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otherwise, there would be no end to litigations, thus setting at naught the main role of courts of justice, which is to assist in the enforcement of the rule of law and the maintenance of peace and order, by setting justiceable controversies with finality."

Yet, despite the fact that what is being assailed is the NLRC Resolution ordering the issuance of a writ of execution, still the Court of Appeals gave due course to the petition for *certiorari* and evaluated the parties' evidence. Clearly, the Court of Appeals overstepped its jurisdiction.

Once a decision or resolution becomes final and executory, it is the ministerial duty of the court or tribunal to order its execution. Such order, we repeat, is not appealable.

WHEREFORE, the petition is *DENIED*. The assailed Decision dated November 26, 1999 and Resolution dated June 26, 2000 of the Court of Appeals in CA-G.R. SP No. 53985 are *SET ASIDE*.

Costs against petitioners.

SO ORDERED.

Puno (Chairman), Panganiban, Corona, and *Carpio Morales, JJ.,* concur.

THIRD DIVISION

[G.R. No. 138342. July 8, 2003]

AB LEASING AND FINANCE CORPORATION, *petitioner-appellant, vs.* **COMMISSIONER OF INTERNAL REVENUE,** *respondent-appellee.*

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SYNOPSIS

Petitioner appealed the denial by the CA and the CTA of its claim for refund of overpaid income taxes for the year 1993.

The Supreme Court held that since the case at bar involves a claim for refund of overpaid taxes for 1993, petitioner could only have applied the 1993 excess tax credits to its 1994 income tax liabilities. To further carry-over to 1995 the 1993 excess tax credits is violative of Sec. 69 of the old NIRC. The Court, however, held that the CTA could have taken judicial notice of the records of CTA Case No. 5513 and from there determine that the amount of ₱973, 215.00 representing the 1993 tax credits subject of the petition at bar was excluded from the claim for refund and was not utilized in 1994. Thus, the Supreme Court ordered the refund of said amount to petitioner, ruling that the CTA is not governed strictly by technical rules of evidence and that technicalities should not be misused by the State to keep money not belonging to it.

SYLLABUS

1. **TAXATION; NATIONAL INTERNAL REVENUE CODE; INCOME TAX; CLAIM FOR REFUND OF OVERPAID INCOME TAXES FOR A GIVEN TAXABLE YEAR IS LIMITED TO THE SUCCEEDING TAXABLE YEAR ONLY; CASE AT BAR.** — Section 69 of the old NIRC provides that in case the corporation is entitled to a refund of the excess estimated quarterly income taxes paid, the refundable amount shown on its final adjustment return may be credited against the estimated quarterly income tax liabilities for the *taxable quarters of the* succeeding year. The carrying forward of any excess or overpaid income tax for a given taxable year then is *limited to the succeeding taxable year only*. This, the CTA and the CA have repeatedly held. Since the case at bar involves a claim for refund of overpaid taxes for 1993, petitioner could only have applied the 1993 excess tax credits to its 1994 income tax liabilities. To further carry-over to 1995 the 1993 excess tax credits is violative of above-quoted Section 69 of the old NIRC.

2. **ID.; ID.; COURT OF TAX APPEALS; NOT GOVERNED STRICTLY BY TECHNICAL RULES OF EVIDENCE; REFUND**

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OF EXCESS TAX PAYMENT PROPER IN CASE AT BAR. — While the rules of evidence and jurisprudence do not sanction the grant of evidentiary value to evidence which is not formally offered, it must be stressed that technical rules of procedure are not ends in themselves but are primarily designed to help in the administration of justice. Moreover, Section 8 of Republic Act No. 1125 creating the Court of Tax Appeals expressly provides that it shall not be governed strictly by technical rules of evidence. Substantial justice, equity and fair play are thus on the side of petitioner. Technicalities and legalisms, however exalted, should not be misused by the State to keep money not belonging to it. If it expects its taxpayers to observe fairness and honesty in paying their taxes, it must apply the same standard against itself in refunding excess payments of such taxes. It should not enrich oneself at the expense of another.

APPEARANCES OF COUNSEL

Picazo Buyco Tan Fider & Santos for petitioner-appellant.
The Solicitor General for respondent-appellee.

D E C I S I O N

CARPIO MORALES, *J.*:

Before this Court is a petition for review on *certiorari* under Rule 45 of the Revised Rules of Court assailing the October 29, 1998 Decision and the April 19, 1999 Resolution of the Court of Appeals (CA) which upheld the July 2, 1997 Decision and the September 2, 1997 Resolution of the Court of Tax Appeals (CTA).

For taxable year 1993, petitioner AB Leasing and Finance Corporation had a net income of ₱1,775,832.00 for which it was liable to pay income tax in the amount of ₱621,541.00. It appeared, however, that for the year 1993, petitioner had made payments in the total amount of ₱1,594,756.00 inclusive of unused prior year's tax credits, broken down as follows:

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Nature of Tax Payments		Amount
1.	By way of quarterly income tax payments	
	Second Quarter	₱ 594,484.00
	Third Quarter	430,145.00
	Sub-Total	₱ 1,024,629.00
2.	Unused Prior Year's Tax Credits	570,127.00
	Grand Total	₱ 1,594,756.00

Petitioner thus opted to apply its excess payment of ₱973,215.00 (₱1,594,756.00 less ₱621,541.00) as tax credits for the following year, 1994.

