

**\*\*Title:\*\*** Jaime N. Soriano et al. vs. Secretary of Finance and the Commissioner of Internal Revenue (G.R. No. 184450)

**\*\*Facts:\*\***

1. On 19 May 2008, the Senate filed its Senate Committee Report No. 53 on Senate Bill No. 2293.
2. Former President Gloria M. Arroyo certified the bill as urgent, facilitating its rapid passage through the Senate and the House of Representatives.
3. R.A. 9504, which amended several sections of the National Internal Revenue Code of 1997, was signed into law on 17 June 2008.
4. The law, effective from 6 July 2008, provided income tax exemptions for minimum wage earners (MWEs) and increased personal and additional exemptions for other individual taxpayers.
5. On 24 September 2008, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) 10-2008 to implement R.A. 9504.
6. The RR restricted the tax exemption for MWEs to the period starting from 6 July 2008 and applied prorated additional exemptions for taxable year 2008.
7. Petitioners challenged RR 10-2008, claiming it contradicted the legislative intent of R.A. 9504, which they argued should apply for the entire taxable year of 2008.

**\*\*Procedural History:\*\***

- Petitioners Jaime N. Soriano, Senator Manuel A. Roxas, Trade Union Congress of the Philippines (TUCP), Senator Francis Joseph G. Escudero, and other stakeholders filed petitions questioning the validity of RR 10-2008.
- The Office of the Solicitor General (OSG) defended the regulation, arguing the non-retroactivity of R.A. 9504.

**\*\*Issues:\*\***

1. Should the increased personal and additional exemptions under R.A. 9504 apply to the entire taxable year 2008 or be prorated?
2. Should MWEs be exempt from income tax for the entire year 2008 or only from 6 July 2008 onwards?
3. Are the provisions in RR 10-2008 that disqualify MWEs from exemptions if they receive other benefits exceeding P30,000 consistent with R.A. 9504?

**\*\*Court's Decision:\*\***

**\*\*Issue 1: Application of Increased Personal and Additional Exemptions\*\***

- The Supreme Court ruled that the increased personal and additional exemptions should apply to the entire taxable year of 2008. The Court relied on the precedent set in *Umali v. Estanislao*, which dealt with similar tax exemptions and determined that social legislation intended for immediate relief should be applicable for the entire taxable year.

**\*\*Issue 2: MWE Exemptions for Entire 2008\*\***

- The Court held that MWEs should be exempt from income tax for the entire taxable year of 2008. This interpretation aligns with the legislative intent to offer immediate financial relief to MWEs, as indicated in Senator Escudero's sponsorship speech and the emergency nature of the law's passage.

**\*\*Issue 3: Disqualification of MWEs Based on Other Benefits\*\***

- The Supreme Court found that Sections 1 and 3 of RR 10-2008, which disqualified MWEs from exemptions if they received other benefits exceeding P30,000, were inconsistent with R.A. 9504. The Court ruled that the BIR overstepped its regulatory authority by imposing additional conditions not specified in the law.

**\*\*Doctrine:\*\***

- **\*\*Legislative Intent:\*\*** The ruling emphasized that legislative intent should guide the application and interpretation of tax laws, particularly when the law seeks to provide immediate relief.

- **\*\*Full-Year Treatment:\*\*** The "full taxable year treatment" for exemptions, as established in *Umali v. Estanislao*, indicates exemptions should apply for the entire taxable year unless explicitly stated otherwise by the law.

**\*\*Class Notes:\*\***

1. **\*\*Social Legislation:\*\***

- Definition: Laws designed to provide immediate benefit to specific groups, usually lower-income or vulnerable sectors.

- Example: R.A. 9504's income tax exemptions for MWEs.

2. **\*\*Principle of Legislative Intent (Verba Legis):\*\***

- The rule that courts should interpret laws according to the clear intent of the legislature.

- Application: The Court used legislative proceedings and certification of urgency to determine the legislature's intent for R.A. 9504.

3. **Full Taxable Year Treatment:**

- Exceptions should be explicitly stated in the law.
- Application: The increased personal and additional exemptions were applied to the entire year of 2008 based on existing legislature and jurisprudence.

4. **Rule of Non-Delegability:**

- Administrative agencies cannot extend their regulations beyond legislative mandates.
- Application: The BIR overstepped its authority by introducing unauthorized qualifications in RR 10-2008.

**Historical Background:**

- The case stems from historical legislative attempts to provide economic relief during times of financial instability.
- R.A. 9504 was introduced in response to global increases in commodity prices and intended to offer immediate tax relief to lower-income earners.

By translating the legislative intent and the doctrine established by precedent rulings, the Supreme Court affirmed its role in ensuring that administrative regulations conform strictly to the enacted laws' stipulations.