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REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

NICANOR T. SANTOS, REYNALDO T. SANTOS, MANUEL T. SANTOS, REMEDIOS SANTOS-CAMUS, MILAGROS SANTOS-LOPEZ, INTESTATE ESTATE OF THE DECEASED MIGUEL T. SANTOS, represented by its Administratrix, MARIA SALAS VDA. DE SANTOS,
Petitioners,

- versus -

C.T.A. CASE No. 1476

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

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

July 15/72

D E C I S I O N

Petitioners appealed from the decision of the respondent Commissioner of Internal Revenue assessing against and demanding from them the amounts of ₱24,350.65 and ₱8,134.94, or a total of ₱32,485.58, as deficiency estate and inheritance taxes, respectively, inclusive of penalties.

Petitioners are 7 of the 13 heirs of the late Candelaria T. Vda. de Santos who died intestate on June 15, 1953. On January 13, 1956, Manuel T. Santos, one of the administrators of the estate, filed the estate and inheritance tax return for the decedent's estate. After verification of said return, the amounts of ₱17,376.45 and ₱5,977.78, or a total of ₱23,374.25, as estate and inheritance taxes were paid by the administrators of the estate on February 13, 1956 (pp. 118, 206 & 360, BIR rec.). To ascertain the deficiency transfer taxes still due from the decedent's estate, an investigation was conducted by Revenue Examiners Augusto Gorospe and Jose Cabrera. On July 14, 1956, they reported and recommended the collection of deficiency estate and inheritance taxes, including increments thereof, amounting to ₱2,438.97. The estate of Candelaria T. Vda. de Santos paid the same on July 31, 1956. The case, however, could not be closed because respondent's examiner discovered that payments of transfer taxes were made by disregarding the project of partition and the final account submitted to the court in the intestate proceedings.

A re-examination of the records of the intestate proceedings made by Examiner Jose Garcia, particularly the accounts of the administrators, showed a deficit of ₱1,891.50. The heirs further complained that they have not received certain income from the decedent's estate. Revenue Examiner Garcia was, therefore, instructed to conduct a new investigation to determine the fair market value of the decedent's estate and the amount of transfer taxes due on the transmission thereof. On July 31, 1959, Revenue Examiners Garcia and Tolentino reported and recommended the assessment of deficiency estate and inheritance taxes, inclusive of interest, in the total amount of ₱212,754.79 (pp. 197-202, id.). On June 10, 1960, respondent assessed and demanded from the heirs of Candelaria T. Vda. de Santos payment of ₱180,753.92 and ₱90,083.73, or a total of ₱270,837.65, as deficiency estate and inheritance taxes (pp. 212, 215-216, id.).

On July 25, 1960, petitioners protested the said assessment and requested a reinvestigation of the case. Two supplemental protests were subsequently filed by petitioners. On October 18, 1960, respondent required

Examiners Garcia and Tolentino to reinvestigate the decedent's estate. On November 6, 1961, petitioners disputed the fair market value of the decedent's estate and in a subsequent letter, dated October 15, 1962, petitioners invoked the prescriptive period of assessment.

After verification of the fair market value of the decedent's properties, respondent notified petitioners that the gross estate left by the decedent was appraised at ₱441,013.27. Deducting therefrom the funeral expenses and attorney's fees of ₱12,818.00 and ₱10,000.00, or a total of ₱22,818.00, the net taxable estate of the deceased was ₱418,195.27. The deficiency estate and inheritance taxes due thereon amounted to ₱24,350.65 and ₱8,134.94, respectively, inclusive of penalties, computed as follows:

Estate tax	₱34,031.48
1% mo. int. on ₱14,127.21 from 3/16/55 to 2/13/56.	1,553.99
½% mo. int. on ₱3,333.52 from 3/16/55 to 7/31/56.	275.00
½% mo. int. on ₱16,570.75 from 3/16/55 to 12/31/62	7,788.25
T o t a l.	₱43,648.72
Less amount paid	19,298.07
AMOUNT STILL DUE	₱24,350.65
Inheritance tax	₱11,589.56
1% mo. int. on ₱4,981.48 from 6/16/55 to 2/13/56.	398.53
½% mo. int. on ₱865.38 from 6/16/55 to 7/31/56.	57.80
½% mo. int. on ₱5,742.70 from 6/16/55 to 12/31/62	2,584.21
Compromise for late filing	20.00
T o t a l	₱14,650.09
Less amount paid	6,515.15
AMOUNT STILL DUE	₱ 8,134.94

(p. 360, BIR rec.)

