NIRC	**Period of Limitation; Assessment and Collection;** BP 700 (w/c reduced the period of limitation for assessment and collection of internal revenue taxes from 5 years to **3 years**) was approved on April 5, 1984. The shorter period for assessment and collection applies to taxes paid beginning 1984. Clearly, the tax assessment made on December 10, 1987 for the year 1983 was still covered by the 5-year statutory prescriptive period w/c should be computed at the time of the filing of the "final annual percentage tax return," when it can be finally ascertained if the taxpayer still has an unpaid tax, and not from the tentative quarterly payments.	Protector's Services v. CA, GR 118176, April 12, 2000.
	Same; The three-year prescriptive period of tax assessment of contractor's tax should be computed at the time of the filing of the "final annual percentage tax return," when it can be finally ascertained if the taxpayer still has an unpaid tax, and not from the tentative quarterly payments.	CIR vs. CA, GR 115712, Feb. 25, 1999.
	Same; Suspension of the Running of the Statute of Limitation; Section 271 of the 1986 Tax Code provides for the suspension of running of the statute of limitation of tax collection — (1) the Commissioner is prohibited from making the assessment or beginning distraint or levy or a proceeding in court and for sixty days thereafter; (2) when the taxpayer request for a reinvestigation which is granted by the Commissioner; (3) when the taxpayer cannot be located in the address given by him in the return filed upon which a tax is being assessed or collected: Provided, That, if the taxpayer informs the Commissioner of any change in address, the running of the statute of limitation will not be suspended; (4) when the warrant of distraint and levy is duly served upon the taxpayer, his authorized representative, or a member of his household with sufficient discretion, and no property could be located; and (5) when the taxpayer is out of the Philippines. In the instant case, PSI filed a petition before the CTA to prevent the collection of the assessed deficiency tax. When the CTA dismissed the case, petitioner elevated the case before us, hoping for a review in its favor. The actions taken by the petitioner before the CTA and now before us, suspended the running of the statute of limitation. In view of the Case of *Republic vs. Ker and Company, Ltd.*, [124 Phil. 822 (1966)], where the Court held that the pendency of the taxpayer's appeal in the Court of Tax Appeals and in the Supreme Court had the effect of temporarily staying the hands of the said Commissioner.	Protector's Services v. CA, GR 118176, April 12, 2000.
	Protest; The pertinent provision of the NIRC of 1977, concerning the period within which to file a protest before the CIR, reads: "SECTION 270. Protesting of assessment. — When the Commissioner of Internal Revenue or his duly authorized representative finds that proper taxes should be assessed, he shall first notify the taxpayer of his findings. Within a period to be prescribed by implementing regulations, the taxpayer shall be required to respond to said notice. If the taxpayer fails to respond, the Commissioner shall issue an assessment based on his findings. Such assessment may be protested administratively by filing a request for reconsideration or reinvestigation in	Protector's Services v. CA, GR 118176, April 12, 2000.

	such form and manner as may be prescribed by the implementing regulations within thirty (30) days from receipt of the assessment; otherwise, the assessment shall become final, and unappealable. If the protest is denied in whole or in part, the individual, association or corporation adversely affected by the decision on the protest may appeal to the Court of Tax Appeals within thirty (30) days from receipt of the said decision; otherwise, the decision shall become final, executory and demandable."	
	Same; Disputed Assessment ; Section 7 of RA 1125, creating the Court of Tax Appeals, in providing for appeals from — (1) Decisions of the Collector of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the NIRC or other law or part of the law administered by the Bureau of Internal Revenue — allows an appeal from a decision of the Collector in cases involving 'disputed assessments' as distinguished from cases involving 'refunds of internal revenue taxes, fees or other charges, . . .'; that the present action involves a disputed assessment'; because from the time petitioner received assessments Nos. 17-EC-00301-55 and 17-AC 600107- disallowing certain deductions claimed by him in his income tax returns for the years 1955 and 1956, he already protested and refused to pay the same, questioning the correctness and legality of such assessments; and that the petitioner paid the disputed assessments under protest before filing his petition for review with the Court a quo, only to forestall the sale of his properties that had been placed under distraint by the respondent Collector since December 4, 1957. To hold that the taxpayer has now lost the right to appeal from the ruling on the disputed assessment but must prosecute his appeal under section 306 of the Tax Code, which requires a taxpayer to file a claim for refund of the taxes paid as a condition precedent to his right to appeal, would in effect require of him to go through a useless and needless ceremony that would only delay the disposition of the case, for the Collector (now Commissioner) would certainly disallow the claim for refund in the same way as he disallowed the protest against the assessment. The law, should not be interpreted as to result in absurdities.	Vda. De San Agustin v. CIR, GR 138485, Sept. 10, 2001.
