Title: Estate of the Deceased Juan De La Viña vs. Government of the Philippine Islands

Facts:
The case arose from the claim for unpaid income taxes filed by the Collector of Internal Revenue against the estate of the deceased Juan De La Viña, for the tax years 1919, 1920, 1923, 1924, 1926, 1928, 1929, 1930, and 1931. The trial court ruled in favor of the government for the back taxes of the years 1926, 1928, 1929, 1930, and 1931, amounting to P6,265.25, and held that the action of the government to collect back taxes for the years 1919, 1920, 1923, and 1924 had prescribed. The trial court also dismissed the government's claim for the surcharge of 5% and interest of 1%.

The government appealed the decision, contending that its action to collect taxes was imprescriptible. The judicial administratrix did not appeal the decision, effectively accepting it despite her earlier assertion that all taxes had been paid except for those in 1928 and 1929, which were allegedly not due because of lack of taxable income and Viña's serious illness, respectively.

Procedurally, the case reached the Supreme Court through an appeal filed by the Solicitor-General on behalf of the government after its motion for a new trial was denied by the lower court.

Issues:
The principal legal issue was whether or not the government's action to collect a tax through the courts is subject to the statute of limitations.

Court's Decision:
The Supreme Court ruled in favor of the government, holding that the general law regarding the prescription of actions does not apply to it unless expressly provided by law. The Court reiterated the doctrine that the government is not bound by the statutes of limitations in the absence of clear legislative intent. Therefore, the government's action to collect back taxes through judicial proceedings is not prescriptible. Additionally, the Supreme Court found that the three-year period within which the discovery of erroneous, false, or fraudulent returns must be made (as per Act No. 2833) is pertinent to tax assessments and summary collections but not to the collection of taxes through judicial action. The decision of the lower court was modified to order the estate of Juan De La Viña to pay back income taxes for the years 1919, 1920, 1923, and 1924, amounting to P7,447.77 in total.

Doctrine:

Unless expressly provided by law, statutes of limitations do not run against the State. In particular, actions brought by the government for the collection of taxes are not subject to the statute of limitations.

Class Notes:
– Statutes of Limitation: Special laws that limit the time within which legal proceedings may be initiated.
– Imprescriptibility of Government Actions: The government’s action to collect taxes is not subject to the statute of limitations unless the law specifically includes such a provision.
– Act No. 2833, Section 9(a): Refers to the three-year window after filing a tax return or payment of the tax for discovering errors, which applies to summary assessment and collection but not to judicial collection.

Historical Background:
The case reflects the underlying public policy principle that the interests of the government are paramount and should not be impeded by limitations applicable to private litigants. This principle, recognized both in the Philippines and in U.S. jurisdictions from which Philippine law has substantially derived, reinforces the sovereign nature of governmental rights and the presumption against the application of statutes of limitations to the government unless clearly intended by legislation.