

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

ST. WILLIAM DRUG CORPORATION,
Petitioner,

- versus -

C.T.A. CASE NO. 6438

**COMMISSIONER OF INTERNAL
REVENUE,**
Respondent.

Promulgated:

DEC 11 2003

Art Palmarin

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D E C I S I O N

This is a petition seeking for the refund or issuance of a tax credit certificate in the total amount of P606,607.28 allegedly representing overpaid income tax arising from the erroneous treatment of the twenty percent (20%) sales discounts granted to senior citizens on their purchases of medicines from petitioner during the taxable years 1999 and 2000.

Petitioner is a domestic corporation organized and existing under the laws of the Republic of the Philippines with business address at Laoag City Commercial Complex, F.R. Castro Avenue cor. Villanueva Street, Laoag City while respondent is the duly appointed Commissioner of the Bureau of Internal Revenue with office address at BIR National Office Building, Diliman, Quezon City. (*par. 1, Joint Stipulation of Facts and Issues, p. 49, CTA Records*)

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As a franchisee under the business name and style of “Mercury Drug”, petitioner is duly licensed to operate a drug store by the Department of Trade and Industry, the Bureau of Food and Drugs, and the city government of Laoag City. (*par. 2, ibid.*)

On various occasions during the period from January 1, 1999 to December 31, 2000, petitioner granted twenty (20%) percent discount to qualified senior citizens on their purchases of medicines in compliance with Republic Act No. 7432, otherwise known as “An Act to Maximize the Contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for Other Purposes” (*par. 2.2, Petition for Review, pp. 1-2, CTA Records*), pertinent provision of which provides:

Sec. 4. Privileges for the Senior Citizens. – The senior citizens shall be entitled to the following:

a. the grant of twenty percent (20%) discount from all establishments relative to utilization of transportation services, hotels and similar lodging establishments, restaurants and recreational centers and purchase of medicines anywhere in the country: Provided, That private establishments may claim the cost as tax credit. (*Underscoring supplied*)

The total discount granted by petitioner during the aforesaid period amounted to P878,891.18 or P556,824.19 for 1999 and P322,066.99 for 2000 (*Exhibit M*). These amounts representing the cost of the 20% discount were treated by petitioner in its books of accounts as deductions from gross income for purposes of computing its income taxes in compliance with the provisions of Section 2 (i) and 4 of Revenue Regulations No. 2-94 which implemented RA 7432, to wit:

SEC. 2. DEFINITIONS. For purposes of these regulations:

XXX

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i. Tax credit. – refers to the amount representing the 20% discount granted to a qualified senior citizen by all establishments relative to their utilization of transportation services, hotels and similar lodging establishments, restaurants, drugstores, recreation centers, theaters, cinema, houses, concert halls, circuses, carnivals and other similar places of culture, leisure and amusement, which discount shall be deducted by the said establishments from their gross income for income tax purposes and from their gross sales for value-added tax or other percentage tax purposes. (*Underscoring supplied*)

SEC. 4. RECORDING/BOOKKEEPING REQUIREMENT FOR PRIVATE ESTABLISHMENTS. xxx.

The amount of 20% discount shall be deducted from the gross income for income tax purposes and from gross sales of the business enterprise concerned for purposes of the VAT and other percentage taxes. (*Underscoring supplied*)

On April 17, 2000 and April 17, 2001, petitioner filed its Annual Income Tax Returns under protest for taxable years 1999 and 2000, respectively. (*par. 3, Joint Stipulation of Facts and Issues, p. 49, CTA Records*)

Believing that Section 2(i) of Revenue Regulations No. 2-94 is erroneous as it contravenes the Senior Citizens Law which clearly provides that the cost of the twenty percent (20%) discount to senior citizens may be claimed as tax credit, petitioner, on March 1, 2002, filed with respondent a claim for tax credit/refund in the total amount of P606,607.28 representing the cost of the twenty (20%) percent discount granted to qualified senior citizens on their purchases of medicines during the period from January 1, 1999 to December 31, 2000 and overpaid income taxes less income taxes payable for 1999 and 2000 taxable years (*par. 4, ibid*).

