding a contract of pledge and thus subject to DST under Section 195 in relation to Section 173 of the NIRC, *viz.*:

Pledge is among the privileges, the exercise of which is subject to DST. A pledge may be defined as an accessory, real, and unilateral contract by virtue of which the debtor or a third person delivers to the creditor or to a third person movable property as security for the performance of the principal obligation, upon the fulfillment of which the thing pledged, with all its accessions and accessories, shall be returned to the debtor or to the third person. This is essentially the business of pawnshops which are defined under Section 3 of Presidential Decree No. 114, or the Pawnshop Regulation Act, as persons or entities engaged in lending money on personal property delivered as security for loans.

Section 12 of the Pawnshop Regulation Act and Section 21 of the Rules and Regulations For Pawnshops issued by the Central Bank to implement the Act, require every pawnshop or pawnbroker to issue, at the time of every such loan or pledge, a memorandum, or ticket signed by the pawnbroker and containing the following details: (1) name and residence of the pawner; (2) date the loan is granted; (3) amount of principal loan; (4) interest rate in percent; (5) period of maturity; (6) description of pawn; (7) signature of pawnbroker or his authorized agent; (8) signature or thumb mark of pawner or his authorized agent; and (9) such other terms and conditions as may be agreed upon between the pawnbroker and the pawner. In addition, Central Bank Circular No. 445, prescribed a standard form of pawn tickets with entries for the required details on its face and the mandated terms and conditions of the pledge at the dorsal portion thereof.

Section 3 of the Pawnshop Regulation Act defines a pawn ticket as follows:

"Pawn ticket" is the pawnbrokers' receipt for a pawn. It is neither a security nor a printed evidence of indebtedness.

True, the law does not consider said ticket as an evidence of security or indebtedness. **However, for purposes of taxation, the same pawn ticket is proof of an exercise of a taxable privilege of concluding a contract of pledge. At any rate, it is not said ticket that creates the pawnshop's obligation to pay DST but the exercise of the privilege to enter into a contract of pledge. There is therefore no basis in petitioner's assertion that a DST is literally a tax on a document and that no tax may be imposed on a**

## **pawn ticket.**

The settled rule is that tax laws must be construed in favor of the taxpayer and strictly against the government; and that a tax cannot be imposed without clear and express words for that purpose. Taking our bearing from the foregoing doctrines, we scrutinized Section 195 of the NIRC, but there is no way that said provision may be interpreted in favor of petitioner. Section 195 unqualifiedly subjects all pledges to DST. It states that "[o]n every x x x pledge x x x there shall be collected a documentary stamp tax x x x." It is clear, categorical, and needs no further interpretation or construction. The explicit tenor thereof requires hardly anything than a simple application.

The onus of proving that pawnshops are not subject to DST is thus shifted to petitioner. In establishing tax exemptions, it should be borne in mind that taxation is the rule, exemption is the exception. Accordingly, statutes granting tax exemptions must be construed in *strictissimi juris* against the taxpayer and liberally in favor of the taxing authority. One who claims an exemption from tax payments rests the burden of justifying the exemption by words too plain to be mistaken and too categorical to be misinterpreted.

In the instant case, there is no law specifically and expressly exempting pledges entered into by pawnshops from the payment of DST. Section 199 of the NIRC enumerated certain documents which are not subject to stamp tax; but a pawnshop ticket is not one of them. Hence, petitioner's nebulous claim that it is not subject to DST is without merit. It cannot be over-emphasized that tax exemption represents a loss of revenue to the government and must, therefore, not rest on vague inference. Exemption from taxation is never presumed. For tax exemption to be recognized, the grant must be clear and express; it cannot be made to rest on doubtful implications.<sup>[24]</sup> (Emphasis supplied)

In the motion for reconsideration,<sup>[25]</sup> the Court further ruled in *Lhuillier* that for purposes of Section 195 of the NIRC, a pawnshop ticket need not be an evidence of indebtedness nor a debt instrument because it is taxed as a pledge instrument. Said the Court:

Section 195 of the National Internal Revenue Code (NIRC) imposes a DST on every pledge regardless of whether the same is a conventional pledge governed by the Civil Code or one that is governed by the provisions of P.D. No. 114. All pledges are subject to DST, unless there is a law exempting them in clear and categorical language. This explains why the Legislature did not see the need to explicitly impose a DST on pledges entered into by pawnshops. These pledges are already covered by Section 195 and to create a separate provision especially for them would be superfluous.