Petitioners protested the foregoing assessment and assailed the same on the ground of prescription. On April 22, 1963, respondent denied petitioners' protest. Still unsatisfied, petitioners requested reconsideration of the assessment and offered to compromise the case for ₱12,000.00, which offer was denied by respondent on October 24, 1963. Thereafter, petitioners instituted the present appeal on November 13, 1963.

In a resolution dated January 16, 1967, this Court discharged Remedios B. Vda. de Santos as a petitioner herein after expressing her desire to withdraw from this case (pp. 83-84, CTA rec.). The other heirs who did not join this appeal agreed to the assessment in question (p. 81, t.s.n.). One of them, Consuelo Santos Guerrero, had in fact paid in full her share in the deficiency estate and inheritance taxes. (Exhs. 2, 3 & 4, pp. 140-142, CTA rec.; pp. 87-89, t.s.n.)

The issues posed for resolution of the Court are the following:

1. Whether or not the right of the Government to assess the said deficiency transfer taxes has prescribed; and

2. Whether or not the assessment for deficiency estate and inheritance taxes in the amounts of ₱24,350.65 and ₱8,134.94, inclusive of interest, is correct and valid.

FIRST ISSUE:

Petitioners alleged that the right of the Government to assess the deficiency estate and inheritance taxes has already prescribed because the revised assessment was issued after five years from the date the estate and inheritance tax return was filed. Petitioners, however, disregarded the issue of prescription at the trial of the case and in their memorandum. Consequently, we take it that they have waived or abandoned such defense. (Fernandez Hermanos, Inc. vs. Comm. of Int. Rev., CTA Case No. 1389, Aug. 2, 1965, affirmed in G.R. Nos. L-24972 & L-24978, Sept. 30, 1969.) Nonetheless, we hold that the right of the Government to assess the transfer taxes in question has not yet prescribed.

The revised assessment dated November 13, 1962 was issued beyond the statutory period of five years from the date the return was filed on January 13, 1956. Petitioners, however, through their repeated requests for reconsideration and reinvestigation had induced respondent to conduct further reinvestigations and verifications of the disputed assessments. Having requested repeatedly the revision of the assessment, which suspended the running of the prescriptive period, petitioners cannot now validly invoke the defense of prescription. (Comm. of Int. Rev. vs. Sison, 7 SCRA 884; Republic vs. Ablaza, 108 Phil. 1105; Querol vs. Coll. of Int. Rev., 6 SCRA 304; Talisay-Silay Milling Co., Inc. vs. Comm. of Int. Rev., CTA Cases Nos. 1399 & 1406, Dec. 29, 1965.)

SECOND ISSUE:

Petitioners argued that respondent is already barred from reopening their tax case after former

Commissioner Jose Arañas allegedly closed the same case. Moreover, it is alleged that the tax case could not be reopened because the intestate proceedings for the settlement of the decedent's estate had been terminated and the said estate already distributed among the heirs.

The action of a former Commissioner of Internal Revenue notwithstanding, succeeding Commissioners are not precluded from reopening or reinvestigating the same if he finds later on that a mistake has been committed in the assessment, provided that prescription has not yet set in. (Philippine-American Drug Co. vs. Coll. of Int. Rev., 106 Phil. 161; Pineda vs. C.F.I. of Tayabas, 52 Phil. 803; E. Rodriguez, Inc. v. Collector and CTA, G.R. No. L-23041, July 31, 1969) Likewise, the closure and termination of the intestate proceedings of the estate of the decedent in the Court of First Instance of Rizal does not affect the right of respondent to reinvestigate and reassess the deficiency transfer taxes still due from the decedent's estate provided that the right of respondent to assess has not yet prescribed and the assessment is limited to their share in the inheritance. (Govt. of the Phil. Islands vs. Pamintuan, 55 Phil. 13.) In fact, it is a settled jurisprudence that claims for taxes and assessments, whether assessed before or after the death of the decedent, need not be presented to the committee on claims and appraisals but may be assessed even after the distribution of the decedent's estate among the heirs. (Pineda vs. C.F.I. of Tayabas, <u>supra</u>; Govt. of the Phil. Islands vs.

