

****Title:**** The People of the Philippines v. Ildefonso Tierra

****Facts:**** This case involves Ildefonso Tierra, who was found guilty by the Manila Court of First Instance for violations of the income tax law. Tierra faced four separate informations, each alleging various acts of filing false and fraudulent income tax returns for the years 1946, 1947, and 1949, both in his personal capacity and as president of Ildefonso Tierra & Sons, Inc., and for failing to keep and preserve necessary books of account. These accusations stemmed from findings during an investigation by an income tax examiner, which resorted to the “percentage basis” for computing net income due to Tierra’s failure to produce complete accounting records. Despite formal demands and administrative actions by the Collector of Internal Revenue for payment of deficiency taxes, no payments were made by Tierra, leading to his prosecution.

After a joint trial agreed upon by both prosecution and defense, the Manila court issued sentences for each case, imposing fines, imprisonment, and orders for Tierra to indemnify the Republic of the Philippines for the deficiency taxes. Tierra appealed to the Court of Appeals, which in turn certified the case to the Supreme Court due to the involvement of purely legal questions.

****Issues:****

1. Whether the informations filed against Tierra were valid despite alleged defects in detailing the applicability of statutory provisions to Tierra.
2. Whether the government’s actions against Tierra had prescribed by the time the informations were filed.
3. Whether Tierra’s criminal liability was extinguished by the extinguishment of his alleged civil liability to pay taxes due to prescription.
4. Whether the repeal of Section 51(d) of the National Internal Revenue Code (NIRC) by Republic Act No. 2343 affects Tierra’s prosecution and conviction for the offenses charged.

****Court’s Decision:****

1. The Supreme Court dismissed Tierra’s argument regarding the alleged defects in the informations, stating that the necessary elements were adequately covered by the income declared and by Tierra’s submission of income tax returns.
2. On the issue of prescription, the Court found that the actions against Tierra were filed within the five-year period mandated by law, as the offenses were only discovered in December 1950, making the December 1955 filing timely.
3. Regarding the extinguishment of Tierra’s criminal liability through prescription of civil

liability, the Court clarified that the filing of false and fraudulent returns constitutes an independent criminal offense that could not be negated by subsequent extinguishment of the civil liability to pay taxes.

4. On the argument related to the repeal of Section 51(d) of the NIRC, the Court noted that Tierra's charges were not solely based on the repealed provision but also on other sections pertaining to filing false returns, which remained actionable.

****Doctrine:**** The satisfaction of civil liability, such as payment of taxes or prescription thereof, does not extinguish criminal liability for the act of filing false or fraudulent income tax returns. Criminal actions for violations of the income tax law persist independently of the success or failure of civil remedies to enforce tax collection.

****Class Notes:****

- Filing False and Fraudulent Income Tax Returns: A criminal act that remains prosecutable regardless of the taxpayer's subsequent settlement of tax liabilities or the prescription of the government's right to collect.
- Legal Prescriptions for Tax Violations: Under the National Internal Revenue Code, the five-year prescription period for tax violations begins from the commission of the violation or from its discovery if not immediately known.
- Doctrine of Independence between Civil and Criminal Liabilities in Tax Law: The extinguishment of civil liability for taxes due, whether through payment or prescription, does not eliminate criminal liability for tax evasion or fraudulent filing.
- Effect of Statutory Repeal on Pending Cases: Changes in statutory provisions do not necessarily nullify criminal proceedings based on previously valid laws unless explicitly stated.

****Historical Background:**** This case highlights the enforcement challenges and legal principles surrounding tax law in the Philippines, especially concerning the issues of prescription, prosecution of tax offenses, and the impact of legislative changes on ongoing legal proceedings.