Then too, it is the exercise of the privilege to enter into an accessory contract of pledge, as distinguished from a contract of loan, which gives rise to the

obligation to pay DST. If the DST under Section 195 is levied on the loan or the exercise of the privilege to contract a loan, then there would be no use for Section 179 of the NIRC, to separately impose stamp tax on all debt instruments, like a simple loan agreement. **It is for this reason why the definition of pawnshop ticket, as not an evidence of indebtedness, is inconsequential to and has no bearing on the taxability of contracts of pledge entered into by pawnshops. For purposes of Section 195, pawnshop tickets need not be an evidence of indebtedness nor a debt instrument because it taxes the same as a pledge instrument. Neither should the definition of pawnshop ticket, as not a security, exempt it from the imposition of DST. It was correctly defined as such because the ticket itself is not the security but the pawn or the personal property pledged to the pawnbroker.**

The law is clear and needs no further interpretation. No law on legal hermeneutics could change the fact that the entries contained in a pawnshop ticket spell out a contract of pledge and that the exercise of the privilege to conclude such a contract is taxable under Section 195 of the NIRC. The rationale for the issuance of and the spirit that gave rise to the Pawnshop Regulation Act cannot justify an interpretation that obviously supplies an exemption which is simply and clearly not found in the law. Nothing in P.D. No. 114 exempts pawnshops or pawnshop tickets from DST. There is no ambiguity in the provisions thereof; any vagueness arises only from the circuitous construction invoked by petitioner. If then President Ferdinand E. Marcos intended to exempt pawnshops or pawnshop tickets from DST, he would have expressly so provided for said exemption in P.D. No. 114. Since no such exemption appears in the decree, the only logical conclusion is that no such exemption is intended and that pawnshops or pawnshop tickets are subject to DST.<sup>[26]</sup> (Emphasis supplied)

Significantly, the Court notes that BIR Ruling No. 325-88<sup>[27]</sup> which held that the a pawn ticket is not a printed evidence of indebtedness and thus not subject to DST imposed by Section 195 of the NIRC was revoked by BIR Ruling No 221-91.<sup>[28]</sup>

### **Petitioner not liable for delinquency interest and surcharges.**

Nonetheless, all is not lost for petitioner. Good faith and honest belief that one is not subject to tax on the previous interpretation of the government instrumentality tasked to implement the tax law are sufficient justification for petitioner to be spared of interest and surcharges.<sup>[29]</sup>

The dispute as to the tax liability of petitioner for DST on pawn tickets arose not simply because of ordinary divergence of views in the interpretation of the law. Petitioner's position was founded on the previous interpretation of the BIR that a pawn ticket is not a



printed evidence of indebtedness, hence, not subject to DST. That the posture of petitioner is plausible is supported by the fact that even the CTA, the specialized body handling tax cases, sustained its position. It was only recently, in *Lhuillier*, that the Court made a categorical pronouncement that pawn tickets are subject to DST.

Under the said circumstances, the surcharges and delinquency interest imposed on the disputed assessment for DST on pawn tickets must be deleted.

**WHEREFORE**, the petition is **PARTLY GRANTED**. The appealed Decision is **AFFIRMED WITH MODIFICATION** in that surcharges and delinquency interest imposed against petitioner Antam are **DELETED**.

**SO ORDERED.**

*Ynares-Santiago, (Chairperson), Austria-Martinez, Carpio Morales,\* and Chico-Nazario, JJ., concur.*

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\* Designated as additional member vice Associate Justice Antonio Eduardo B. Nachura. Justice Nachura participated as Solicitor General in the present case.

[1] *Rollo*, pp. 26-34. Dated January 31 , 2005. Penned by Associate Justice Mariano C. Del Castillo, with Associate Justices Romeo A. Brawner and Magdangal M. De Leon, concurring.

[2] The Court of Appeals reversed the decision of the Court of Tax Appeals (CTA) dated May 14, 2003 ruling that pawnshop tickets are not subject to documentary stamp tax.

[3] The letter was received by petitioner's representative on October 28, 1999.

