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REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

PLANTERS PRODUCTS AGRICULTURAL COOPERATIVE MARKETING & SUPPLY, INC. (formerly Esso Standard Fertilizer and Agricultural Chemical Co., Inc.),
Petitioner,

versus

C.T.A. CASE NO. 2377

BOARD OF ASSESSMENT APPEALS, Province of Bataan,
Respondent.

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Aug 12/75

D E C I S I O N

This is an appeal from the decision of the Provincial Board of Assessment Appeals of Bataan upholding the assessment made by the Provincial Assessor of the same province as regards certain machineries installed by petitioner in its fertilizer plant in Limay, Bataan.

On November 14, 1966, petitioner filed tax declarations covering certain machineries installed in its fertilizer plant in Limay, Bataan. Under Section 3(f) of the old Assessment Law (Com. Act No. 470, as amended), machinery used for industrial, agricultural or manufacturing purposes was exempt from the real property tax during the first five years of operation. Based on the tax declarations filed by petitioner, the Provincial Assessor of Bataan assessed the said machineries for taxation beginning with the year 1971, after five years of operation of said machineries counting from the year 1966. Petitioner contested the assessment on the ground that the said machineries started operating only from October, 1966, and the five-year exemption period should start from 1967. Accordingly, it is argued that the machineries should be taxed starting from 1972, and not from 1971. Petitioner's protest having been denied, it appealed to the Provincial Board of Assessment Appeals of Bataan which sustained the assessment. At the same time, the Provincial Board of Assessment Appeals expressed the view that the appeal of petitioner was filed out of time.

The parties, however, submitted on March 11, 1975, a compromise agreement which reads as follows:

> COME NOW the parties in the above-entitled case, through their respective counsels, and to this Honorable Court respectfully submit the following Compromise Agreement:
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> 1. That the only issue left for the parties to thresh out in this case is whether or not the rate of depreciation of the machineries of the petitioner should be 8% or 10% a year, for the period from 1966 to 1970, the payment of the realty taxes therefor to commence in 1971;
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> 2. That there is now also pending before the Local Board of Tax (Assessment) Appeals of Bataan, entitled "Planters

Products (Phil.) Inc. vs. The Provincial Assessor of Bataan", docketed as Assessment Appeal No. 74-2, where the issue is likewise that of depreciation rates;

3. That so as not to delay the disposition of this case before this Honorable Court of Tax Appeals, the parties herein have entered into a Compromise Agreement as follows:

a. Petitioner Planters Products Inc., will pay the Province of Bataan immediately after this Compromise Agreement is approved by this Honorable Court and has rendered its decision based thereon, the amount of ₱150,000.00 as payment of the realty taxes due on its machineries for the period covering October 1, 1971 up to and including December 31, 1971, which represents the unpaid realty taxes for that year after the 5-years' tax holiday from 1966;

b. The Province of Bataan waives the realty taxes on these machineries for the period from January 1, 1971 to September 30, 1971, considering that during the first nine (9) months of operation in 1966, petitioner's fertilizer plant was never in commercial operation, but only on test runs;

c. Petitioner will also deposit with the Office of the Provincial Treasurer of Bataan, the amount of ₱35,118.2o upon the rendition of the decision by this Honorable Court based on this Compromise Agreement, to answer for any additional realty taxes on these machineries in the event that the Local Board of Tax (Assessment) Appeals of Bataan in Assessment Appeal Case No. 74-2, will finally decide that the depreciation rates allowable to the petitioner herein is only 8% and not 10% a year;

d. Should the Local Board of Tax (Assessment) Appeals of Bataan in Assessment Appeal Case No. 74-2, finally decide that the depreciation rate should only be 8%, then the deposit of ₱35,118.20 shall go to the Province of Bataan, in full payment of the tax liability of the petitioner for the last quarter of 1971;

e. Should the decision of the Local Board of Tax (Assessment) Appeals for Bataan, however, shall be that the depreciation rate is 10%, then this deposit of ₱35,118.20 will be credited to the petitioner herein and applied to its future tax liabilities to the province.

WHEREFORE, it is respectfully prayed by the parties herein that this Compromise Agreement be approved by this Honorable Court and that a decision based thereon be rendered.

Finding the aforesaid compromise agreement fair and reasonable, the same is hereby approved.

SO ORDERED.

Quezon City, August 12, 1975.

ROMAN M. UMALI
Presiding Judge

I CONCUR:

RAMON L. AVANCEÑA
Associate Judge

Associate Judge ESTANISLAO R. ALVAREZ
is on leave.

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