

MARIA R. CASTRO, PETITIONER, VS. COLLECTOR OF INTERNAL REVENUE, RESPONDENT.

G.R. No. 12174. December 28, 1962

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

SUMMARY

Petitioner moved for a partial reconsideration of the decision of this Court of April 26, 1962 praying that the one per cent monthly interest on the War Profits Tax due from her be limited to thirty-six per cent in accordance with the amended provision of Section 51 (e) of the Internal Revenue Code which took effect nine years after petitioner's tax delinquency accrued. Petitioner's tax liability under the War Profits Tax Law was assessed in 1950 when the original provision of Section 51 (e) of the Tax Code was then prevailing. She argued that the one per cent monthly interest on unpaid taxes is in the nature of a penalty and since the new provision of Section 51 (e) carries a lighter penalty it should be applied retroactively in her favor. The Supreme Court denied reconsideration.

HELD:—Laws are presumed to operate prospectively unless a clear provision authorizing its retroactive effect exists. Considering that the imposition of the one per cent monthly interest on unpaid taxes is not a penalty but a just compensation for the delay in the payment of the tax and for the concomitant use by the taxpayer of funds which rightfully belongs to the government and, as such, Section 51 (e) of the Tax Code cannot be applied retroactively.

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