[4] Computed as follows:

Unpaid VAT:		
Taxable Sales/Receipts	P2,437,508.00	
Output Tax Due (10%)		243,750.80
Less allowable tax credits/taxes already		
Paid		-
Add: 25% surcharge (non-filing and payment)		
20% interest per annum until 11-29-01		<u>138,694.21</u>
Total Amount Due & Collectible		P 382,445.01

[5] Computed as follows:

Unpaid MCIT:	
Total Income	P2,437,508.00
Less Direct Cost	<u>2,297,934.54</u>
Gross Income	P 139,573.46
2% MCIT due (Sec.27e)	2,791.47
Less paid per return	- <u>2,340.23</u>
Deficiency MCIT due	P 451.24
Add 25% surcharge	
20% interest until 11-29-01	<u>236.45</u>
Total Amount Due & Collectible	P 687.69

[6] Computed as follows:

Pledge Loan (P15,898,350/5,000)	P 63,590.00
Subscribed Capital Stock, Sec. 175	<u>15,000.00</u>
Deficiency Tax Due and Collectible	P 78,590.00

[7] Evidenced by Metrobank Official Receipt No. 091-0014593 dated November 15, 2001 and BIR Payment Form No. 0605 which was received by the BIR on November 15, 2001.

[8] Inclusive of 20% deficiency interest, plus delinquency interest from December 28, 2001 until fully paid pursuant to Sections 248 and 249(B) and (C) of the NIRC.

[9] Pursuant to Section 249(B) of the NIRC, plus delinquency interest from December 28, 2001 until fully paid pursuant to Section 249(C) of the NIRC.

[10] Section 102(a) provides:

Sec. 102. *Value-added tax on sale of services and use or lease of properties.* -  
 (a) Rate and base of tax. - There shall be levied assessed and collected, a value-added tax equivalent to ten percent (10%) of gross receipts derived from the sale or exchange of services, including the use or lease of properties.

The phrase "sale or exchange of services" means the performance of all kinds of services in the Philippines for others for a fee, remuneration, or consideration, including those performed or rendered by construction and service contractors; stock, real estate, commercial, customs, and immigration brokers; lessors of property, whether personal or real; warehousing services; lessors or distributors

of cinematographic films; persons engaged in milling, processing, manufacturing, or repacking goods for others; proprietors, operators or keepers of hotels, motels, resthouses, pension houses, inns, resorts; proprietors or operators of restaurants, refreshment parlors, cafes, and other eating places, including clubs and caterers; dealers in securities; lending investors; transportation contractors on their transport of goods or cargoes, including persons who transport goods or cargoes for hire and other domestic common carriers by land, air, and water relative to their transport of goods or cargoes; services of franchise grantees of telephone and telegraph, radio and television broadcasting, and all other franchise grantees except those under Section 117 of this Code; services of banks, non-bank financial intermediaries, and finance companies; and non-life insurance companies (except their crop insurances), including surety, fidelity, indemnity and bonding companies; and similar services regardless of whether or not the performance thereof calls for the exercise or use of the physical or mental faculties. The phrase "sale or exchange of services" shall likewise include: x x x

[11] Payment was evidenced by Metrobank Official Receipt No. 091-0014593 and Payment Form (BIR Form No. 0605), both dated November 15, 2001.

[12] Twenty percent (20%) deficiency interest from April 15, 1999 up to the date of actual payment on November 15, 2001 computed as follows:

$$P451.24 \times 20\% \times 945/365 \text{ days} = P233.74$$

[13] Otherwise known as the Pawnshop Regulation Act issued on January 29, 1973. Section 3 provides:

"Pawn ticket" is the pawnbrokers' receipt for a pawn. It is neither a security nor a printed evidence of indebtedness.

[14] Computed as follows:

Pledge loans:	P15,898,350.00	
First P5,000		P 20.00
P15,893,350.00/P5,000 =		
P3,178.67		
equivalent to 3179 x		<u>31,790.00</u>
P10.00		
Deficient DST for 1998:		PhP31,810.00

[15] *Rollo*, p. 33.

[16] Citing *Philippine Home Assurance Corporation v. Court of Appeals*, G.R. No. 119446,

January 21, 1999, 301 SCRA 443, 447.

[17] Presidential Decree No. 114 defined a pawn as a personal property delivered by the pawner to the pawnee as security for the loan.

[18] See Civil Code, Arts. 2085, 2087 & 2093.