Pamintuan, supra.)

Petitioners consistently charge that the reopening of their tax case was done for harassment because respondent's examiner, Jose Garcia failed to "mulct" ₱5,000.00 from Maria Salao Vda. de Santos, administratrix of the estate of the deceased Miguel T. Santos, in exchange for a "light assessment" on the said estate investigated by him. We cannot pass upon petitioners' denunciation. In the first place, the administrative complaint filed against examiner Jose Garcia in connection with the alleged demand for ₱5,000.00 was recommended by respondent to the Commissioner of Civil Service for dismissal for insufficiency of evidence (pp. 74-76, CTA rec.). In the second place, the question of harassment is totally alien to the matters over which this Court has jurisdiction under Section 7 of Republic Act No. 1125.

Petitioners also contend that the contested revised assessment is without factual or legal basis as shown by the following circumstances:

1. The valuation of certain properties of the decedent are higher than their true value;

2. The attorney's fees of ₱35,000.00 should be allowed as a deduction from the decedent's gross estate, instead of ₱10,000.00 only;

3. The old personal properties of the late Urbano Santos were included in the revised assessment; and

4. The deficiency estate and inheritance taxes are not subject to interest.

Valuation of Property.

It is incumbent upon the investigating examiners to prove the fair market value of the decedent's real property because the statute allows the heirs of the deceased or the executor or administrator of the decedent's estate under the "optional valuation date" to declare a lower value. However, once the revenue examiners have submitted proofs of the fair market value of the decedent's estate, the burden of proof is shifted to the heirs of the deceased and/or executor or administrator of the decedent's estate to prove the contrary.

In determining the value of the decedent's estate for transfer tax purposes, Section 91 of the Revenue Code, before its amendment, provides:

> Sec. 91. Determination of value of usufructs, annuities, and other property.-
> x x x x x x x
>
> The estate shall be appraised at its fair market value as of the time of death, or as of six months thereafter, at the election of the executor or administrator in the case of the estate tax or the heirs in the case of inheritance tax. However, for the purpose of determining the value of real property, the assessed value as of the time of death, or, at the election of the executor, administrator or the heirs, as of six months after death, as shown by the tax rolls shall, be considered as the fair market value, unless the contrary is shown. (Underlining supplied.)

The term "market value" is not an absolute term; it involves human equation. Valuation is an inexact science and the value reached by whatever method must remain an approximation. A valuation of absolute accuracy is impossible because the law is not so exact as to require mathematical certainty. Generally, however, the market value of property is the price it will bring when it is offered for sale by one who desires, but who is not obliged to sell it, and is bought by one who is under no necessity of having it. (City of Manila v. Estrada, 25 Phil. 208; Manila Railroad Co. v. Alano, 36 Phil. 500; Manila Railroad Co. v. Velasquez, 32 Phil. 286; See Comm. Corporation & Taxation v. Worcester County Trust Co., 305 Mass. 460, 26 N.E. 2d. 305 (1940).

A. Baguio residential land.

Petitioners allege that the Baguio property has an area of 27,334 square meters and 12/28 thereof, the interest of the late Candelaria T. Vda. de Santos therein, is only 11,714 square meters and not 13,082.27 as computed by respondent's examiners; and that the fair market value thereof is only ₱1.35 per square meter and not ₱3.00 as determined by respondent's examiners.