Petitioner's claim for tax credit/refund in the amount of P606,607.28 is supported by the following computation: (*Exhibit M*)

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TAXABLE YEAR 1999

SALES, Net		P 51,186,691.21
Add: Cost of 20% Discount to Senior Citizens		<u>556,824.19</u>
SALES, Gross		P 51,743,515.40
COST OF SALES		
Merchandise Inventory, beg.	P 4,917,733.30	
Purchases	49,304,960.09	
Merchandise Inventory, end	<u>(6,616,250.81)</u>	<u>47,606,442.58</u>
GROSS PROFIT		P 4,137,072.82
Add: Miscellaneous Income (Net of Interest Income)		<u>7,248.92</u>
TOTAL INCOME		P 4,144,321.74
Less: Operating expenses		<u>3,415,530.99</u>
NET INCOME BEFORE INCOME TAX		<u>P 728,790.75</u>
INCOME TAX (33%)		P 240,500.95
Less: Income Tax Actually Paid		(67,300.80)
20% Sales Discount to Senior Citizens		<u>(556,824.19)</u>
INCOME TAX REFUNDABLE/CREDITABLE		<u>(P 383,624.04)</u>

TAXABLE YEAR 2000

SALES, Net		P 53,124,045.60
Add: Cost of 20% Discount to Senior Citizens		<u>322,066.99</u>
SALES, Gross		P 53,446,112.59
COST OF SALES		
Merchandise Inventory, beg.	P 6,616,250.81	
Purchases	50,614,530.10	
Merchandise Inventory, end	<u>(7,869,579.74)</u>	<u>49,361,201.17</u>
GROSS PROFIT		P 4,084,911.42
Less: Operating expenses		<u>3,547,759.32</u>
NET INCOME BEFORE INCOME TAX		<u>P 537,152.10</u>
TAX DUE (32%)		P 171,888.67
Less: Income Tax Actually Paid		(72,804.92)
Cost of the 20% Discount to Senior Citizens		<u>(322,066.99)</u>

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INCOME TAX REFUNDABLE/CREDITABLE (P 222,983.24)

TOTAL INCOME TAX REFUNDABLE/CREDITABLE (P 606,607.28)

On April 11, 2002, petitioner, alleging inaction of respondent on its claim for tax credit/refund, filed the instant petition for review in order to toll the running of the two-year prescriptive period.

Respondent, in his Answer filed on April 25, 2002, alleged the following Special and Affirmative Defenses, to wit:

4. Revenue Regulations No. 2-94 did not alter, modify or amend the intent of the law to consider the 20% discount granted to qualified senior citizen as deduction from petitioner's gross income and not as credit against its tax liability as petitioner insists.

5. With the accumulation of experience and growth of specialized capabilities by the agency charged with implementing a particular statute, it is now a recognized principle that the construction given to a statute by an administrative agency charged with the interpretation and application of that statute is entitled to great respect and should be accorded great weight by the courts, unless such construction is clearly shown to be in sharp conflict with the governing statute or the constitution and other laws. (Nestle Philippines, Inc. vs. CA, et al., 203 SCRA 504)

6. R.A. 7432 allows the discounts granted to senior citizens to be claimed as a tax credit but is silent as to the mechanics of availing the same. For clarification and as a curative measure, Revenue Regulations No. 2-94 was issued defining the term "tax credit" as used in the law and providing therein the manner of claiming the same, which is by deduction from the establishment's gross income and not from its income tax liability. Otherwise an absurdity, not intended by the law, will arise:

7. Petitioner's alleged claim for refund is subject to administrative routinary investigation/examination by the Bureau:

8. The amount of P606,607.28 being claimed by petitioner as alleged sales discount to senior citizens on their purchases of medicines for taxable years 1999 and 2000 was not properly documented:

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9. In an action for refund, the burden of proof is on the taxpayer to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund/credit:

10. Petitioner must show that it has complied with the provisions of Sections 204 (C) and 229 of the Tax Code on the prescriptive period for claiming tax refund/credit:

11. Claims for refund are construed strictly against the claimant for the same partake the nature of exemption from taxation.”

