REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
MANILA

E. R. SQUIBB & SONS PHILIPPINE CORPORATION,
Petitioner,

- versus - C.T.A. CASE NO. 41

J. ANTONIO ARANETA, as Acting Collector of Internal Revenue,
Respondent.

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R E S O L U T I O N

In their "Joint Motion to Dismiss" of July 12, 1955, the parties through their respective counsel, have manifested the following:

> "1. In the petition for review filed in this case dated November 12, 1954, petitioner seeks to recover from respondent the amount of ₱57,075.00 as excess income taxes for the year 1952. This claim for refund is based on the deficiency income tax assessment (No. ACR 108-53/52) of ₱84,000.00 levied by respondent on E. R. Squibb & Sons International Corporation for the same year. The basis for the deficiency income tax assessment of E. R. Squibb & Sons International Corporation was the disallowance by the respondent of the amount of ₱300,000.00 reported by E. R. Squibb & Sons International Corporation as loss resulting from the transfer of its inventories with a book value of ₱690,655.45 to petitioner for ₱390,655.45.
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> 2. On the other hand, the basis of petitioner's claim for refund is that the gain derived from the sale of the merchandise transferred to it by E. R. Squibb & Sons International Corporation and which was reported in its 1952 income tax return was based on the transfer value of ₱390,655.45. In view of the increased valuation of the merchandise inventory at its full book value of ₱690,655.45 by the respondent, petitioner was required to make a corresponding adjustment to the inventory acquired by it at ₱390,655.45 to the full book value thereof; that upon adjustment of the value of the inventory taken by it, petitioner made an overpayment of ₱57,075.00.
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> 3. The deficiency income tax case of the E. R. Squibb & Sons International Corporation was heard in the Conference Staff of the Bureau of Internal

Revenue and on February 22, 1955, the Conference Staff decided that the deficiency income tax due from the E. R. Squibb & Sons International Corporation for 1952 is ₱11,646.00. This decision of the Conference Staff was affirmed by respondent on March 8, 1955.

4. After making the corresponding adjustment, the Conference Staff also found that the amount recoverable by petitioner is ₱10,010.00. This amount was later deducted by respondent from the income tax liability of the E. R. Squibb & Sons International Corpofation on the basis of the findings of the Conference Staff that the petitioner is merely an extension, instrumentality, agency, conduit or adjunct of the E. R. Squibb & Sons International Corporation, thereby negating any gain or loss in the transfer of stocks between the two entities. After deducting the amount recoverable by petitioner from the income tax liability of the E. R. Squibb & Sons International Corporation, there remains an unpaid balance of ₱1,626.00.

5. On May 14, 1955, respondent issued to E. R. Squibb & Sons International Corporation Amended Income Tax Assessment Notice No. ACR 108-54/52 for the amount of ₱1,626.00. This amount was paid by E. R. Squibb & Sons International Corporation on May 30, 1955, as evidenced by Income Tax Receipt No. 621200."

Considering that the parties have arrived at an amicable settlement as set forth in their "Joint Motion to Dismiss", AS PRAYED FOR,

LET the above-entitled case be dismissed without special pronouncement as to costs.

SO ORDERED.

Manila, Philippines, August 6, 1955.

AUGUSTO M. LUCIANO
Associate Judge

MARIANO NABLE
Presiding Judge