The tax case of the estate of the deceased was originally assigned to Revenue Examiners Augusto Gorospe and Jose Cabrera. As the properties of the deceased were scattered in several provinces, a revenue examiner in each province where the realty is situated was assigned to conduct the investigation. On March 14, 1956, Examiner Ruperto Jonson, Baguio City, reported that there are two residential lots found therein belonging to the decedent's estate with a total area of 13,082.57 square meters and a fair market value of ₱39,250.71, i.e., at ₱3.00 per square meter. The fair market value thereof was based on the information furnished by the City Assessor who considered its location, area, and assessed value in making the appraisal. On May 17, 1956, Examiner Jonson found that the fair market value of the said property was ₱51,091.36, i.e., at ₱4.78 per square meter, based on the average selling price of two real estate transactions consummated near the time of death of the deceased. Revenue Examiners Gorospe and Cabrera, however, disregarded the findings of Examiner Jonson and considered a 25% increase on the assessed value of the property as its fair market value. Not satisfied with the findings of the revenue examiners, respondent ordered a new investigation which was conducted by Revenue Examiners Jose Garcia and Valentin Tolentino. On July 31, 1959, said examiners reported that the fair market value of the Baguio property was ₱51,091.31, i.e., at ₱4.-78 per square meter. In effect, they adopted the second report of Examiner Jonson. When the same tax case was finally assigned to Revenue Examiner Francisco Testa, whose assessment is now in dispute, he adopted the original valuation of Examiner Jonson in the amount of ₱39,250.00, i.e., at ₱3.00 per square meter.

Examiner Jonson reported that the deceased has two lots in Baguio City with a total area of 13,082.57 square meters. His later report, however, shows that one of the two lots was part of a barrio obrero road and it has no market value. Petitioner Nicanor T. Santos testified, however, that the area of the Baguio lot is 27,334 square meters and the deceased owned only 12/28 thereof. From the evidence, we found that the Baguio property of the deceased contains an area of 11,714 square meters.

Respondent appraised the Baguio lot at ₱3.00 per square meter. This appraisal was based on the recommendation of Revenue Examiner Francisco Testa who evaluated the different valuations given by the other examiners. Petitioners, however, assail Testa's valuation as excessive contending that its fair market value should only be ₱1.35 per square meter as shown by the records of coeval sale in the Register of Deeds of Baguio City.

We believe that the first valuation made by Examiner Jonson at ₱3.00 per square meter reasonably approximates the fair market value of the Baguio property as provided in Section 91 of the Revenue Code. The second valuation of Examiner Jonson at ₱4.75 per square meter was correctly discredited by Examiners Gorospe and Cabrera when they reported that -

> x x x The unit value taken as a guide in arriving at the fair market value by Examiner R. Jonson is too excessive, for the reason that the sold properties taken as a guide are 2 to 4 kilometers away from the decedent's property, although said properties are within the same residential section "H". Furthermore, the property in question is a rolling one with deep precipice and still undeveloped x x x. (p. 88, BIR rec.)

Inasmuch as the conditions and circumstances of the Baguio lots sold and used as basis of comparison were different from the decedent's property, the valuation of the former cannot equitably be considered as the fair market value of the latter. (See Monserrat vs. Coll. of Int. Rev., CTA Case No. 11, Dec. 28, 1955.) A mere showing that the property sold is in the same vicinity is insufficient evidence upon which to base a correct value. (Leatherbee, 34 BTA 196; Biscayne Bay Islands Co., 23 BTA 731.))

The valuation made by Revenue Examiners Gorospe and Cabrera that a 25% increase in the assessed value of the Baguio lot represented its fair market value is, to say the least, a general and sweeping approximation of value without legal basis or factual foundation. The deed of sale presented by petitioners as evidence cannot serve as basis of the fair market value of the decedent's lot because a single and isolated transaction without proof in relation to the character, conditions, circumstances, and nature of the decedent's land is misleading and unreliable. On the other hand, respondent's appraisal of ₱3.00 per square meter was based on the location, area and assessed value of the decedent's property furnished by the City Assessor, Baguio City, is more reliable because by training and experience he is in a better position to know the nature, condition and value of the decedent's property. Furthermore, it is of common knowledge that the assessed value of real property in the Philippines is very much below its fair market value. (Zamora vs. Coll. of Int. Rev., 8 SCRA 170; Coll. of Int. Rev. vs. Fisher, 1 SCRA 108; Monserrat vs. Coll. of Int. Rev., *supra*; Bocanegra vs. Coll. of Int. Rev., *supra*.) If we are to sustain petitioners' valuation, the fair market value of the decedent's lot would only be ₱15,813.90 (11,714 sq. m. x ₱1.35) which is very much below its assessed value of ₱23,779.42 (11,714 sq.m. x ₱2.03) - a valuation which is in conflict with the provisions of Section 91 of the Revenue Code, supra.

