

## BOOK REVIEWS

**HOW TO SAVE ESTATE AND GIFT TAXES.** By J. K. LASSER TAX INSTITUTE and RALPH WALLACE. New York, American Research Council, 1955, pp. 310. \$5.95.

"The desire to achieve permanent financial security for your family is a natural incentive for the accumulation of property. Today, however, the ability to build up your estate is not enough to gain your objectives; you must also guard against 'tax lightning' that may strike in the form of estate taxes." Thus the authors very aptly preface their work.

Not infrequently do we think of the tax end of the property only upon the death of the owner, when very little is left to be done by way of minimizing the tax burden, and indeed when the kins are struck by a "tax lightning." To be sure this book is not a lightning rod discovered while flying a kite, as the title of the book would at first glance suggest that it is some kind of a ten-easy-lessons-on-tax-avoidance.

Part I deals specifically with 25 concrete tax saving ideas all within the pale of the law. Parts II and III give the estate and gift tax structure of a quick survey in plain layman's term while part IV gives five standard methods of saving taxes, namely:

1. Avoid a 'second' tax on your property.
2. Split your estate with your wife or husband.
3. Make gifts to people who would eventually get your property anyway.
4. Save tax by gifts to charities.
5. Don't let 'tax lightning' strike your business."

The most useful portion of Part V is that which deals on how to figure the gift tax for past years.

However, caveat is served not to adopt these methods lock, stock and barrel since our tax code differs in some instances from the U.S. tax laws on transfers. While the American law on transfer taxes now deals but on two aspects, our Philippine law still involves a trio: estate tax, inheritance tax and gift tax. And as far as the development of the tax code is concerned, our law on transfers has almost remained unaffected by serious revisions from the time it was copied from the American tax code, save for amendments on the rate schedules. To be more specific, if quantity is an indication of development, the new Internal Revenue Code of 1954 of the United States contains 323 sections on transfer taxes, while our National Internal Revenue Code of 1954 has measly 37 sections on the subject. While the state of our law may not allow the extent of flexibility for tax-wise savings as suggested by this book, in the very least it shows the potential of estate planning in being able to avoid the heavy burden of progressive rates without getting involved in some shady transactions or asking for the intercession of a power that be, as often happens.

It takes more than mere imagination, to skirt, as it were, around the terse provisions of the tax code, enjoying a maximum of deduction here, getting an exemption there, splitting an income when allowed, and yet fully complying with what the law exacts. On the whole Lasser Tax Institute and Ralph Wallace teach a technique which private enterprise has so well polished that one might even be tempted to say that a tax provision or revision aimed at eliminating or lessening avoidance is so much like cutting an arm of an hydra and enabling the growth of two limps elsewhere.

Going thru these schemes of transfers makes one see how distress sales to meet tax obligations could be avoided. But one has to think of estate planning, which has now become a highly specialized skill, long, long before death transfers become imminent. To be effective even as early as the period when investments are about to be made, estate planning should be considered so that the assets accumulated for a lifetime would be less hit by tax levies aimed at the levelling of income.

This book has sampled thru the whole gamut of asset accumulating ventures as in fact it deals on transfers in contemplation of death, an interesting study by itself, trusts and general power of appointment, wills, insurance, gifts, the remainderman method, family corporations, and other techniques of minimization. And if this simplified volume shall have emphatically driven home the importance and profitableness of estate planning, well-thought and long-drawn, then we have inched some distance by way of developing our tax attitudes.

And then perhaps, too, these practical easy guides to assure the family's security make the tax collector a little less unpopular.

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THE LEGISLATIVE PROCESS OF LOCAL GOVERNMENTS. By JUAN F. RIVERA.† University of the Philippines Press, Inc., Quezon City. Copyright 1956, First Edition, Pp. xvi, 392. Appendices. Bibliography. Index. ₱17.00.

It is lamentable to note, to say the least, that a majority of our citizens pay little or no attention to their local government. Instead, their thoughts have always been directed towards the national government. Perhaps, it is with reason that a citizen attaches more importance to his national government than to his municipal government. But when we consider the fact that it is the local police force which protects our lives and property, that it is the sanitary officer who looks after our health, that it is the fire department which protects us from the ravages of a fire, we cannot but realize just how deeply the local government affects our daily life.

What a relief, therefore, it is to find a legal scholar able to spare the necessary time to make a thorough study of the legislative process of local governments. The result of that study is the book under review. Thus, Professor Rivera has performed a singular public service by this informative dissertation.

Professor Rivera departs from the traditional approach to the study of local governments by singling out one aspect of local government—the legislative process. The importance of the local legislature cannot be overemphasized. It is the local legislature that “the social conscience of the community” is voiced. Through it, “the will for growth, development, and safety of 28 cities, 53 provinces, 1129 municipalities, and municipal districts” is expressed.

The book opens with a general consideration of the legal status of local governments in our scheme of constitutional government. The reader is cau-

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† Author of LAW OF PUBLIC ADMINISTRATION which was approved as textbook in political science by the Bureau of Private Schools and as reference book in social science in the secondary, normal and technical schools by the Bureau of Public Schools, the author is an alumnus of the University of the Philippines and of the University of Wisconsin, is a member of the faculty of instruction of the College of Law and of the Graduate School of the University of the Philippines on special detail from Office of the President of the Philippines.

tioned to bear in mind always that the Philippine Constitution adopts a system of local governments and rejects the idea of a municipality in a position of an "*imperium in imperio*" or local self-government as developed in the United States. Awareness of the differences between the two systems is essentially important because in the former "the local legislative process operates under certain form of control or review or supervision by central government authorities" while the latter is autonomous and functions without such controls.

Professor Rivera discusses the local legislative process with clarity and precision. He discusses separately the local legislative power as vested in the provincial board, municipal or city council, municipal board and municipal district council. The local legislative bodies are classified according to popular representation since their composition and organization are not uniform. The processes and principles in local legislation are, however, similar in all levels. "Differences lie in details and extent of jurisdiction or power granted to each local unit by the national legislature."

Professor Rivera does not forget the barrios and barrio councils which have been recently inaugurated. "An understanding of them is of the greatest importance for the national welfare, because traditional modes of thought, rural values, and rural institutions are fundamental in our political, social and economic system. They penetrate deeply into our urban life."

Appropriately included is a summary treatise on parliamentary procedure. It is common knowledge that the confusion and disorder that often attend council meetings are due to the utter ignorance of local legislators of the fundamentals of legislative procedure. A working knowledge of the rules of parliamentary procedure is indispensable—the better to preserve order, decency, and regularity in a dignified public body. This volume is a most helpful and desirable contribution to the improvement of our local legislative bodies.

Of equal importance is the ability to frame ordinances which are concisely and simply worded but comprehensive enough to make the legislative intent clear. Due process of law requires that an ordinance must be "plain and free from ambiguity and conveys a definite and sensible meaning" because an ordinary citizen is not expected to guess just what are his rights and obligations under an ordinance. As an aid to the local legislators, Professor Rivera makes several recommendations on the technique of intelligent drafting of ordinances. Special emphasis is placed on form and presentation of subject matter. Some practical guides on the apt use of language and grammar are also given. "Where the language is uniform and exact, the intent will be clear, the citizen will know what the rule requires, the judge will not have the duty to reconcile contradictory terms nor be forced to judicial legislation by ambiguous provisions."

Within this book is a wealth of factual information on a subject of lasting interest to local legislators, law practitioners, professors and students and citizens alike. In order to appreciate fully the lasting values of this book, one must read it with the same effort and care that the author exerted in its preparation.

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