To bolster its claim for refund, petitioner, aside from the testimonies of its witnesses, presented the following documentary evidence:

<u>EXHIBIT</u>	<u>DOCUMENT</u>
A	Secretary’s Certificate dated July 8, 2002
B. inclusive. of submarkings	1999 Annual Income Tax Return
C. inclusive of submarkings	Official Receipt from Chinabank
D. D-1 & D-2	1999 1 st , 2 nd & 3 rd Quarterly Income Tax Returns
E. inclusive of submarkings	Official Receipts from Far East Bank & Trust Co.
F. inclusive of submarkings	1999 Auditor’s Report and Audited Financial Statements
G. inclusive of submarkings	2000 Annual Income Tax Return
H. inclusive of submarkings	Official Receipt from Chinabank
I. I-1 & I-2	2000 1 st , 2 nd & 3 rd Quarterly Income Tax Returns
J. inclusive of submarkings	Official Receipts from Chinabank
K. inclusive of submarkings	2000 Auditor’s Report and Audited Financial Statements
M	Written-claim for tax credit/refund
N. inclusive of submarkings	1999 Cash Slips
O. inclusive of submarkings	1999 Special Record Book
P. inclusive of submarkings	1999 Cash Receipts Book
Q. inclusive of submarkings	1999 General Ledger of Sales account
R. inclusive of submarkings	2000 Cash Slips

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S. inclusive of submarkings	2000 Special Record Book
T. inclusive of submarkings	2000 Cash Receipts Book
U. inclusive of submarkings	2000 General Ledger of Sales account
V	1999 Summary of Discounts
W	2000 Summary of Discounts
X. inclusive of submarkings	Report of commissioned CPA

(Formal Offer of Documentary Evidence, pp. 90-97, CTA Records)

During the hearing of the case, petitioner engaged the services of independent CPA Romeo G. Torno pursuant to CTA Circular No. 1-95, as amended by CTA Circular 10-97, to verify petitioner's sales discounts given to qualified senior citizens. On February 5, 2003, the independent CPA's report *(Exhibit X)*, dated December 7, 2002, was submitted to this court stating the audit procedures performed and the conclusion that the sales discounts in the respective amounts of P472,349.96 and P319,358.30 for taxable years 1999 and 2000, or the total amount of P791,708.26, were validly supported by cash slips.

After petitioner rested its case, counsel for respondent manifested during the hearing on August 13, 2003 that the issues of the case are purely legal, thus, she submits the case for decision based on the pleadings.

As a consequence, in a resolution dated October 6, 2003, this court, after both the parties to this case have filed their respective memorandum, submitted this case for decision.

As can be gleaned from the stipulations of the parties, this court is tasked to resolve the following issues:

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- a. Whether the twenty (20%) percent discount granted to qualified senior citizens on their purchases of medicines should be treated as a tax credit/refund deductible from the tax due as provided under Republic Act No. 7432 or merely as a deduction from gross income as provided under Revenue Regulations No. 2-94;
- b. Whether or not during the period from January 1, 1999 to December 31, 2000, petitioner granted discounts to qualified senior citizens on their purchases of medicines pursuant to Republic Act No. 7432 in the total amount of P878,891.18;
- c. Whether or not petitioner's claim for tax credit/refund is substantiated by documentary evidence and filed within the two (2) –year statutory period; and
- d. Whether or not petitioner is entitled to a tax credit/refund in the amount of P606,607.28 representing the cost of the twenty (20%) percent discount granted to qualified senior citizens on their purchases of medicines during the period from January 1, 1999 to December 31, 2000 and overpaid income taxes less income taxes payable for 1999 and 2000 taxable years.

Before we proceed to discuss the legal issue involved in this case, we must first determine if the petition for review was timely filed.

Records show that petitioner filed the written claim for refund with the respondent on March 1, 2002 (*Exhibit M*) and the Petition for Review with this court on April 11, 2002 (*p.1, CTA Records*). Both filings were made within the two-year reglementary period pursuant to Section 229 of the Tax Code, commencing on April 17, 2000 and April 17, 2001, the dates when the 1999 and 2000 Annual Income Tax Returns were filed. Thus, the timeliness of the filing of the instant petition for review is beyond dispute.

We proceed to the issue on the proper treatment of the twenty percent (20%) discount granted to qualified senior citizens. In the case of *Sto. Rosario Drug Corporation*

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vs. *Commissioner of Internal Revenue*, CTA Case No. 5367, February 16, 1998, the court first passed upon the issue in this wise:

“The provision of Section 4 of R.A. 7432 is crystal clear – the 20% discounts granted to qualified senior citizens may be claimed as **tax credit**. And as a settled rule of statutory construction, when the language of the law is clear and unequivocal, the law must be taken to mean exactly what it says (*Marin vs. Nacianceno*, 19 Phil. 238). Construction and interpretation come only after it has been demonstrated that application is impossible or inadequate without them (*People vs. Mapa*, G.R. No. L-22301, August 30, 1967).

