Eric

September 12, 1958

KLM ROYAL DUTCH AIRLINES,
Petitioner,

- versus -

C.T.A.
CASE NO. 376

THE COLLECTOR OF INTERNAL REVENUE,
Respondent.

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

D E C I S I O N

The petitioner filed a claim for the refund of the sum of ₱24,817.60, representing alleged overpayment of its income tax for the year 1954. It is alleged that petitioner is liable to income tax for said year in the sum of ₱490.40, but respondent collected from it the sum of ₱25,308.00, resulting in the overpayment of ₱24,817.60.

On August 12, 1958, the parties submitted a "Compromise Agreement" dated August 9, 1958, which reads as follows:

"COMPROMISE AGREEMENT

"COME NOW the petitioner and the respondent, through their respective counsel, and before this Honorable Court respectfully submit the following stipulation of facts;

"1. That the petitioner is a foreign corporation doing business in the Philippines, through its local general agent, the Philippine Air Lines, Inc., and is engaged in the business of transporting passengers and freight by air to and from the Philippines and other countries in the Near and Far East, Europe, Australia, and North and South America;

while the respondent Collector (now Commissioner) of Internal Revenue is the head of the Bureau of Internal Revenue, the office entrusted with the collection of all national internal revenue taxes;

"2. That for the year ending December 31, 1954, the petitioner, through its local general agent, the Philippine Air Lines, Inc., filed on April 30, 1955 a 'Tentative Income Tax Return' showing a net income of ₱118,958.86 for said period and for which petitioner was assessed in the amount of ₱25,308.00 as its income tax for the same period, as per Income Tax Assessment No. AC-1316-54 dated May 27, 1955;

"3. That the herein petitioner paid the foregoing assessment as follows:

On May 14, 1955,
per O.R. #550868
the sum of .... ₱11,895.89

On May 31, 1955,
per O.R. #555732
the sum of 758.11

And, on August 15,
1955, per O.R.
#628562 the sum of. 12,654.00

Total ..... ₱25,308.00

"4. That, subsequently, i.e., on or about October 18, 1955, the petitioner filed an 'Amended Return Replacing Tentative Return Filed April 30, 1955' showing an income tax liability for the year ending December 31, 1954 of ₱490.40;

"5. That after a thorough investigation, the respondent found that, under existing laws and under the regulations of the Bureau of Internal Revenue thereto applicable, the income tax liability of the petitioner for the year ending December 31, 1954 is ₱5,131.00;

"6. That petitioner is agreeable to the aforesaid findings of the respondent that its income tax liability for the year ending December 31, 1954 is ₱5,131.00;

"7. That there is, consequently, due the petitioner, by way of refund, the difference between the amount of ₱25,308.00, which petitioner has paid by virtue of its Tentative Income Tax Return, and the amount of ₱5,131.00, which is the true income tax liability of the petitioner, or the sum of ₱20,177.00;

"8. That the petitioner has filed a claim for refund as prescribed and within the period provided for by law and has complied with all the requirements necessary for the refund in its favor of the said amount of ₱20,177.00.

WHEREFORE, the petitioner and the respondent respectfully pray that judgment be rendered declaring the petitioner entitled to the refund of the sum of ₱20,177.00 without interest on the income tax paid by the petitioner corresponding to the year ending December 31, 1954."

On the basis of the foregoing "Compromise Agreement", the parties prayed that judgment be rendered declaring that petitioner is entitled to the refund of ₱20,177.00, instead of ₱24,817.60 as originally claimed by petitioner, representing excess payment of petitioner's income tax for the year 1954.

Finding the aforesaid compromise agreement in accordance with law, as prayed for, judgment is hereby rendered ordering respondent to refund to plaintiff the sum of ₱20,177.00 without interest.

No pronouncement as to costs.

SO ORDERED.

Manila, September 12, 1958.

MARIANO NABLE
Presiding Judge

ROMAN M. UMALI
Associate Judge

AUGUSTO M. LUCIANO
Associate Judge

Not appealed