

Title

Collector of Internal Revenue vs. Suyoc Consolidated Mining Company, 104 Phil. 819 (1958)

Facts

Suyoc Consolidated Mining Company (Suyoc) was unable to file its income tax return for 1941 due to the outbreak of World War II. Post-liberation, Congress enacted Commonwealth Act No. 722, extending the filing of tax returns for 1941 up to December 31, 1945. Given that Suyoc's records were lost or destroyed, the Collector of Internal Revenue granted extensions for filing the return, ultimately allowing it to file its return based on the best evidence available.

Sequence of Events:

1. ****Initial Returns Filed****: Suyoc filed three income tax returns for 1941. The tentative return was submitted on February 12, 1946. A second final return was filed on November 28, 1946, and a third amended final return on February 6, 1947.
2. ****Assessment, 1947****: Using the second final return, the Collector assessed P28,289.96 in income tax on February 11, 1947, with added surcharges and interest, totaling P33,099.26.
3. ****Extension Requests****: On February 21, 1947, Suyoc requested an extension of at least one year for payment, which was partially granted for three months from March 20, 1947.
4. ****Non-payment and Reassessment****: Suyoc failed to pay within the extension. Demands for payment were issued by the Collector on November 28, 1950. Suyoc sought reconsideration on April 6, 1951.
5. ****Reassessment, 1952****: The tax was reassessed to P33,829.66 on March 7, 1952, further revised to P50,697.03 on April 18, 1952, and finally reduced to P24,438.96 on July 26, 1955, after appeals and reviews.
6. ****Court of Tax Appeals****: Suyoc petitioned to the Court of Tax Appeals arguing the prescription of the tax claim, which the court upheld, leading to this Supreme Court appeal.

Issues

1. Does a mere request for reconsideration or reinvestigation suspend the running of the statute of limitations for tax assessment and collection?

Court's Decision

****On the Suspension of Prescription**:**

The Supreme Court reversed the Court of Tax Appeals' ruling, asserting that repeated requests by the taxpayer leading the government to delay the collection do induce the suspension of the local statute of limitations. Specifically, the Court held that:

1. ****Estoppel Due to Inducement****: The taxpayer's continual petitions persuaded the Collector to hold off collection efforts. Hence, Suyoc was estopped from invoking the defense of prescription.
2. ****Principle of Equity****: The Court emphasized the equitable principle that one cannot benefit from one's own wrongdoing. Since Suyoc's actions led to the delay, they should not benefit from the expiration of the statutory period.

Doctrine

The Court established that upon the taxpayer's repeated requests for extensions and reconsiderations, the running of the statute of limitations can be tolled due to equitable estoppel. "He who prevents a thing from being done may not avail himself of the nonperformance which he has himself occasioned."

Class Notes

- ****Key Elements****: Prescription (Statute of Limitations), Income Tax Assessment, Reinvestigation Requests, Equitable Estoppel.
- ****NIRC Sections****:
 - ****Section 331****: Limits tax assessment within five years after return filing.
 - ****Section 332 (c)****: Outlines conditions under which collection periods can be extended.
 - ****Section 333****: Suspension of the statute of limitations based on specific prohibitions.
- ****Interpretation****: The Court ruled that actions suggesting deliberate deferment invoked equitable estoppel, outweighing statutory prescriptions.

Historical Background

Post-World War II Philippines faced considerable administrative disruptions, leading to legislative measures like Commonwealth Act No. 722 to accommodate tax filing difficulties. This context is crucial as the war induced exceptional circumstances, influencing both taxpayers and the government's administrative responses.