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REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

DATAPREP (PHILS.), INC.,
Petitioner,

- versus -

C.T.A. CASE NO. 3600

COMMISSIONER OF INTERNAL
REVENUE,
Respondent.

x - - - - - x

3/30/84

D E C I S I O N

An action to enforce a claim for a refund of alleged erroneously or wrongfully withheld taxes at source under the provisions of the Expanded Withholding Tax Regulations, which implements P.D. 1351.

As it appears, petitioner Dataprep (Phils.) Inc., a domestic corporation, filed with the respondent Commissioner of Internal Revenue written claims for refund in letters dated February 24, 1983 (Annex "C") and March 11, 1983 (Annex "D") in the respective amounts of ₱172,869.29 and ₱281,718.57 or a total of ₱454,587.86 representing taxes withheld thru its withholding agents from receivable income during the tax years 1980-81 and 1981-82 pursuant to Revenue Regulations No. 13-78 as amended by Revenue Regulations No. 6-79. In support therefor, petitioner avers that losses were incurred over and

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above the amount sought to be refunded as shown in the income tax returns for the said taxable years (Annexes "A" and "B"); that it is not expected to realize profit for the current year of business operations; that the tax withheld and deducted, herein sought to be refunded, was duly declared as part of petitioner's gross income for the years aforementioned; that the fact of withholdings was duly receipted by its payors as evinced by copies of the Income Tax Receipts (BIR Form No. 1743); and, to hedge against the running of the statutory period of limitation petitioner filed this petition on March 21, 1983.

It does appear in the instant case that petitioner's Income Tax Returns for the fiscal years ended March 31, 1981 and March 31, 1982 fairly disclose losses incurred over and above the taxable amount sought to be refunded (Exhs. "A" and "B"); that its various customers (Exh. "C") withheld and deducted amounts on petitioner's income as covered by such requisite statement or certification pursuant to Revenue Regulations No. 13-78 as amended by Revenue Regulations No. 6-79 aggregating the sum of ₱454,587.86. (Exhs. "D", "D-1" and "D-2"; "E", "E-1" and "E-2"; "F"; "G"; "H"; "I"; "J"; "K"; "L"; "M"; "N"; "O"; "P"; "Q"; "R", "R-1"; "S", "T", "T-1";

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"U", "U-1" and "U-2"; "V" and "V-1"; "W"; "X"; "Y";
"Z"; "AA"; "BB"; "CC", "CC-1" to "CC-4"; "DD", "DD-1"
to "DD-9"; "EE"; "FF", "FF-1" to "FF-4"; "GG", "GG-1"
to "GG-20"; "HH"; "II"; "JJ"; "KK"; "LL"; "MM"; "MN",
"MN-1" to "MN-11"; "OO", "OO-1"; "PP"; "QQ"; "RR";
"SS", "SS-1" to "SS-7"; "TT", "TT-1" to "TT-5"; "UU";
"VV"; "WW"; "XX"; "YY"; "ZZ" and "ZZ-1"; "AB", "AB-1"
to "AB-8"; "AC", "AC-1" to "AC-9"; "AD", "AD-1" to
"AD-13"; "AE"; "AF"; "AG"; "AH"; "AI"; "AJ"; "AK";
"AL"; "AM"; "AN"; "AO"; "AP", "AP-1" to "AP-8"; "AQ",
"AQ-1" to "AQ-10"; "AR", "AR-1" and "AR-2"; "AS";
"AT", "AT-1" to "AT-3"; "AU"; "AV", "AV-1" and "AV-2";
"AW"; "AX"; "AY"; "AZ" and "AZ-1"; "BA"; "BC", "BC-1"
to "BC-9"; "BD", "BD-1" to "BD-11"; and "BE").

It does not appear that respondent disputes the relatively simple material facts except that the same are as yet to be verified but takes issue on the refundability of the amounts withheld on banks' interest (Exhs. "U", "U-1" and "U-2"; "Z"; "AA"; "BB"; "CC", "CC-1" to "CC-4"; "GG-10" to "GG-20"; "II"; "NN", "NN-1" to "NN-11"; "YY"; "AB", "AB-1" to "AB-8"; "AD", "AD-1" to "AD-13"; "AE"; "AQ", "AQ-1" to "AQ-10"; "BC", "BC-1" to "BC-9"; "BD", "BD-1" to "BD-11") on the ground that under P.D. No. 1739 payment of interest is final on bank deposits and therefore not creditable. Respondent poses no objection however in having the

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case submitted for decision on the basis of petitioner's evidence and the pleadings.

