



REPUBLIC OF THE PHILIPPINES
Congress of the Philippines
Metro Manila

REPUBLIC ACT No. 1125**June 16, 1954****AN ACT CREATING THE COURT OF TAX APPEALS**

Section 1. *Court; Judges; qualifications; salary; tenure.* - There is hereby created a Court of Tax Appeals which shall consist of a Presiding Judge and two Associate Judges, each of whom shall be appointed by the President, with the consent of the Commission on Appointments. The Presiding Judge shall be so designated in the commission issued to him by the President, and the Associate Judges shall have precedence according to the date of their commissions. The Presiding Judge shall receive a compensation of thirteen thousand pesos per annum and shall have the same qualifications, rank, category and privileges as the Presiding Judge of the Court of Industrial Relations. The Associate Judges shall each receive a compensation of twelve thousand pesos per annum and shall have the same qualifications, rank, category and privileges as a member of the Court of Industrial Relations. The Presiding Judge and the Associate Judges shall be appointed to hold office during good behavior, until they reach the age of seventy, or become incapacitated to discharge the duties of their office, unless sooner removed for the same causes and in the same manner provided by law for members of the judiciary of appellate rank.

Section 2. *Quorum; temporary vacancy.* - Any two Judges of the Court of Tax Appeals shall constitute a quorum, and the concurrence of two judges shall be necessary to promulgate any decision thereof. In case of temporary vacancy, disability or disqualification, for any reason, of any of the judges of the said Court, the President may, upon the request of the Presiding Judge, designate any Judge of First Instance to act in his place; and such Judge of First Instance shall be duly qualified to act as such.

Section 3. *Clerk of court; appointment; qualification; compensation.* - The Court of Tax Appeals shall have the Clerk of Court who shall be appointed by the President with the consent of the Commission on Appointments. No person shall be appointed Clerk of Court unless he is duly authorized to practice law in the Philippines. The Clerk of Court shall exercise the same powers and perform the same duties in regard to all matters within the court's jurisdiction, as are exercised and performed by clerks of Court of First Instance, in so far as those powers and the performance of those duties the clerk shall be under the direction of the said court. The Clerk of Court shall receive a compensation of six thousand pesos per annum.

Section 4. *Other subordinate employees.* - The Court of Tax Appeals shall appoint, in accordance with the Civil Service Law, rules and regulations, the necessary personnel to assist it in the performance of its duties. The said Court shall fix their salaries and prescribe their duties.

Section 5. *Disqualifications.* - No judge or other officer or employee of the Court of Tax Appeals shall intervene, directly or indirectly, in the management or control of any private enterprise which in any way may be affected by the functions of the Court. Judges of the said Court shall be disqualified from sitting in any case on the same grounds provided under Rule one hundred twenty-six of the Rules of Court for the disqualification of judicial officers. No person who has once serviced in the Court in a permanent capacity, either as Presiding Judge or as Associated Judge thereof, shall be qualified to practice as counsel before the Court for a period of one year from his separation therefrom for any cause.

Section 6. *Place of office.* - The Court of Tax Appeals shall have its office in the City of Manila, and shall hold hearings at such time and place as it may, by order in writing, designate with a view to assuring a reasonable opportunity for taxpayers to appear with a little inconvenience and expense as practicable.

Section 7. *Jurisdiction.* - The Court of Tax Appeals shall exercise exclusive appellate jurisdiction to review by appeal, as herein provided.

(1) Decisions of the Collector of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the National Internal Revenue Code or other law or part of law administered by the Bureau of Internal Revenue;

(2) Decisions of the Commissioner of Customs in cases involving liability for customs duties, fees or other money charges; seizure, detention or release of property affected fines, forfeitures or other penalties imposed in relation thereto; or other matters arising under the Customs Law or other law or part of law administered by the Bureau of Customs; and

(3) Decisions of provincial or city Boards of Assessment Appeals in cases involving the assessment and taxation of real property or other matters arising under the Assessment Law, including rules and regulations relative thereto.

Section 8. Court of record; seal; proceedings. - The Court of Tax Appeals shall be a court of record and shall have a seal which shall be judicially noticed. It shall prescribe the form of its writs and other processes. It shall have the power to promulgate rules and regulations for the conduct of the business of the Court, and as may be needful for the uniformity of decisions within its jurisdiction as conferred by law, but such proceedings shall not be governed strictly by technical rules of evidence.