	Documentary Stamp Tax; Life Insurance Policies; A “Junior Estate Builder Policy” w/ an “automatic increase clause” w/c already formed part of the insurance contract when originally executed. It is clear from Sec. 173 that the payment of documentary stamp tax is done at the time the act is done or transaction had and the tax base for the computation of documentary stamp taxes under Sec. 183 is the amount fixed in the policy. Logically, the amount fixed in the policy is the fu=igure written on its face and whatever increases will take effect in the future by reason of the “automatic increase clause,” w/o the need of another contract. Thus, the amount insured by the policy at the time of its issuance necessarily included the additional sum covered by the automatic increase clause because it was already determinable at the time the transaction was entered into and formed part of the policy. The deficiency of documentary stamp tax imposed on private respondent is definitely not on the amount of the	CIR v. Lincloln Philippine Life Insurance Co., GR 119176, March 19, 2002.

	original insurance coverage, but on the increase of the amount insured upon the effectivity of the "Junior Estate Builder Policy."	
Income Tax	**Deductions; Capital Losses;** The equity investment in shares of stocks held by CBC in its Hongkong subsidiary is not an indebtedness and is a capital (not an ordinary) asset. Assuming that such equity investment has indeed become "worthless," the loss sustained is capital and not an ordinary loss. Capital loss can only be deducted from capital gains, if any, derived by the taxpayer during the same taxable year when the securities became "worthless."	China Banking Corp. v. CA, GR 125508, July 19, 2000.
	Withholding Tax at Source; Income subject to w/holding. Under this system, income is viewed as a flow and is measured over a period of time known as an "accounting period." An accounting period covers twelve months, subdivided into four equal segments known as "quarters." Income realized within the taxpayer's annual accounting period (fiscal or calendar year) becomes the basis for the computation of the gross income and the tax liability. The same basic principles apply under the prevailing tax laws. Under the present tax code, the types of income subject to withholding tax in Section 53, now Section 50, is simplified into three categories: (a) withholding of final tax on certain incomes; (b) withholding of creditable tax at source; and (c) tax free covenant bonds.	CITIBANK, vs. CA and CIR, GR 107434, Oct. 10, 1997.
	Income of foreign non-resident corporation; Liability of the w/holding tax agent; The law sets no condition for the personal liability of the withholding agent to attach. The reason is to compel the withholding agent to withhold the tax under all circumstances. In effect, the responsibility for the collection of the tax as well as the payment thereof is concentrated upon the person over whom the Government has jurisdiction. Thus, the withholding agent is constituted the agent both the government and the taxpayer. With respect to the collection and/or withholding of the tax, he is the Government's agent. In regard to the filing of the necessary income tax return and the payment of the tax to the Government, he is the agent of the taxpayer. The withholding agent, therefore, is no ordinary government agent especially because under Section 53 (c) he is held personally liable for the tax he is duty bound to withhold; whereas, the Commissioner of Internal Revenue and his deputies are not made liable to law.	Filipinas Synthetic Fiber Corp. v. CA, GR 118498, & 124377, Oct. 2, 1999.
	Accrual Method of Accounting; Under this method, income is reportable when all the events have occurred that fix the taxpayer's right to receive the income, and the amount can be determined w/ reasonable accuracy. Thus, it is the right to receive income, not the actual receipt, that determines when to include the amount in gross income. Requisites: (1) the right to receive the amount must be valid, unconditional and enforceable, i.e. not contigent upon future time; (2) the amount must be reasonably susceptible of accurate estimate; and (3) there must be a reasonable expectation that the amount will be paid in due course.	David v. CA, supra; Filipinas Synthetic Fiber Corp. v. CA, supra.