B. Fishponds in Pampanga.

Petitioners contend that "some of the fishponds which were valued by Examiner Testa at ₱1,140.00 a hectare have a fair market value of only ₱250.00 to ₱900.00 per hectare" (p. 162, CTA rec.). Respondent, however, based his valuation on the proposal submitted by petitioners in their letter to respondent, dated November 6, 1961, the pertinent portion of which reads as follows:

> It appears that the average value of the fishponds covered by the foregoing documents of sale is ₱1,140.00 per hectare. It is submitted that this amount represents the fair market value per hectare of the fishponds at Sexmoan, Pampanga, which are involved in this case. Said fair market value exceeds the assessed value of the fishponds which appears to be less than ₱1,000.00 per hectare.
>
> II. Re: Fishponds at Lubao, Pampanga, covered by Certificates of Title Nos. 10895, 10897, 10903 and 10907.
>
> Considering that the fair market value fixed by your examiners in these Lubao fishponds is almost the same as the Sexmoan fishponds, we submit that the fair market value of the Lubao fishponds should also be ₱1,140.00 per hectare. (p. 325, BIR rec.)

Petitioners based the valuation proposal on the comparative sales of fishponds in Sexmoan, Pampanga, as reflected in the records of the Register of Deeds of Pampanga, itemized as follows:

Buyer	Date of Sale	Area (sq.m.)	Price
1. Marcelo de la Cruz	3-12-52	31,805	₱3,000.00
2. Candido Perez	11-27-53	79,914	10,000.00
3. Maura Arce	12-24-53	27,650	2,000.00

(pp. 316, 320 & 311, BIR rec.; see also Exhs. A & B, pp. 136-137, CTA rec.)

Based on the foregoing sales, petitioners proposed that the decedent's fishponds in Sexmoan and Lubao, Pampanga, be appraised at ₱1,140.00 per hectare, which was adopted by respondent. In this Court, however, petitioners asserted that respondent's valuation is excessive by presenting the same documents of comparative sales of fishponds previously submitted to respondent. We are at a loss to understand how petitioners could assail and dispute the valuation made by respondent based on the value they proposed to him, i.e., ₱1,140.00 per hectare. (Exhs. A & B, supra.) Consequently, we find no valid and justifiable reason to disturb the findings of respondent.

With respect to the decedent's fishponds in Lubao, Pampanga, the appraisal made by respondent at ₱1,140.00 per hectare must be sustained because petitioners did not present any evidence to dispute the same. We cannot use the supposedly lower value of fishponds in Sexmoan to the fishponds in Lubao because, although they are located in the same province, there is no showing that the conditions and circumstances of the fishponds located in the two towns have different characteristic and productivity to justify another valuation. (See Monserrat vs. Coll. of Int. Rev., supra.)

Attorney's Fees of ₱35,000.00

Petitioners claim that the amount of ₱35,000.00 as attorney's fees should be allowed as deduction from the decedent's gross estate instead of only ₱10,000.00 allowed by respondent. The only evidence presented by petitioners is the testimony of Mr. Nicanor T. Santos. He stated that ₱35,000.00 was paid to their lawyers for services rendered in the intestate proceedings and which amount was allegedly allowed in full by the previous investigating revenue examiners. In their memorandum, petitioners alleged that Examiners Gorospe and Cabrera have previously allowed ₱35,000.00 as deduction from the decedent's gross estate after evidence in support thereof were presented to them. Said evidence, however, could nowhere be found in the BIR records.