Section 9. Fees. - The Court shall fix reasonable fees for the filing of an appeal, for certified copies of any transcript of record, entry or other document, and for other authorized services rendered by the Court or its personnel.

Section 10. Power to administer oaths; issue subpoena; punish for contempt. - The Court shall have the power to administer oaths, receive evidence, summon witnesses by subpoena and require the production of papers or documents by subpoena duce tecum, subject in all respects to the same restrictions and qualifications as apply in judicial proceedings of a similar nature. The Court shall, in accordance with Rule sixty-four for the Rules of Court, have the power to punish for contempt for the same causes, under the same procedure and with the same penalties provided therein.

Section 11. Who may appeal; effect of appeal. - Any person association or corporation adversely affected by a decision or ruling of the Collector of Internal Revenue, the Collector of Customs or any provincial or city Board of Assessment Appeals may file an appeal in the Court of Tax Appeals within thirty days after the receipt of such decision or ruling.

No appeal taken by the Court of Appeals from the decision of the Collector of Internal Revenue or the Collector of Customs shall suspend the payment, levy, distraint, and or sale of any property of the taxpayer for the satisfaction of his tax liability as provided by existing law; Provided, however, That when in the opinion of the Court the collection by the Bureau of Internal Revenue or the Commissioner of Customs may jeopardize the interest of the Government and/or the taxpayer the Court at any stage of the proceeding may suspend the said collection and require the taxpayer either to deposit the amount claimed or to file a surety bond for not more than double the amount with the Court;

Section 12. Taking of evidence. - The Court may, upon proper motion on or its initiative, direct that a case, or any issue thereof, be assigned to one of its members for the taking of evidence, when the determination of a question of fact arises upon motion or otherwise in any stage of the proceedings, or when the taking of an account is necessary, or when the determination of an issue of fact requires the examination of a long account. The hearing before such member shall proceed in all respects as though the same had been made before the Court.

Upon the recommendation of such hearing such member, he shall promptly submit to the Court his report in writing, stating his findings and conclusions; and thereafter, the Court shall render its decisions on the case, adopting, modifying, or rejecting the report in whole or in part, as the case may be, or the Court may, in its discretion recommit it with instructions, or receive further evidence.

Section 13. Decision. - Cases brought before the Court shall be decided within thirty days after the submission thereof for decision. Decisions of the Court shall be in writing, stating clearly and distinctly the facts and the law on which they are based, and signed by the judges concurring therein. The Court shall provide for the publication of its decisions in the Official Gazette in such form and manner as may best be adopted for public information and use.

As in the case of judicial officers under section one hundred twenty-nine of the Administrative Code, the judges of the Court shall each certify on their applications for leave, and upon salary vouchers presented by them for payment, or upon the payrolls under which their salaries are paid, that all proceedings, petitions and motions which have been submitted to the Court for determination or decision for a period of thirty days or more have been determined or decided by the Court on or before the date of making the certificate, and no leave shall be granted and no salary shall be paid without such certificate.

Section 14. Effect of decision that tax is barred by statute of limitations. - If the assessment or collection of any tax is barred by any statute of limitations, the decisions of the Court that effect shall be considered as its decision that there is no deficiency in respect of such tax.

Section 15. Publicity of proceedings and publication of decisions. - All decisions of, and all evidence received by the Court and its divisions, including transcript of stenographic reports of the hearings, shall be public records open to the inspection of the public, except that after the decision of the Court in any proceedings has become final the Court may, upon motion of the taxpayer or the Government permit the withdrawal, by the part entitled thereto of originals of books, documents and records, and or models, diagrams, and other exhibits, introduced in evidence before the Court or any division; or the Court may, on its own motion, make such other disposition thereof as it deems advisable. The Court shall provide for the publication of its decisions in the Official Gazette in such form and manner as may be best adopted for public information and use.

Section 16. Damages. - Where an appeal is found to be frivolous, or that proceedings have been instituted merely for delay, the Court may assess damage against the appellants in an amount not exceeding five hundred pesos, which shall be collected in the same manner as fines or other penalties authorized by law.