	Gross Receipts; refers to all amounts received by the prime or principal contractor as the total price, undiminished by the amount paid to the subcontractor under a subcontract agreement. Gross receipts cannot be	Protector's Services v. CA, GR 118176, April

	diminished by employer's SSS, SIF and Medicare contributions, or by salaries paid to the security guards.	12, 2000.
	Tax Amnesty; Income Tax, Branch Profit Remittance Tax and Contractor's Tax (EO Nos. 41 and 64); Taxpayers who may avail of the amnesty. There are three (3) types of taxes involved herein — income tax, branch profit remittance tax and contractor's tax. These taxes are covered by the amnesties granted by E.O. Nos. 41 and 64. Section 4 of E.O. No. 41 enumerates which taxpayers cannot avail of the amnesty granted: (a) Those falling under the provisions of Executive Order Nos. 1, 2 and 14; (b)Those with income tax cases already filed in Court as of the effectivity hereof; (c) Those with criminal cases involving violations of the income tax law already filed in court as of the effectivity hereof; (d)Those that have withholding tax liabilities under the National Internal Revenue Code, as amended, insofar as the said liabilities are concerned; (e) Those with tax cases pending investigation by the Bureau of Internal Revenue as of the effectivity hereof as a result of information furnished under Section 316 of the National Internal Revenue Code, as amended; (f)Those with pending cases involving unexplained or unlawfully acquired wealth before the Sandiganbayan; (g) Those liable under Title Seven, Chapter Three (Frauds, Illegal Exactions and Transactions) and Chapter Four (Malversation of Public Funds and Property) of the Revised Penal Code, as amended. Section 4 (b) of E.O. No. 41 is very clear and unambiguous. It excepts from income tax amnesty those taxpayers "with income tax cases already filed in court as of the effectivity hereof." The point of reference is the date of effectivity of E.O. No. 41. The filing of income tax cases in court must have been made before and as of the date of effectivity of E.O. No. 41 (22 Aug. 1986). Thus, for a taxpayer not to be disqualified under Section 4 (b) there must have been no income tax cases filed in court against him when E.O. No. 41 took effect. This is regardless of when the taxpayer filed for income tax amnesty, provided of course he files it on or before the deadline for filing.	CIR v. Marubeni Corp, GR 137377, Dec. 18, 2001.
	Same; Contractor's Tax; Independent Contractors; A contractor's tax is a tax imposed upon the privilege of engaging in business. It is generally in the nature of an excise tax on the exercise of a privilege of selling services or labor rather than a sale on products; ans is directly collectible from the person exercising the privilege. Being an excise tax, it can be levied by the taxing authority only when the acts, privileges or business are done or performed w/in the jurisdiction of said authority. Like property taxes, it cannot be imposed on an occupation or privilege outside the taxing district.	id.
	Tax Refund; Two-year Prescriptive Period (Sec. 292 of the Tax Code); Petitioner's claim for tax refund is barred by prescription.	BPI v. CIR, GR 144653, Aug. 28, 2001.
	Same; Excess Income Tax Withheld. Substantial justice, equity and fair play are on the side of petitioner. Technicalities and legalisms, however exalted, should not be misused by the government to keep money not belonging to it and thereby enrich itself at the expense of its law-abiding citizens. If the State expects its taxpayers to observe fairness and honesty in paying their taxes, so	BPI-Family Savings Bank v. CA, GR 122480, April 12, 2000.

	must it apply the same standard against itself in refunding excess payments of such taxes. Indeed, the State must lead by its own example of honor, dignity and uprightness. When it is undisputed that a taxpayer is entitled to a refund the State should not invoke technicalities to keep money not belonging to it. No one, not even the State, should enrich oneself at the expense of another.	
