REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

PHILIPPINE MATCH CO., LTD.,
Petitioner,

- versus -

C.T.A. CASE NO. 2422

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

x - - - - - - - - - - - - - - x

D E C I S I O N

Petitioner, a corporation filing its income tax returns on the calendar year basis, was required by respondent to pay the sum of ₱164,707.98 as deficiency income tax and delinquency penalties for the year 1968. The deficiency assessment is due to the application, effective July 1, 1968, of the new corporate income tax rates of 25% and 35% prescribed in Republic Act No. 5431, which increased the old rates provided in Section 24 of the Revenue Code.

Section 10 of Republic Act No. 5431 provides that the increased rates of corporate income tax prescribed in said Act "shall apply to income for taxable years beginning after June 30, 1968". As petitioner is filing its income tax returns on the calendar year basis, the new rates of corporate income tax should apply to its income beginning January 1, 1969 and not July 1, 1968. However, respondent contends that the new rates of corporate income tax should apply to income of all corporations effective July 1, 1968, whether or not

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they are calendar year or fiscal year corporations.

The issue raised in this case is already well settled. In previous cases involving the same issue, it was held that the increased rates prescribed in Republic Act No. 5431 are applicable to income of calendar year corporations beginning January 1, 1969 and not July 1, 1968 as interpreted by respondent. (The Manila Times Publishing Co., Inc. v. Commissioner of Internal Revenue, C.T.A. No. 2263, December 17, 1973, certiorari denied in G.R. No. L-38154, May 10, 1974; Zamboanga Wood Products, Inc. v. Commissioner of Internal Revenue, C.T.A. No. 2053, June 3, 1974; Colgate Palmolive Phil., Inc. v. Commissioner of Internal Revenue, C.T.A. No. 2293, June 10, 1974; Philippine Aviation Corp. v. Commissioner of Internal Revenue, C.T.A. No. 2195, August 5, 1974; First Insular Bank of Cebu v. The Commissioner of Internal Revenue, C.T.A. No. 2262, August 29, 1974; Tabacalera Insurance Co., Inc. v. Commissioner of Internal Revenue, C.T.A. No. 2081, November 20, 1974.)

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

SO ORDERED.

Quezon City, February 19, 1975.

ROMAN M. UMALI
Presiding Judge

WE CONCUR:

ESTANISLAO R. ALVAREZ
Associate Judge

RAMON L. AVANCEÑA
Associate Judge