In the third quarter of taxable year 1994, petitioner had a net income of ₱3,624,280.89 for which it paid income tax in the amount of ₱295,283.32. At the end of 1994, however, petitioner incurred a net loss of ₱3,450,916.00 to thereby exempt it from payment of income tax for taxable year 1994. It was thus unable to apply the ₱973,215.00 tax credits incurred in 1993.

Petitioner thereupon indicated in its amended annual income tax return for calendar year ending December 31, 1994 that it made excess tax payments totaling ₱1,268,498.00[1] (₱973,215.00 in 1993 plus ₱295,283.32 in 1994).

On April 12, 1996, petitioner filed with respondent, Commissioner of Internal Revenue, a letter-claim *for refund of overpaid income taxes for taxable year* **1993** in the amount of ₱973,215.00. As respondent had not acted on the claim, to interrupt the "seemingly applicable prescriptive period for filing suits for refund," petitioner filed on April 15, 1996 a petition for review[2] with the CTA, docketed as *C.T.A. Case No. 5372*,

[1] Note that the CTA in C.T.A. Case No. 5372 said that petitioner made payments in 1994 totaling ₱1,268,498.00. The difference between ₱1,268,498.00 and ₱973,215.00 is ₱295,283.00. However, in C.T.A Case No. 5513, the CTA granted a tax refund in the amount of ₱295,283.32. There is thus a discrepancy of 32 centavos.

[2] *Rollo*, pp. 49-56.

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praying for the refund of the amount of ₱973,215.00 representing overpaid income taxes remitted in 1993, offering as part of its evidence its income tax returns for 1993 and 1994.

On April 15, 1997, petitioner filed another case with the CTA, docketed as *C.T.A. Case No. 5513*, seeking *a refund of overpaid income taxes for taxable year* **1994** in the amount of ₱295,283.32. In said case, it offered as part of its evidence its income tax returns for 1994, 1995, and 1996.

By Decision of July 2, 1997, the CTA dismissed *C.T.A. Case No. 5372* for insufficiency of evidence, drawing petitioner to file a motion for new trial and reconsideration which was denied by the CTA by Resolution of September 2, 1997.[3]

In denying petitioner's claim for refund of overpaid income taxes for the year 1993, the CTA noted its failure to present its 1995 income tax return as well as the breakdown of its excess taxes paid for 1994.

Petitioner thereupon filed a petition for review with the CA which, by Decision of October 29, 1998, affirmed the CTA decision and resolution.[4] Petitioner filed on November 20, 1998, a motion for reconsideration of the CTA decision.

In the meantime, on February 10, 1999, the CTA rendered a decision in *C.T.A. Case No. 5513* ordering respondent to refund or issue a tax credit certificate to petitioner in the amount of ₱295,283.32 representing unutilized income tax paid for the year 1994.[5]

By Resolution of April 19, 1999, petitioner's motion for reconsideration of the CA Decision of October 29, 1998 (claim for refund of excess tax payments for 1993) was denied, hence, the present petition for review on *certiorari*, petitioner imputing grave abuse of discretion to the Court of Appeals, *viz*:[6]

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[3] CA *Rollo* at 31-33.

[4] *Rollo* at 27-37.

[5] *Id.* at 184-188.

[6] *Id.* at 6.

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THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION WHEN IT DISMISSED THE PETITION FOR REVIEW AND UPHELD THE DECISION OF THE [COURT OF TAX APPEALS] CTA THEREBY AFFIRMING THE COURT OF TAX APPEALS' REASONS IN DISMISSING THE PETITIONER'S JUDICIAL CLAIM FOR REFUND.

At the outset, it must be stressed that a petition for review on *certiorari* under Rule 45 of the Rules of Court, like the one at bar, serves to correct a reversible error and not a grave abuse of discretion as imputed by the petitioner.[7] This procedural lapse notwithstanding, this Court, in the interest of substantial justice, shall treat the petition as one involving a reversible error.

The dispute arises from the parties' conflicting understanding or interpretation of law applicable at the time, Section 69 of the old National Internal Revenue Code (NIRC):

> SECTION 69. Final Adjustment Return. — Every corporation liable to tax under Section 24 shall file a final adjustment return covering the total net income for the preceding calendar or fiscal year. If the sum of the quarterly tax payments made during the said taxable year is not equal to the total tax due on the entire taxable net income of that year the corporation shall either:
>
> (a) Pay the excess tax still due; or
>
> (b) Be refunded the excess amount paid, as the case may be.
>
> In case the corporation is entitled to a refund of the excess estimated quarterly income taxes paid, the refundable amount shown on its final adjustment return may be credited against the estimated quarterly income tax liabilities for the taxable quarters of the *succeeding taxable year*. (Italics supplied)

In affirming the decision of the CTA denying refund, the CA quoted with approval the following portions of the CTA decision:

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[7] *People's Aircargo and Warehousing Co., Inc. v. Court of Appeals*, 297 SCRA 170, 181 (1998); *Panado v. Court of Appeals*, 298 SCRA 110, 116 (1998).

