

**HEALD LUMBER COMPANY, PETITIONER, VS. BENJAMIN N. TABIOS,
IN HIS CAPACITY AS COMMISSIONER OF INTERNAL REVENUE,
RESPONDENT.***G.R. No. L-23123. September 30, 1969*

Ponente: MAKALINTAL, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/b3029ef33ab3/>**MAKALINTAL, J.:**

This is a petition for review of the decision of the Court of Tax Appeals in CTA Case No. 1222 and of the resolution of said court denying petitioner's motion for reconsideration. The appealed decision - affirming respondent's assessment - held petitioner liable for the payment of the sum of P2,362.57 as 1/2% monthly interest from June 20, 1959 to November 24, 1961 on the amount of P16,219.00, the deficiency income tax for 1953 admittedly due from petitioner.

The material facts are not controverted. On February 25, 1959 respondent originally assessed against petitioner the sum of P41,040.00 as deficiency income tax for 1953. Upon petitioner's request for reconsideration, respondent issued on November 24, 1961 a revised assessment in the reduced amount of P16,219.00, plus the aforementioned interest of P2,362.57. Although petitioner paid the principal amount as thus revised, it refused to pay the interest thereon, claiming that the same was without legal basis. Respondent maintained that the 1/2% monthly interest was imposed pursuant to section 51(d) of the National Internal Revenue Code, as amended by Republic Act No. 2343, which took effect on June 20, 1959. Petitioner elevated the case to the Court of Tax Appeals, which on March 23, 1964 rendered the decision now subject of review.

The issue presented is not a novel one. In an earlier case decided by this Court where the same question was raised (*Central Azucarera de San Pedro vs. Court of Tax Appeals and Commissioner of Internal Revenue*, G. R. Nos. L-23236 and 23254, May 31, 1967; 20 SCRA 344) this Court, speaking through Mr. Justice J. B. L. Reyes, stated:

"The common issue posed in both cases is: whether or not the interest of six per centum (6%) per annum (or 1/2% monthly interest), provided for in Section 51(d) of the National Internal Revenue Code, as amended by Republic Act No. 2343 (effective June 20, 1959) is imposable on deficiency income tax due on income earned prior to the effectivity of said Republic Act No. 2343, but assessed after it."

X X X X X X X X

"From a perusal and comparison of the abovequoted sections of the Tax Code, before and after its amendment, it will be observed that, although the Commissioner (formerly Collector) of Internal Revenue, under the old Section 51 (a) was required to assess the tax due, based on the taxpayer's return and notify the taxpayer of said assessment, still, under subsection (b) of the same old Section 51, the time prescribed for the payment of tax was fixed, whether or not a notice of the assessment was given to the taxpayer. Under the new provision, the time of payment is also fixed and pre-determined (usually coinciding with the filing of the return) without the necessity of giving notification of the assessment to the taxpayer by the Commissioner.

"It should further be observed that, under the old Section 51(e), the interest on deficiency was imposed from the time the tax became due; while under the new Section 51(d), said interest is imposed on the deficiency from the date pre-scribed for the payment of the tax.

"It is thus evident that petitioner's contention that 'interest on such deficiency accrued only when the taxpayer failed to pay the tax within the period prescribed there-for by respondent (Commissioner of Internal Revenue)' is not correct; said interest was imposable in case of non-payment on time, not only on the basic income tax, but also on the deficiency tax, since the deficiency was part and parcel of petitioner's income tax liability.

"It appearing that the new Section 51(d) under Republic Act 2343 expressly provides that the interest on deficiency shall be assessed at the same time as the deficiency income tax; and that respondent Commissioner of Internal Revenue imposed and sought to collect the interest only from June 20, 1959, which was the date of effectivity of said Republic Act No. 2343; that the deficiency income taxes in question were assessed and unpaid when said Act was already in force, the Tax Court correctly held that said Section 51(d), as amended, is not being applied retroactively as contended by petitioner herein.

"Moreover, the application of said Section 51(d), as amended, in the cases at bar, operated and worked in favor of petitioner-appellant, since instead of imposing the rate of one per centum (1%) monthly interest prescribed in the old Section (51)6 from 'the time the tax became due, (1953, 1954, 1955, 1956, 1957, 1958 in the instant case) respondent Commissioner merely imposed the new ½% monthly interest from January 20, 1959, which interests, as computed are less than what would be due under the old law."

The foregoing decision in the Central Azucarera case is squarely applicable in the one at bar, the material facts and legal issues being similar.

WHEREFORE, the decision is hereby affirmed. Costs against petitioner.

Concepcion, C.J., Dizon, Zaldivar, Ruiz Castro, Fernando, Capistrano, Teehankee, and Barredo, JJ., concur.

+ Section 51(d) as amended by Republic Act No. 2343 reads:

"SEC. 51. Payment and assessment of income tax. x x x (d) Interest on deficiency. - Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency and shall be paid upon notice and demand from the Commissioner of Internal Revenue; and shall be collected as part of the tax, at the rate of six per centum per annum from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed: Provided, That the maximum amount that may be collected as interest on deficiency shall in no case exceed the amount corresponding to a period of three years, the present provisions regarding prescription to the contrary notwithstanding."

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.