

IPEKDJIAN MERCHANDISING CO., INC., PETITIONER VS. COURT OF TAX APPEALS AND COMMISSIONER OF INTERNAL REVENUE, RESPONDENTS.

G.R. No. 15430. September 30, 1963

Ponente: MAKALINTAL, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-15430/>

MAKALINTAL, J.:

Petition to review the resolution of the Court of Tax Appeals dismissing the petition for review in C.T.A. Case No. 374.

On January 11, 1951 respondent Commissioner of Internal Revenue (then Collector of Internal Revenue) assessed and demanded from Ipekjdian Merchandising Co., Inc., the amount of P97,502.25, as compensating tax and surcharge on gold chains imported by it, which were later melted and converted into gold bullion and sold as such, plus the amount of P200.00 as compromise penalty, for violation of Sec. 190 of the Tax Code. In accordance with the provisions of Executive Order No. 401-A, series of 1951, petitioner appealed from the Commissioner's decision to the Board of Tax Appeals, which after hearing on the merits, rendered judgment affirming the Commissioner's judgment (B.T.A. Case No. 10). Petitioner appealed, but this Court "following the decision in the case of University of Santo Tomas vs. Board of Tax Appeals, 93 Phil., 376" dismissed the appeal, without prejudice (L-5772, March 30, 1954). The dismissal having become final and executory petitioner sought to reinstate its appeal in this Court but its petition for reinstatement of appeal was denied on March 21, 1955.

On March 30, 1955 petitioner sought to reopen the case in the Court of Tax Appeals by filing a "petition for review" docketed as C.T.A. Case No. 107. On July 26, 1955 the Court of Tax Appeals dismissed the appeal for lack of jurisdiction, petitioner having failed to maintain the necessary action in the Court of First Instance of Manila in accordance with Section 306, Tax Code, or with the Court of Tax Appeals within 30 days from its creation (on June 16, 1954) pursuant to Section 11, R.A. 1125. Petitioner's motion for reconsideration of the dismissal was denied.

On November 3, 1955 petitioner made a partial payment of P5,000.00 on its tax liability, but four days later it filed with respondent Commissioner a written claim for refund of the same, requesting at the same time cancellation of the balance of the assessment. This was denied by the Commissioner on the ground that the decision of the Board of Tax Appeals was already final and executory.

On May 10, 1957 petitioner filed a petition for review in the Court of Appeals (C.T.A. Case No. 374) of the decision of respondent Commissioner denying its request for refund and cancellation of the balance of the assessment. On June 14, 1957 respondent Commissioner filed his answer to the petition, raising therein as affirmative defense the fact that the decision in B.T.A. Case No. 10 operates as *res judicata* to petitioner's appeal.

On February 26, 1958 respondent Commissioner filed a motion for execution of judgment in B.T.A. Case No. 10, which was granted by respondent court in its resolution of July 16, 1958. Reconsideration of that resolution being unavailing petitioner filed with this Court a petition for certiorari, L-14791, praying for annulment of the order of

execution of the judgment in B.T.A. Case No. 10. On December 29, 1958 respondent Court dismissed C.T.A. Case No. 374 on the ground of res judicata. Respondent court having refused to reconsider the dismissal, petitioner now seeks review thereof.

The petition for certiorari in *Ipekdjian Merchandising Co., Inc. vs. Court of Tax Appeals*, L-14791, was dismissed by this Court on May 30, 1963.

The question presented by appellant is whether or not the decision of the Board of Tax Appeals in B.T.A. Case No. 10 operates to bar C.T.A. Case No. 374. Appellant argues that the doctrine of res judicata, being a doctrine of expediency, is applicable only to judgments rendered by a court or judge and does not extend to decisions of administrative agencies, like the Board of Tax Appeals, which are devoid of judicial functions.

The essential requisites for the existence of res judicata are: (1) the former judgment must be final; (2) it must have been rendered by a court having jurisdiction of the subject matter and the parties; (3) it must be a judgment on the merits; and (4) there must be, between the first and second actions (a) identity of parties (b) identity of subject matter and (c) identity of cause of action (*Navarro vs. Director of Lands*, L-18814, July 31, 1962; *Aring vs. Original*, L-18464, Dec. 29, 1962).

To say that the doctrine applies exclusively to decisions rendered by what are usually understood as courts would be to unreasonably circumscribe the scope thereof. The more equitable attitude is to allow extension of the defense to decisions of bodies upon whom judicial powers have been conferred.[1]

Since the Board of Tax Appeals was certainly not a court, the pertinent question is whether the same had been granted judicial powers. In *Ipekdjian Merchandising Co., Inc. vs. Court of Tax Appeals*, supra, wherein we refused to annul respondent court's resolution (granting execution of judgment in B.T.A. Case No. 10, we ruled:

"It is true that in the case of *U.S.T. vs. BTA*, (supra), it was held that the BTA was an administrative body and its proceedings and decisions were administrative in character. But the petitioner did not take into consideration the fact that subsequently on June 16, 1954, 'all cases heretofore decided by the said Board of Tax Appeals and thence appealed to the Supreme Court, pursuant to Executive Order Number Four Hundred One-A, shall be decided by the Supreme Court on the merits to all intents and purposes as if said Executive Order had been duly enacted by Congress' and 'that all cases now pending in said Board of Tax Appeals, shall be transferred to the Court of Tax Appeals, and shall be heard and decided by the latter to all intents and purposes as they had been originally filed therein (Section 21, supra). We can thus see, that Rep. Act No. 1125 had conferred judicial character on the proceedings and decisions of the BTA. It, therefore, results that the decisions of the BTA, in cases not subsequently brought before the Court of First Instance, in accordance with the decision in the case of *UJ3.T. vs. BTA* (supra), or before the CTA, under the provisions of Rep. Act No. 1125, within the SO day period prescribed in section 11 thereof, counted from, the creation or organization of the CTA (*Lim Tio, et al. vs. CTA et al.*, G.R. No. L-10681, March 29, 1958; *Sta. Clara Lumber Co., vs. CTA*, G. R. No. L-9833, Dec. 21, 1957), received judicial confirmation under said R.A. No. 1125 and the same should be considered final and executory and enforceable by execution, just like any other decision of a court of justice." (Italics supplied)

Thus, under the above pronouncement, while the decisions of the B.T.A. were administrative in character, those that were not brought before the Court of First Instance, following: *U.S.T. vs. B.T.A.*, supra, or before the Court of Tax Appeals, pursuant to Section 11, R.A. 1125, were considered as having been judicially confirmed by virtue of R.A. 1125. The decisions covered by the pronouncement assumed the character of decisions of regular courts. Consequently, appellant's principal arguments falls.

It next maintains that the cause of action in B.T.A. Case No. 10 is different from that in C.T.A. Case No. 374.

From appellant's petition in B.T.A. Case No. 10 and the decision of the Board it may be gathered that what appellant sought therein was the review of the decision of the Collector of Internal Revenue holding it liable for P97,502.25 as compensating tax, etc., with the purpose in mind of having the same reversed. In its petition for review in C.T.A. Case No. 374, after alleging the same facts embodied in the B.T.A. decision, with the addition of the circumstance of payment, it prayed that it be held not subject to the aforementioned compensating tax; that the Collector be made to refund the P5,000.00 it had paid; and that the respondent Collector's demand or assessment for the balance of the compensating tax be cancelled. It is clear that the alleged cause of action in both cases is the same: appellant's claim to non-liability for compensating taxes. The only appreciable difference is that while in the B.T.A. case it assailed the Collector's decision assessing the sum of P97,502.25 as compensating tax, etc., and holding him responsible therefore, in the C.T.A. case, he ostensibly tried a different tack, by assailing the Collector's denial of the claim for refund and request for cancellation of the balance of the assessment. Nonetheless, in both cases, the issue is the same: whether or not appellant is liable for the compensating tax prescribed in Section 190 of the Tax Code. Appellant cannot, by merely superficially changing the form of his action, plead the non-application of the rule of bar by prior judgment.[2]

All the requisites for the defense of res judicata being present, respondent court properly dismissed the petition in C.T.A. Case No. 374.

The resolution of the Court of Tax Appeals dismissing the petition is hereby affirmed, with costs against herein petitioner.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador, Concepcion, Barrera, Paredes, Dizon, and Regala, JJ., concur.

[1] The conclusiveness of judgments being a universal principle of jurisprudence, it "does not, and from its very nature cannot, depend upon the particular court whose judicial action has been invoked, so long as its jurisdiction is competent and its judgment final. It applies wherever the parties have so submitted their claims to a final decision by a court of competent jurisdiction, whether that court be inferior or superior, of law or of equity, domestic or foreign." But in order that an adjudication may operate strictly as res judicata it must, of course, be the act of a judicial tribunal in the exercise of its lawful powers. * * * The doctrine of res judicata is applicable only to adjudications which are in their nature judgments, or, in other words, to the final determinations of some body exercising strictly judicial functions. * * * Nevertheless, the principle of the conclusiveness of prior adjudications is not confined in its operation to the judgments of what are ordinarily known as courts, but it extends to all bodies upon whom judicial powers have been conferred. Whenever any board, tribunal or person is by law vested with authority to judicially determine a question, such a determination, when it has become final, is as conclusive as though the adjudication had been made by a court of general jurisdiction. 2 Freeman on Judgments 1333-1335.

The general rule is that the doctrine of res judicata may not be predicated upon administrative or legislative action. For the operation of the doctrine, there must be a judgment rendered by a body exercising judicial functions. There are, however, cases in which the doctrine of res judicata has been held applicable to judicial acts of public executive, or administrative officers and boards. In this connection, it has been declared that whenever a final adjudication of persons invested with power to decide on the property and rights of the citizen is examinable by the Supreme Court, upon a writ of error or a certiorari, such final adjudication may be pleaded as res judicata. 30 Am. Jur. 372.

[2] It is settled that withstanding the difference in the form of the two actions, the doctrine of res judicata will

apply where it appears that the parties are in effect litigating for the same thing. A party cannot, by varying the form of his action, escape the effects of res judicata, *Valenzuela vs. Court of Appeals*, 109 Phil., 396; and *Lewin vs. Galang*, 109 Phil., 1041.

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.