[19] Section 12 in relation to Sec. 11 of Presidential Decree No. 114 provide:

SECTION 12. *Pawn ticket*. - Every pawnbroker shall, at the time of every such loan or pledge, deliver to each person pawning or pledging any article or thing a memorandum or ticket signed by such pawnbroker and containing the substance of the record required to be kept in such pawnbroker's memorandum book in section eleven hereof, excluding the description of the person so pawning or pledging such article or thing, and no compensation of any kind whatsoever shall be received by any pawnbroker for any such memorandum or ticket.

SECTION 11. *Maintenance of records*. - Every pawnbroker shall keep a memorandum book in which shall be entered, in ink, at the time of each loan or pledge, an accurate account and description, in Pilipino or English with corresponding translation in the local dialect of every pawn, the amount of money loaned thereon, the date of pawning or pledging the same, the rate of interest to be paid on the loan, and the name and residence of each pawner, together with a particular description of such pawner, including his or her nationality, sex, and general appearance, and no pawnbroker or other person shall alter or erase any entry made in such book. Every person pawning or pledging any article or thing with a pawnbroker shall sign his name and give his address to said pawnbroker and such name and address shall be made part of the record heretofore described in this section: Provided, That a person who is unable to write shall imprint his thumbmark, and his name shall be written by a competent person, who shall sign his own name as witness to said thumbmark.

The 2000 Manual of Regulations of Non-Bank Financial Institutions (New Manual) comprises substantially the regulatory issuances of the BSP, as well as those of its predecessor agency, the Central Bank of the Philippines, as they were amended or revised through the years, up to December 31, 1996. Section 4322P provides:

SECTION 4322P. *Pawn Ticket*. - Pawnshops shall at the time of the loan, deliver to each pawner a pawn ticket which shall contain the following:

- a. Name and residence of the pawner;
- b. Date the loan is granted;
- c. Amount of the principal loan;
- d. Interest rate in percent;

- e. Period of maturity;
- f. Description of the pawn;
- g. Expiry date of redemption period;
- h. Signature of the pawnshop's authorized representative;
- i. Signature or thumbmark of the pawner or his authorized representative; and
- j. Such other terms and conditions as may be agreed upon between the pawnshop and the pawner.

[20] SECTION 18. *Penalties*. - A fine of not less than one hundred pesos (P100.00) and not more than one thousand pesos (P1,000.00) or imprisonment for not less than thirty days and not more than one year, or both, at the discretion of the court, shall be imposed for violations of the provisions of this Decree and its implementing rules and regulations: Provided, That if the violation is committed by a corporation, partnership or an association, the penalty provided for in this Decree shall be imposed upon the directors, officers, employees or persons therein responsible for the offense, without prejudice to civil liabilities arising from the criminal offense.

2000 Manual of Regulations of Non-Bank Financial Institutions also provides:

SUBSECTION 4322P.2. *Sanctions*. - Any pawnshop which violates or fails to comply with the requirements of Subsec. 4322P.1 shall pay a fine of P500 and shall be liable for such other administrative sanctions as the BSP may impose. The owner, partner, manager, or officer-in-charge of the pawnshop responsible for the violation or non-compliance shall be jointly liable with the pawnshop.

[21] *Thomas v. U.S.*, 192 US 363; *Nicol v. Ames*, 173 US 509; *Du Pont v. U.S.*, 300 US 150, as cited in *Philippine Home Assurance Corporation v. Court of Appeals*, supra note 16, at 448, and *Lincoln Philippine Life Insurance Company, Inc. v. Court of Appeals*, G.R. No. 118043, July 23, 1998, 293 SCRA 92, 99.

[22] *Philippine Home Assurance Corporation v. Court of Appeals*, supra note 16, at 447.

[23] G.R. No. 166786, May 3, 2006, 489 SCRA 147.

[24] *Michel J. Lhuillier Pawnshop, Inc. v. Commissioner of Internal Revenue*, id. at 153-155.

[25] *Michel J. Lhuillier Pawnshop, Inc. v. Commissioner of Internal Revenue*, G.R. No. 166786, September 11, 2006, 501 SCRA 450.

[26] Id. at 454-456.

[27] Dated July 13, 1988.

[28] Dated October 30, 1991.

[29] *Michel J. Lhuillier Pawnshop, Inc. v. Commissioner of Internal Revenue*, supra note 25, at 460.