Section 17. Violation of penal law. - When, in the performance of its functions, it should appear to the Court that a crime or other violation of law has been committed, or, that there are reasonable grounds to believe that any official, employee or private person is guilty of any crime, offense or other violation, the Court shall refer the matter to the proper department, bureau or office for investigation or the institution of such criminal or administrative action as the facts and circumstances of the case may warrant.

Section 18. Appeal to the Supreme Court. - No judicial proceeding against the Government involving matters arising under the National Internal Revenue Code, the Customs Law or the Assessment Law shall be maintained, except as herein provided, until and unless an appeal has been previously filed with the Court of Tax Appeals and disposed of in accordance with the provisions of this Act.

Any party adversely affected by any ruling, order or decision of the Court of tax Appeals may appeal therefrom to the Supreme Court by filing with the said Court a notice of appeal and with the Supreme Court a petition for review, within thirty days from the date he receives notice of said ruling, order or decision. If, within the aforesaid period, he fails to perfect his appeal, the said ruling, order or decision shall become final and conclusive against him

If no decision is rendered by the Court within thirty days from the date a case is submitted for decision, the party adversely affected by said ruling, order or decision may file with said Court a notice of his intention to appeal to the Supreme Court, and if, within thirty days from the filing of said notice of intention to appeal, no decision has as yet been rendered by the Court, the aggrieved party may file directly with the Supreme Court an appeal from said ruling, order or decision, notwithstanding the foregoing provisions of this section.

If any ruling, order or decision of the Court of Tax Appeals be adverse to the Government, the Collector of Internal Revenue, the Commissioner of Customs, or the provincial or city Board of Assessment Appeals concerned may likewise file an appeal therefrom to the Supreme Court in the manner and within the same period as above prescribed for private parties.

Any proceeding directly affecting any ruling, order or decision of the Court of Tax Appeals shall have preference over all other civil proceedings except habeas corpus, workmen's compensation and election cases.

Section 19. Review by certiorari. - Any ruling, order or decision of the Court of Tax Appeals may likewise be reviewed by the Supreme Court upon a writ of certiorari in proper cases. Proceedings in the Supreme Court upon a writ of certiorari or a petition for review, as the case may be, shall be in accordance with the provisions of the Rules of Court or such rules as the Supreme Court may prescribe.

Section 20. Appropriation. - The sum of seventy-thousand pesos is hereby appropriated out of any funds in the National Treasury not otherwise appropriated for the salaries and the purchase of supplies and equipment necessary for the operation of the Court of Tax Appeals herein established during the current fiscal year. Thereafter the funds necessary for the operation of the Court shall be included in the regular Appropriation Act.

Section 21. General provisions. - Whenever the words "Board of Tax Appeals" are used in Commonwealth Act Numbered Four hundred and seventy, otherwise known as the Assessment Law, or in other laws, rules and regulations relative thereto, the same shall read "Board of Assessment Appeals."

The Central Board of Tax Appeals created under section two of Commonwealth Act Numbered Five hundred and thirty is hereby abolished.

Executive Order Numbered Four hundred and one-A, dated the fifth of January, nineteen hundred and fifty- one, is repealed and the Board of Tax Appeals created therein, abolished: Provided, however, That all cases heretofore decided by the said Board of Tax Appeals and thence appealed to the Supreme Court pursuant to Executive Order Numbered Four hundred one-A shall be decided by the Supreme Court on the merits to all intents and purposes as if said Executive Order has been duly enacted by the Congress: And, Provided, further, That all cases now pending in the 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 if they had been originally filed therein.

Any law or part of law, or any executive order, rule or regulation or part thereon, inconsistent with the provisions of this Act is hereby repealed.

Section 22. Pending cases to be remanded to Court. - All cases involving disputed assessment of Internal Revenue taxes or customs duties pending determination before the Court of First Instance shall be certified and remanded by the respective clerk of court to the Court of Tax Appeals for final disposition thereof.

Section 23. Separability Clause. - If any clause, sentence, paragraph or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this Act, but shall be confined in its operations to the clause, sentence, paragraph or part thereof directly involved in the controversy.

Section 24. This Act shall take effect upon its approval.

Approved: **June 16, 1954**

