

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

COLOGATE-PALMOLIVE
PHILIPPINES INC.,
Petitioner,

- versus -

C.T.A. CASE NO. 2293

COMMISSIONER OF INTERNAL
REVENUE,
Respondent.

X - - - - - X

6/10/74

D E C I S I O N

This is an appeal from the decision of respondent holding it liable for deficiency income tax for the year 1968 amounting to P395,188.30, including interest, surcharge and "compromise" penalty. The said deficiency assessment was the result of the application of the increased rates of corporate income tax to the income of petitioner from July 1 to December 31, 1968, as provided in Republic Act No. 5431.

Petitioner contested the assessment on the ground that the increased rates of corporate income tax provided in Republic Act No. 5431 did not apply to its income from July 1 to December 31, 1968, but only from January 1, 1969, pursuant to Section 10 of said Act which provides:

Sec. 10. The provisions of this Act shall apply to income for taxable years beginning after June 30, 1968.

There is no question that petitioner is keeping its books of account and filing its income tax returns on the calendar year basis. As a calendar year corporation, the beginning of its "taxable year" after June 30, 1968 is

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January 1, 1969 and not July 1, 1968. Therefore, respondent erred in applying the new rates of corporate income tax on the income of petitioner for the period from July 1 to December 31, 1969. (See the Manila Times Publishing Co., Inc. v. Commissioner of Internal Revenue, C.T.A. No. 2253, December 17, 1973, cert. denied in G.R. No. L-38154, May 10, 1974; Rural Bank of Camiling v. Commissioner of Internal Revenue, C.T.A. No. 2041, March 1, 1974, cert. denied in G.R. No. L-38476, May 10, 1974; Zamboanga Wood Products, Inc. v. Commissioner of Internal Revenue, C.T.A. No. 2053, June 3, 1974.)

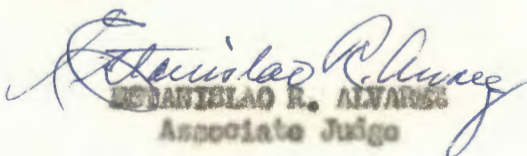
WHEREFORE, the decision appealed from is hereby reversed. No costs.

SO ORDERED.

Quezon City, June 10, 1974.


ROMAN M. UMALI
Presiding Judge

WE CONCUR:


DANIEL R. ALVAREZ
Associate Judge


RAMON L. AVANCEÑA
Associate Judge