The report of investigation made by Examiners Gorospe and Cabrera neither mentions the allowance of ₱35,000.00 as attorney's fees nor the evidence allegedly submitted by petitioners to prove its deductibility (pp. 88-91, BIR rec.). In fact, in the re-investigation conducted by Examiners Garcia and Tolentino, they reported that the entire claim of ₱35,000.00 as administrative and attorney's fees was allowed as a deduction by previous examiners but disregarded the same for lack of evidence to prove such expense (p. 198, id.). On the other hand, the court records of the intestate proceedings of the decedent's estate disclosed, as reported by Examiners Garcia and Tolentino, that only ₱10,000.00 was spent for administrative and attorney's fees (p. 198, id.).

The parol evidence presented by petitioners is the uncorroborated testimony of Mr. Nicanor T. Santos. He testified that the attorney's fees of ₱35,000.00 were paid on account of the legal services rendered by the lawyers for the estate of the deceased. Petitioners, however, did not identify or name the lawyers who rendered services to the decedent's estate; their professional standing, ability, and experience; the time and effort expended by them; and the nature of the attorney's fee, i.e., whether absolute or contingent. The alleged lawyers' fees and the papers allegedly supporting the same are nowhere to be found in the BIR records of this case. If the said papers were presented to respondent's examiners but they could not be found in the BIR records, petitioners could have easily presented secondary evidence to prove the existence thereof. This they failed to do. Consequently, the amount of ₱35,000.00 as attorney's fees is disallowed as a deduction from the decedent's gross estate but only ₱10,000.00 thereof is allowable.

Personal Properties of ₱5,000.00.

Petitioners alleged that the old personal properties left by the late Urbano Santos, husband of the deceased, were erroneously included in the gross estate of the late Candelaria T. Santos. At the hearing of this case, petitioners claimed that the amount of ₱5,000.00 representing the value of a piano and other furniture, belongs to the estate of the late Urbano Santos and the deceased Candelaria T. Santos had only one-third proprietory interest therein. (pp. 53-54, t.s.n.).

This item of ₱5,000.00 was first taken up by Revenue Examiners Gorospe and Cabrera. They reported that the deceased Candelaria T. Santos left some furniture and fixtures consisting of one piano and miscellaneous home appliances valued at ₱5,000.00 (p. 88, BIR rec.). Petitioners never objected to the inclusion of ₱5,000.00 as part of the gross estate of the said deceased.

In fact, the joint administrators of the estate signed an "Agreement Form" signifying their conformity to the said report (p. 83, id.) and paid the deficiency estate and inheritance taxes of ₱2,438.97 assessed as a result of the inclusion thereof in the decedent's gross estate. Petitioners are, therefore, estopped from contesting the said item of inclusion. Moreover, no estate and inheritance tax return or deed of extra-judicial partition of the estate of the late Urbano Santos was presented to this Court to justify petitioners' claim.

Interest and Compromise Penalty.

Petitioners opposed the imposition of interest on the deficiency estate and inheritance taxes and contend, among others, that the interest can only be imposed after the decision of this Court becomes final and executory.

The question posed for resolution has already been passed upon by this Court in the case of Monserrat vs. Collector of Internal Revenue, supra, wherein it was held:

> With respect to the interest for delinquency in the payment of the estate and inheritance taxes, counsel for petitioners maintains that interest may be imposed only after the decision of respondent has become final, or after the case shall have been finally decided by this Court. We find no law which would support, even vaguely, the proposition advanced by counsel for petitioners.
>
> xxxxx xxxxx xxxxx
>
> Under the National Internal Revenue Code, the time from which interest on the estate and inheritance taxes is to be computed is specifically provided. Section 99 provides that the interest of 6% per annum imposed by that section on the tax shown on the return, if payment is extended, is to be collected from the day following the due date of the taxes to the expiration of the

