Library

Republic of the Philippines
COURT OF TAX APPEALS
Manila

CENTRAL AZUCARERA DON PEDRO,
Petitioner,

June 29, 1964

- versus - C.T.A. CASE NO. 1278

COMMISSIONER OF INTERNAL
REVENUE,
Respondent.

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

D E C I S I O N

The petitioner, a domestic corporation, with offices at Nasugbu, Batangas, is keeping its books and filing income tax returns on the fiscal year basis ending on August 31 each year. For the fiscal years 1955 to 1958 it filed its income tax returns and paid the income tax as shown in said returns. However, upon examination of its books and records, a deficiency income tax was assessed for each of said years, plus interest at the rate of 6% per annum from June 20, 1959 to the date of assessment. Petitioner does not contest the legality of the deficiency assessment for each of the years involved; what is contested is the validity of the collection of interest at the rate of 6% per annum in addition to the deficiency income tax.

It is contended on behalf of petitioner that the interest at the rate of 6% per annum on deficiency income tax has been imposed by Republic Act No. 2343 (amending, among others, Section 51 of the Revenue Code), which took effect on June 20, 1959. Therefore, the amendatory law relating to the imposition of said interest cannot apply to deficiency income tax assessed in connection with income earned prior to the effectivity of said law, as in the instant case which involves deficiency income tax for fiscal years 1955 to 1958. This question has already been resolved by this Court in Heald Lumber Company v. Padilla, C.T.A. No. 1222, March 23, 1964, wherein it was held:

> After a careful consideration of the question, we are of the opinion that the decision of respondent is more in accord with law. The deficiency assessment was made on November 24, 1961, after the effectivity of Republic Act No. 2343. The new law is, therefore, applicable to the assessment of the deficiency tax against petitioner for the year 1953. We think Congress has full power to provide for payment of interest on delinquency taxes which should have been paid before the enactment of the law prescribing payment of interest but assessed after the new law became effective. We cannot subscribe to the theory of herein petitioner to the effect that to impose interest on deficiency income tax for years prior to the effectivity of the new law would have the effect of applying the same retroactively, which is not sanctioned by the law. Precisely, the interest which is sought to be collected has been computed only from June 20, 1959, the date of effectivity of the new law. The allegation that the law is sought to be applied retroactively has no legal basis. (See also Central Azucarera Don Pedro v. Commissioner, C.T.A. No. 1273, June 15, 1964.)

Finding no error in the decision appealed from, the same is hereby affirmed, with costs against petitioner.

SO ORDERED.

Manila, June 29, 1964.

ROMAN M. UMALI
Associate Judge

WE CONCUR:

MARIANO NABLE
Presiding Judge

[illegible]
Associate Judge