Title: Commissioner of Internal Revenue vs. Primetown Property Group, Inc. (G.R. No. 162155)

Facts:

In March 1999, Gilbert Yap, Vice Chair of Primetown Property Group, Inc. (Primetown), applied for a refund or credit for income taxes paid in 1997, citing business losses amounting to P71,879,228 due to increased costs and financial difficulties from the Asian Financial Crisis. Despite these losses, Primetown had paid quarterly corporate income taxes and remitted creditable withholding tax totaling P26,318,398.32.

The Bureau of Internal Revenue (BIR), through Revenue Officer Elizabeth Y. Santos, required additional documents, which Primetown provided. However, no action was taken by the BIR. Consequently, Primetown filed a petition for review with the Court of Tax Appeals (CTA) on April 14, 2000.

The CTA dismissed the petition on December 15, 2000, citing that it was filed beyond the two-year prescriptive period under Section 229 of the National Internal Revenue Code (NIRC). Primetown's motion for reconsideration was denied, leading them to appeal to the Court of Appeals (CA).

On August 1, 2003, the CA reversed the CTA's decision, interpreting that a year consists of 365 days regardless of being a leap year, thus making Primetown's filing within the prescribed period. The BIR, disagreeing, filed a motion for reconsideration, which was denied, and subsequently, a petition for review on certiorari to the Supreme Court (SC).

Issues:

1. How should the two-year prescriptive period for filing a claim under Section 229 of the NIRC be computed?
2. Does the computation method consider leap years, or should years be considered as 365 days regardless?

Court's Decision:

The Supreme Court agreed with the CA's conclusion but for different reasons:
1. **Legal Period Computation**: The SC emphasized that the two-year prescriptive period should be reckoned from the final adjusted return filing date.
2. **Applicable Law for Computation**: The SC examined if the computation should comply with Article 13 of the Civil Code or Section 31, Chapter VIII, Book I of the Administrative Code of 1987. They found:

– Article 13 interprets a year as 365 days, whether regular or leap year.
– Section 31 of the Administrative Code computes a year as twelve calendar months.
– Due to the principle of lex posteriori derogat priori (a later law prevails over an earlier one on the same matter), the SC held that the Administrative Code should govern.

Using this logic, the SC computed the two-year period as 24 calendar months from April 14, 1998 to April 14, 2000, making Primetown's filing timely within the prescriptive period.

Doctrine:
– **Lex Posteriori Derogat Priori**: This doctrine states that in case of conflicting laws, the more recent law prevails.
– **Calendar Month Calculation**: Legal periods expressed in years under the Administrative Code of 1987 are equivalent to twelve calendar months, distinguishing it from the Civil Code.

Class Notes:
– **Key Elements**: Prescriptive periods, tax refund, statutory interpretation.
– **Statutory Provisions**: Section 229, NIRC (Recovery of Taxes Erroneously or Illegally Collected); Article 13, Civil Code (Computation of Time); Section 31, Administrative Code of 1987 (Legal Periods).

Historical Background:
The case unfolded during the aftermath of the Asian Financial Crisis of 1997, a period that induced widespread economic instability. The procedural history involved an interpretation of laws that spanned both the Civil Code of 1950 and the Administrative Code of 1987, reflecting legislative attempts to modernize and simplify the legal framework. The case highlights the judiciary's role in navigating and harmonizing older and newer statutory provisions to resolve tax-related disputes.