<u>period of the extension</u>. In the case of a deficiency tax, if payment is extended, interest at the same rate, is collected <u>for the period of the extension</u>. Where a deficiency tax is assessed, Section 100 provides that interest also at the rate of 6% per annum must be collected <u>from the due date of the tax to the date the deficiency is assessed</u>. In the case the estate and inheritance taxes are not paid on the due date of the taxes, Section 101 provides that interest on the unpaid amount at the rate of 1% a month must be collected <u>from the due date until it is paid.</u> Where an extension for the payment of the taxes has been granted, the same section provides that upon failure of the taxpayer to pay prior to the expiration of the period of the extension, interest at the rate of 1% a month must be collected on the unpaid amount <u>from the date when the same was originally due until it is paid</u>. Nowhere in Sections 99, 100 and 101 of the Revenue Code may be found any provision authorizing the Collector of Internal Revenue to collect interest on the estate and inheritance taxes only from the date the decision of the Collector on a contested assessment becomes final. Neither has this Court any power to extend the application of the law beyond the clear and unequivocal provisions thereof.*

It appears that the appealed decision imposed a compromise penalty of ₱20.00 for late filing of the inheritance tax. Needless to say, the Commissioner of Internal Revenue is powerless to impose a compromise penalty without the consent of the taxpayer. (Coll. of Int. Rev. vs. U.S.T., 104 Phil. 1062.)

Petitioners repeatedly alleged that, aside from the payments of ₱23,374.25 and ₱2,438.97 for estate and inheritance taxes, they also made another payment of ₱2,890.00 on September 14, 1956. In his answer,

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*See also Republic vs. Phil. Bank of Commerce, 34 SCRA 361; Comm. of Int.Rev. vs.Limpan Investment Corporation, 34 SCRA 149.

respondent categorically denied said payment of ₱2,890.-00. Petitioner Nicanor T. Santos testified, however, that the said receipts of payment were incorporated in the records of the intestate proceedings; and he had to offer in evidence only the certified true copies thereof. The only receipt offered in evidence, although dated September 14, 1956, refers to payment of income tax and not transfer taxes. Consequently, the said payment of ₱2,890.00 cannot be applied to the instant case.

Accordingly, there is due and collectible from the decedent's estate and the 11 childfen and 2 grandchildren of the deceased Candelaria T. Vda. de Santos the sums of ₱23,645.97 and ₱7,819.55, as deficiency estate and inheritance taxes, respectively, plus interests, computed as follows:

Net taxable estate per investigation		₱418,195.27
Less:		
Valuation of Baguio property per investigation	₱ 39,250.71	
Valuation per decision	35,142.00	4,108.71
Net taxable estate per decision		₱414,086.56

Estate Tax

. . . .	₱ 33,579.52
int. on ₱14,127.21 from 3/16/55 to 2/15/56	1,553.99
t. on 3,333.52 from 3/16/55 to 7/31/56	275.00
on 16,118.79 from 3/16/55 to 12/31/62	7,535.53
. . . .	₱ 42,944.04
. . . .	19,298.07
. . . .	₱ 23,645.97

Inheritance tax

. . . .	₱ 11,376.30
6/16/55 to 2/13/56 .	398.53
/16/55 to 7/31/56 .	57.80
6/55 to 12/31/62.	2,502.07
. . . .	₱ 14,334.70
. . . . . .	6,515.15
. . . . . .	₱ 7,819.55

WHEREFORE, the decision of respondent Commissioner of Internal Revenue appealed from is modified. Petitioners are hereby ordered to pay respondent Commissioner of Internal Revenue, or his authorized representative, the deficiency estate tax of ₱23,645.97, inclusive of penalties; and the deficiency inheritance tax of ₱7,819.55, inclusive of penalties; plus the penalties prescribed by law. Inasmuch as only six (6) out of the twelve (12) children of the deceased Candelaria T. Vda. de Santos appealed to this Court, the deficiency inheritance tax due from each of the six (6) children, petitioners herein, shall be computed accordingly. Without pronouncement as to costs.

SO ORDERED.

Quezon City, July 15, 1972.

ESTANISLAO R. ALVAREZ
Associate Judge

WE CONCUR:

ROMAN M. UMALI
Presiding Judge

RAMON L. AVANCEÑA
Associate Judge