Business Tax	**Specific Tax; Ad Valorem Tax; Claim for Tax Credit; Credit Tax Numeric Codes;** It has been established that the BIR adopted tax numeric codes (TNCs) to classify taxes according to their kinds and rates, in order to facilitate the preparation of statistical and other management reports, the improvement of revenue accounting and the production of tax data essential to management planning and decision-making. These codes include TNC No. 3011-0001 for specific tax on domestic distilled spirits, TNC No. 3023-2001 for ad valorem tax on compounded liquors, and TNC No. 0000-0000 for unclassified taxes. The tax payments therein are described only as falling under TNC No. 3011-0001, i.e., specific tax, and TNC No. 0000-0000, i.e., unclassified taxes. There are no tax payments classified as falling under TNC No. 3023-2001, the code for ad valorem taxes. The import of this, simply, is that Tanduay did not make any ad valorem tax payments during the said period and is, therefore, not entitled to any tax credit.	Evangelista v. People, GR 108135-36, Aug. 14, 2000.
	Same; Refined and Manufactured Mineral Oil, Motor Oil and Diesel Fuel Oil; Forfeiture of cash bond. While petitioner is indeed entitled to a refund under Section 5 17 of R.A. No. 1435, we hold that since the partial refund is in the nature of a tax exemption, it must be construed strictly against the grantee. Thus, we reiterate our well-considered view in Davao Gulf : “We have carefully scrutinized RA 1435 and the subsequent pertinent statutes and found no expression of a legislative will authorizing a refund based on higher rates claimed by petitioner. The mere fact that the privilege of refund was included in Section 5 and not in Section 1, is insufficient to support petitioner's claim. When the law itself does not explicitly provide that a refund under RA 1435 may be based on higher rates which were nonexistent at the time of its enactment, this Court cannot presume otherwise. A legislative lacuna cannot be filled by judicial fiat.”	Ara-asan Timber Co. v. CIR, GR 132155, Aug. 16, 2001.
	Same; Tobacco; Removal of tobacco products w/o prepayment of tax. The exemption from specific tax of the sale of stemmed leaf tobacco as raw material by one L-7 directly to another L-7 is because such stemmed leaf tobacco has been subjected to specific tax when an L-7 manufacturer purchased the same from wholesale leaf tobacco dealers designated under Section 3, Chapter I, Revenue Regulations No. 17-67 (supra) as L-3, L-3F, L-3R, L-4, or L-6, the latter being also a stripper of leaf tobacco. These are the sources of stemmed leaf tobacco to be used as raw materials by an L-7 manufacturer which does not produce stemmed leaf tobacco. When an L-7 manufacturer sells the stemmed leaf tobacco purchased from the foregoing suppliers to another L-7 manufacturer as raw material, such sale is not subject to specific tax under Section 137 (now Section 140), as implemented by Section 20(a) of Revenue Regulations No. V 39. Consequently, respondent's purchases of stemmed leaf tobacco were not exempt from specific tax. TADIHE	CIR v. La Compaña Fabrica de Tabacos, GR 145275, Nov. 15, 2001.

Local Taxation	**Real Property Tax; Tax Declaration;** The Real Property Tax Code provides that real property tax shall be assessed in the name of the person "owning or administering" the property on w/c the tax is levied. Where a person could not prove any successional or administrative rights to the estate, the tax declaration in his name must be declared null and void.	Cenido v. Apacinado, GR 132474, Nov. 19, 199.
	Same; Tax Assessment Notices; The Sept. 3, 1986 and Oct. 31, 1989 notices do not contain the essential information that a notice of assessment must specify, namely: the value of a specific property or proportion thereof w/c is being taxed, discovery, listing, classification and appraisal of the property subject to taxation. In fact, the tenor of the notices bespeaks an intention to collect unpaid taxes, thus, [2] the reminder to the taxpayer that the failure to pay the taxes shall authorize the government to auction off the properties subject to taxes. The last paragraph of the said notices that informs the taxpayer that in case payment has already been made, the notices may be disregarded is an indication that it is in fact a notice of collection. Whether or not a tax assessment had been made and sent to the petitioner prior to the collection of back taxes by respondent Municipal Treasurer is of vital importance in determining the applicability of Sec. 64, of the Real Property Tax Code, inasmuch as payment under protest is required only when there has in fact a tax assessment, the validity of w/c is being questioned. Concomitantly, the doctrine of exhaustion of administrative remedies finds no application where no tax assessment has been made.	MERALCO v. Barlis, GR 114231, Feb. 1, 2002.