It is true that the respondent has the power of subordinate legislation effected by her issuance of implementing rules and regulations such as Revenue Regulations No. 2-94 in the case at bar, but the said power is not without limit. The administrative regulation must not be in sharp conflict with the governing statute it seeks to implement (*Nestle Philippines, Inc. vs. Court of Appeals, et al*, 203 SCRA 504). Revenue Regulations No. 2-94 gave a new meaning to the phrase “tax credit”, interpreting it to mean that the 20% discount granted to qualified senior citizens is an amount deductible from the establishment’s gross sales, which is completely contradictory to the literal or widely accepted meaning of the said phrase, as an amount subtracted from an individual’s or entity’s tax liability to arrive at the total tax liability (*Black’s Law Dictionary*).

A research made on the deliberations of the Bicameral Conference Committee with respect to the contents of Republic Act 7432 clearly shows that the real intent of the lawmakers was to treat these discounts as a tax credit rather than as a deduction as interpreted by the respondent.

In view of such apparent discrepancy in the interpretation of the term “tax credit”, the provisions of the law under R.A. 7432 should prevail over the subordinate regulation issued by respondent under Revenue Regulations No. 2-94.” *Sto. Rosario Drug Corporation vs. Commissioner of Internal Revenue*, CTA Case No. 5367, February 16, 1998)

Our ruling in the above case was reiterated in a number of similar cases that ensued (*MERCURY DRUG CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE*, CTA Case No. 6046, June 7, 2002; *SOUTHERN LUZON DRUG CORPORATION (formerly known as LAGUNA DRUG CORPORATION) vs. COMMISSIONER OF INTERNAL REVENUE*, CTA Case No. 6049, May 14, 2002; *TROPICAL HUT FOOD MARKET, INC. vs. COMMISSIONER OF INTERNAL*

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REVENUE, CTA Case No. 6048, May 14, 2002; BICOLANDIA DRUG CORPORATION (formerly known as ELMAS DRUG CORPORATION) vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 6047, April 16, 2002; CENTRAL LUZON DRUG CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 6054, April 15, 2002; MERCURY DRUG CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5773, March 19, 2002; CAGAYAN VALLEY DRUG CORPORATION (formerly known as VAS SALUS DRUG CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 6053, March 11, 2002; TROPICAL HUT FOOD MARKET, INC. vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5771, March 6, 2002; SOUTHERN LUZON DRUG CORPORATION (formerly known as LAGUNA DRUG CORPORATION) vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5770, March 6, 2002; MERCURY DRUG CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5315, dated September 06, 2000; M.E. HOLDING CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case 5604, dated April 25, 2000; TRINITY FRANCHISING & MANAGEMENT CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5313, dated August 18, 1998; M.E. HOLDING CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5314, dated August 17, 1998; BALIUAG DRUG CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5365, dated May 13, 1998; and DEL ROSARIO DRUG CORPORATION vs. COMMISSIONER OF INTERNAL REVENUE, CTA Case No. 5357, dated April 06, 1998.

Significantly, the Court of Appeals affirmed our ruling in the cases of *Commissioner of Internal Revenue vs. Bicolandia Drug Corporation (formerly known as Elmas Drug Corporation)* CA G.R. SP NO. 70534, June 2, 2003; *Commissioner of Internal Revenue vs. Vas Salus Drug Corporation*, CA-G.R. SP NO. 59873, January 31, 2002; and *Commissioner of Internal Revenue vs. Elmas Drug Corporation*, CA – G. R. SP NO. 49946, dated October 19, 1999. And in the most recent case of *Commissioner of Internal Revenue vs. Central Luzon Drug Corporation*, CA-G.R. NO. 70480, August 13, 2003, the Court of Appeals, in affirming our ruling in the case of *Central Luzon Drug Corporation vs. Commissioner of Internal Revenue*, CTA Case No. 6054, April 15, 2002, has made the following pronouncement, thus:

