REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

REPUBLIC GLASS CORPORATION,
Petitioner,

versus

C.T.A. CASE NO. 2291

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

June 14/75

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DECISION

Petitioner appealed from the decision of respondent holding the former liable for the payment of the sum of ₱213,930.90, as deficiency income tax for the fiscal year ended March 31, 1969, including interests thereon.

Petitioner is keeping its books and filing its income tax returns on the fiscal year basis. For the taxable year 1968, it filed its income tax return covering an eleven month period commencing May 1, 1968 to March 31, 1969,[1] and paid its income tax under the old rates of 22% and 30%, prescribed in Section 24 of the Revenue Code, prior to its amendment by Republic Act No. 5431, and pursuant to Section 10 of said Act which provides that the "provisions of said Act[2] shall apply to income for taxable years beginning after

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[1] The return for a period short of twelve months was filed apparently because of a change in petitioner's accounting period.

[2] Republic Act No. 5431 increased the rates of corporate income tax from 22% and 30% to 25% and 35%.

June 30, 1968." However, respondent computed the income tax of petitioner for the said period based on the new rates of 25% and 35% with respect to its income beginning July 1, 1968. As a result, respondent assessed against petitioner a deficiency income tax of ₱213,930.90, inclusive of interest.

Petitioner requested the withdrawal and cancellation of said assessment on the ground that it is not subject to the increased rates of 25% and 35% under Republic Act No. 5431, effective July 1, 1968, but only from April 1, 1969, as the latter date is the beginning of its taxable year after June 30, 1968.

The sole issue in this case is purely one of law, i.e., whether or not the increased rates of corporate income tax prescribed in Republic Act No. 5431 should apply to petitioner's income earned from July 1, 1968.

As the beginning of the taxable year of petitioner after June 30, 1968 is April 1, 1969 and not July 1, 1968, it was erroneous for respondent to apply the new corporate income tax rates to the income of petitioner from July 1, 1968. (See Manila Times Publishing Co., Inc. v. Comm. of Int. Rev., C.T.A. Case No. 2263, Dec. 17, 1973, certiorari denied in G.R. No. L-38154, May 10, 1974.)

WHEREFORE, in line with the decision of this

DECISION -
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Court in Manila Times Publishing Co., Inc., supra, the decision appealed from is hereby reversed.

SO ORDERED.

Quezon City, June 1~~2~~, 1975.

R M Umali
ROMAN M. UMALI
Presiding Judge

WE CONCUR:

Estanislao R. Alvarez
ESTANISLAO R. ALVAREZ
Associate Judge

Ramon L Avanceña
RAMON L. AVANCEÑA
Associate Judge

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