	Same; Based on Actual Use; LRT Stations and Carriageways; Under the Real Property Tax Code, real property is classified for assessment purposes on the basis of ACTUAL USE, w/c is defined as "the purpose for w/c the property is principally or predominantly utilized by the person in possession of the property." Unlike public roads w/c are open for use by every one, the LRT is accessible only to those who pay the reqd. fare. It is thus apparent that petitioner does not exist solely for public service, and that the LRT carriageways and terminal stations are not exclusively for public use. Moreover, the charter of petitioner (EO 603) does not provide for any real estate tax exemption in its favor. Even granting that the national government indeed owns the carriageways and terminal stations, the exemption would not apply because their beneficial use has been granted to petitioner, a taxable entity.	LRTA v. Central Board of Assessment Appeals, GR 127316, Oct. 12, 2000.
	Same; Valuation of Movable Property; Sec. 28 of the Real Property Tax Code provides for a formula for computing the current market value of machineries. However, Sect. 28 must be read in consonance w/ Section 3 (n) of the said law, w/c defines "market value." Under the latter provision, the LBAA and CBAA were not precluded from adopting various approaches to value determination, including adopting the APT "floor bid price" for petitioner's properties. As correctly pointed out by the CBAA and affirmed by the court a quo: "Valuation on the basis of a floor bid price is not bereft of any basis in law. One of the approaches to value is the Sales Analysis Approach or the Market Data Approach where the source of market data for valuation is from offer of sales or bids of real property.	Cagayan Robina Sugar Milling Co. v. CA, GR 122451, Oct. 12, 2000.

	Valuation based on the floor bid price belongs to this approach, pursuant to Section 3(n) . . .” Tax assessments by tax examiners are presumed correct and made in good faith, with the taxpayer having the burden of proving otherwise. The method used by the LBAA and CBAA cannot be deemed erroneous since there is no rigid rule for the valuation of property, which is affected by a multitude of circumstances and which rules could not foresee nor provide for. A party challenging an appraiser's finding of value is required not only to prove that the appraised value is erroneous but also what the proper value is.	
Tarrif and Customs Code	**Forfeiture of Goods;** Not favored in law or equity. Mere negligence is not equivalent to the fraud contemplated by law. What is here involved is an honest mistake, not even directly attributable to private respondent, w/c will not deprive the government of its right to collect the proper tax.	Republic v. CTA, GR 139050, Oct. 2, 2001.
Invest-ment Incentives	**New or Expanding Export Producers duly Registered w/ the BOI;** As an expanding export producer on a pioneer status, petitioner was entitled to certain incentives granted under that law. Among such incentives were the "tax credit on net value earned" provided in Article 48(c) in relation to Article 45(c) of the law and the "tax credit on net local content of exports" as provided in Article 48(d), thereof. In furtherance of the declared statutory policy, the law mandates that ALL DOUBTS SHALL BE RESOLVED IN FAVOR OF THE GRANT OF BENEFITS therein provided. The policy of the law as spelled out in the Investment Policy Act of 1983 is to stimulate private domestic and foreign investments in industry and other sectors of the economy to achieve among others "increased volume and value of exports for the economy." In essence, the law intends to encourage and promote an export-led economy through incentives which are performance-oriented. The same policy and intent can be discerned in P.D. 1789, prior to its amendment by B.P. Blg. 391, evident from its declared purpose to "attain a rising level of production and employment, increase foreign exchange earnings, hasten the economic development of the nation. and assure that the benefits of development accrue to the Filipino people. This provision was reproduced in Art. 79 of the Omnibus Investments Code of 1987 (E.O. 226), a clear manifestation of the continuing policy of the State to liberalize the grant of incentives, as a way to attain the purpose of the law, which is to encourage investments that tend to "result in increased volume and value of exports for the economy. Viewed from the unmistakable statutory purpose, the reduction of the tax incentives petitioner deserved under the law for producing more than its registered capacity, is against the purpose of investment incentive laws.	Pilipinas Kao v. CA, GR 105014, Dec. 18, 2001.