The question here presented is whether, under the circumstances, petitioner has established a valid claim to a refund of the taxes withheld and deducted but which towards the end of the hearing the verification thereof seems dawdled over minutiae.

The records makes it clear that petitioner's income tax returns for the taxable years in question have shown losses. Respondent has not issued any deficiency assessment nor disputed the correctness thereof. The requisite statement or certification of the amounts withheld and deducted by petitioner's customers thru which the respondent collected the taxes and upon which tacked the claim for refund could furnish the satisfaction of definite resolution. Respondent points to no factual error nor superfluities which need be abridged except for the non creditability of taxes on bank interest payments as earlier pointed out. As thus shown the basis of the claim is not short of specific support in terms of tractable data openly laid and fully disclosed for any legitimate analysis, doubt and objection but action thereon appears consigned in a limbo of lingering verification to date. We see no reason and none is vouchsafed why a simple case, where fact and fabrication are no longer indistinguishable, should remain

curiously unperturbed. It may be necessary to repeat what this Court said in what so plainly apply to the case at bar that, "But as should be expected, the action could be maintained on the basis of the pleadings, admission and affidavit of the parties which neither provokes any unsettling questions nor involves material factual issues genuinely in dispute. The administrative machinery or process employed on the right to the claim seems to have moved barely at idling speed. To be relatively quiescent for some four (4) years on a claim of such a simple nature and not so considerable a stake which no longer incites controversy nor excites a queasy sense of expectation, creates but an unwarranted bureaucratic inertia of inaction. Readily a legal conclusion can be safely reached. Petitioner or any similarly circumstanced taxpayer for that matter deserves a measure of fair dealing in a more expeditious and competently responsive action." (Commonwealth Pacific Consultants, Ltd., v. Commissioner of Internal Revenue, CTA Case No. 2953, May 15, 1982). The circumstances obtaining in the case at bar compel us to sustain the tenability of petitioner's right to the refund based on the evidence and pleadings.

Moreover, this Court cannot coyly acquiesce to labor in chronic curiosity and thus serve as a "wailing

wall" for the petitioner's predicament to the sufferance of that "well known policy of the court to expedite the disposal of cases to prevent their dockets from being clogged, and it is incumbent upon the parties to take the initiative in the prompt disposal of cases as a duty to themselves, to the court and to the public in general." (Masiglat v. Mayor of Pasay, 104 Phil. 319 cited in 101 SCRA 644). And, if "taxes are the lifeblood of government and their prompt collection and certain availability are an imperious need" and therefore, "must be paid immediately without delay", in the same token and for reasons deemed hardly less imperative and important, a taxpayer is equally entitled to a definite resolve on a claim likewise responsive to his needs. Petitioner in the case at bar deserves no different treatment. In a manner of speaking, need we kill the goose prematurely by lapses of fairness?

We conclude and this is all we need decide that petitioner has fared consistent with the requirements of law and regulations in establishing its right to the claim, except the tax withheld on bank interest which shall be deducted from the amount sought to be refunded as validly objected by the respondent.

WHEREFORE, as above-qualified, respondent is

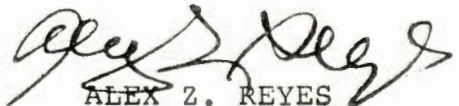
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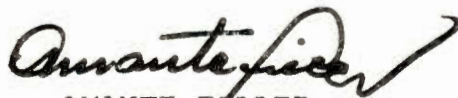
hereby ordered to grant the refund to the petitioner
without pronouncement as to costs.

SO ORDERED.

Quezon City, Metro Manila, March 30, 1984.


ALEX Z. REYES
Associate Judge

WE CONCUR:


AMANTE FILLER
Presiding Judge


CONSTANTE C. ROAQUIN
Associate Judge