“Under the *verba legis* or the *plain meaning rule*, if the statute is clear, plain and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation. The principle rests on the valid presumption that the words employed by the legislature in a statute correctly express its intent or will and preclude the court from construing it differently. The legislature is presumed to know the meaning of the words, to have used words advisedly, and to have expressed its intent by the use of such words as are found in the statute (*Republic vs. Court of Appeals*, 299 SCRA 199). Section 4 (a), R.A.7432 provides in clear, unambiguous and unequivocal terms that private establishments granting 20% discount to qualified senior citizens “*may claim the cost as tax credit*”. There being no ambiguity in the language employed, the CTA therefore committed no error in applying said law according to its express terms. Its use of the plain meaning or literal rule therefore is but in keeping with its sworn duty to apply the law in accordance with the intent of the legislature. *The intent of the Legislature to be ascertained and enforced is the intent expressed in the words of the statute (Regalado vs. Yulo, 61 Phil. 173,179 1935).*

It bears to stress that tax credit and deduction have different connotations and applications. “*Tax credit*” is defined and understood as a credit against income tax itself (*Ballantines Law Dictionary, 3rd edition*), as distinguished from a mere deduction which applies only to reduce the income upon which the income tax is to be computed. “*Tax Credit*” is an amount subtracted from an individual’s or entity’s tax liability to arrive at the total tax liability. *Tax credit* reduces the taxpayer’s liability while *deduction* reduces taxpayer’s taxable income upon which the tax liability is computed. A *credit* differs from *deduction* in that the former is subtracted

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from tax while the latter is subtracted from income before tax is computed (*Black's Law Dictionary*). As the subject law uses the term "tax credit", it must be taken to mean exactly what it says. Moreover, the plain and evident intent of the legislature in enacting R.A. 7432 is to treat the 20% discount as a tax credit rather than as a deduction.

Neither can We go along with petitioner's argument that to allow respondent to claim the 20% discount as tax credit instead of as a mere deduction from gross income/gross sales would be to grant a benefit not intended by law. The main objective of R.A. 7432 is to provide assistance and special privileges to senior citizens. In the implementation thereof, the State essentially requires drugstores, like herein respondent, to give 20% of the value of the medicines sold in the form of a discount in prices. This is tantamount to taking of private property for public use under the power of eminent domain. While the State's power of expropriation is authorized by the Constitution, it should not be exercised without payment of "just compensation" (Article III, Section 9). As aptly held in *Manosca vs. Court of Appeals*, 252 SCRA 412, the only direct constitutional qualification for the exercise of such power is that "private property shall not be taken for public use without just compensation". The tax credit scheme provided under the subject law is designed to compensate private establishments the full and fair equivalent of the property taken from them, hence, it would be highly inappropriate to consider the same as "benefit not intended by law".

Moreover, the Court of Appeals, in *Central Luzon Drug Corporation vs. Commissioner of Internal Revenue*, CA G.R. SP No. 60057, May 31, 2001, ruled that the full amount and not only the cost of the 20% sales discounts to senior citizens should be the basis of the tax credit, thus:

"Lastly, the concept of tax credit as just compensation, leads us to conclude that the term "cost" under Sec. 4(a) of R.A. 7432 refers to cost of acquisition, not the cost of medicines sold to senior citizens, which was already reduced by 20%. Just compensation is the full and fair equivalent of the property taken from the private owner by the expropriator. It is intended to fully indemnify the owner for the loss sustained. The actual basis or market value of the property is the standard of just compensation. Among the factors considered are the cost of acquisition of the property, the current value of like properties and its actual or potential uses. Clearly, the cost of medicines sold to senior citizens, which is already discounted, does not come close to the full and fair equivalent of the property taken. It should not be the basis of the tax credit."

Having resolved the legal issue in favor of petitioner, it is now necessary for us to determine if petitioner has presented sufficient evidence to substantiate its claim. The second and last issues presented to us will now be discussed jointly.

After a careful examination of the income tax returns and financial statements of the petitioner for the years 1999 and 2000, this court is convinced that petitioner has actually deducted from its 1999 and 2000 gross sales the amount of P556,824.19 and P322,066.99 (*Exhibit M*), respectively, or the total amount of P878,891.18 representing 20% sales discounts granted to senior citizens, resulting to a 1999 and 2000 net sales of P51,186,691.21 (*Exhibits B and F-2*) and P53,124,045.60 (*Exhibits G and K-2*), respectively. The net sales of petitioner for the two-year period stated are likewise supported by the entries in the “Sales” account of petitioner’s general ledgers for 1999 (*Exhibit Q-1*) and 2000 (*Exhibit U*). Likewise, petitioner has also proven that it actually paid the corresponding amount of income tax due for 1999 (*Exhibits B and C*) and 2000 (*Exhibits G and H*) as a result of the claimed 20% sales discounts granted to qualified senior citizens.

Notably, the sales discounts granted by petitioner to qualified senior citizens per report of the commissioned independent CPA are properly supported by cash slips (*Exhibits N & R*) and were recorded in the Bureau of Internal Revenue (*Exhibits O & S*) Special Record Books. After a thorough verification of the cash slips in comparison with the Summary of Discounts (*Exhibits V & W*) and other related documents in evidence, this court found that for 1999 and 2000, the total discount granted by petitioner to senior citizens amounted only to P791,708.26 (*Exhibit X*). Thus, the reduced amount of

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P791,708.26 (P472,349.96 for 1999 and P319,358.30), instead of the original claim of petitioner amounting to P878,891.18 (*Petition for Review, p. 2, CTA Records*), broken down as P556,824.19 for 1999 and P322,066.99 for 2000, must be added back to its net sales for the years 1999 and 2000 in order to compute the correct amount of overpaid income tax of petitioner, the reason being that the 20% sales discounts to senior citizens are no longer to be treated as deductions from gross income but rather as tax credit.

Consequently, a re-computation of petitioner's 1999 and 2000 income tax liability resulted in a tax refund/credit of P519,424.36, as follows:

TAXABLE YEAR 1999

SALES, Net		P 51,186,691.21
Add: Cost of the 20% Discount to Senior Citizens		<u>556,824.19</u>
SALES, Gross		P 51,743,515.40
COST OF SALES		
Merchandise Inventory, beg.	P 4,917,733.30	
Purchases	<u>49,304,960.09</u>	
Goods available for sale	P 54,222,693.39	
Merchandise Inventory, end	<u>(6,616,250.81)</u>	<u>47,606,442.58</u>
GROSS PROFIT		P 4,137,072.82
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TOTAL INCOME		P 4,144,321.74
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NET INCOME BEFORE INCOME TAX		<u>P 728,790.75</u>
INCOME TAX (33%)		P 240,500.95
Less: Income Tax Actually Paid		(67,300.80)
20% Sales Discount to Senior Citizens		<u>(472,349.96)</u>
INCOME TAX REFUNDABLE/CREDITABLE		<u>(P 299,149.81)</u>

TAXABLE YEAR 2000

SALES, Net	P 53,124,045.60
Add: Cost of the 20% Discount to Senior Citizens	<u>322,066.99</u>

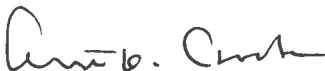
SALES, Gross		P 53,446,112.59
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TAX DUE (32%)		P 171,888.67
Less: Income Tax Actually Paid		(72,804.92)
20% Sales Discount to Senior Citizens		<u>(319,358.30)</u>
INCOME TAX REFUNDABLE/CREDITABLE		(P <u>220,274.55</u>)
TOTAL INCOME TAX REFUNDABLE/CREDITABLE		(P <u>519,424.36</u>)

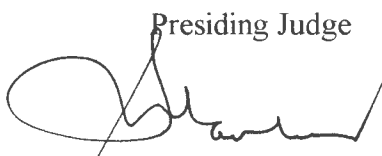
WHEREFORE, this court finds the instant petition meritorious. Accordingly, respondent is hereby **ORDERED** to **ISSUE** a **TAX CREDIT CERTIFICATE** in favor of petitioner in the reduced amount of P519,424.36, representing overpaid income tax for the taxable years 1999 and 2000.

SO ORDERED.


JUANITO C. CASTAÑEDA, JR.
Associate Judge

WE CONCUR:

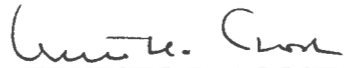

ERNESTO D. ACOSTA
Presiding Judge


LOVELL R. BAUTISTA
Associate Judge

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CERTIFICATION

I hereby certify that the above decision was reached after due consultation with the members of the Court of Tax Appeals in accordance with Section 13, Article VIII of the Constitution.


ERNESTO D. ACOSTA
Presiding Judge

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