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It is worthy to note that for taxable year 1994, petitioner's Income Tax Return reflected a net loss of ₱3,450,916.00, the reason why petitioner was not able to utilize as tax credit its 1993 excess tax payment of ₱973,215.00. However, said 1994 revised Income Tax Return showed a refundable amount of ₱1,268,498.00 which must have included the sum of ₱973,215.00 which was declared by the petitioner in the 1994 unamended return. *But, petitioner failed to present the components of the ₱1,268,498.00 excess payment for 1994 so as to apprise the Court that the said amount excludes the ₱973,215.00 excess payment for 1993 and thus may be a proper subject for refund. The petitioner likewise indicated in its 1994 revised Income Tax Return filed on November 24, 1995 that the entire refundable amount of ₱1,268,498.00 will be applied as credit to the following year (1995) by marking X on the corresponding box. But petitioner, again, failed to submit its 1995 Income Tax Return for verification whether or not the refundable amount has been actually applied as a tax credit in its income tax liability for the year 1995 or whether it suffered a loss for that year.*

The importance of the 1995 Income Tax Return was emphasized by the (sic) Us in the case of *AF Holdings and Management Corporation vs. Commissioner of Internal Revenue*, C.T.A. Case No. 5099, dated May 9, 1996, having substantially similar acts with those of the above-entitled case, saying:

The document is vital for the resolution of petitioner's claim for refund having opted to use the remedy of carry-over. As we have ruled in our Resolution dated October 21, 1993, in a Motion for Reconsideration presented by the Commissioner of Internal Revenue, in the case of *Paseo Realty Development Corporation vs. Commissioner of Internal Revenue*, CTA Case No. 4693, pertinent portion of which are quoted as follows:

A punctilious study of the case at bar reveals that indeed there is a cause to reconsider Our previous Decision. We have overlooked the fact that petitioner's 1989 Corporate Income Tax Return (Exh. A) indicated that the amount of ₱54,104.00 subject of petitioner's claim for refund has already been included as part and parcel of the ₱172,477.00 which the petitioner automatically applied as tax credit for the succeeding taxable year 1990.

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Note should be taken that the amount of ₱54,104.00 is already part and parcel of ₱172,477.00 which presumptively was already applied as tax credit to the succeeding taxable year 1990. Such presumption, of course, could have been overturned had the petitioner submitted its Corporate Income Tax Return showing that it did not automatically credit the said amount for the said taxable year 1990. Unfortunately, petitioner failed to submit that vital document which could have unlocked his entitlement for the elusive claim for refund sought for. Failure on the part of the petitioner to sustain his claim is fatal to its cause following the time-tested doctrine that claims for refund are construed strictly against claimant (*Commissioner of Internal Revenue vs. Ledesma*, G.R. No. L-17509, January 30, 1970, 31 SCRA 95). (Italics supplied)

Assailing the foregoing disquisition, petitioner argues that there was no need to present its *1995* income tax return and introduce in evidence the breakdown of the excess taxes paid for the taxable year ending *1994* to prove its claim for refund of its *1993* overpaid income tax, for under Section 69 of the old NIRC, *the 1993 excess tax payments could only be used to credit its* **1994** *income tax liabilities.*

Respondent counterargues that petitioner's 1995 income tax return is essential to rebut the legal and disputable presumption that the entire excess estimated quarterly income taxes paid in 1994 (₱295,283.32), without distinction as to its components, was carried over as a tax credit for the 1995 taxable year; and the breakdown of the excess taxes paid for the taxable year 1994 is necessary in order to determine if said excess taxes paid in 1994, intended to be applied as tax credit for 1995, still included the 1993 taxes which is the subject of the instant claim for refund in the amount of ₱973,215.00.

Respondent's arguments, premised on the assumption that the 1993 excess tax payment of ₱973,215.00 can be carried over as tax credit for the 1995 taxable year, do not lie. There was no need for petitioner to present in evidence the 1995 income tax return or to give a breakdown of the excess taxes paid for the taxable year ending 1994 to support a claim for refund of overpayment of income taxes for 1993.

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The law is clear. The function of courts is simple application, not interpretation or circumvention.[8]

As earlier quoted, Section 69 of the old NIRC provides that in case the corporation is entitled to a refund of the excess estimated quarterly income taxes paid, the refundable amount shown on its final adjustment return may be credited against the estimated quarterly income tax liabilities for the *taxable quarters of the* **succeeding year**. The carrying forward of any excess or overpaid income tax for a given taxable year then is limited to the succeeding taxable year only. This, the CTA and the CA have repeatedly held.[9]

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[8] *Veterans Federation Party v. Commission on Elections*, 342 SCRA 244, 272 (2000).

[9] *Citytrust Banking Corporation v. Commissioner of Internal Revenue*, C.T.A. Case No. 4099, May 28, 1991; *Anscor Hagedorn Securities, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 4786, May 15, 1995; *FEB Investments, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 5353, August 22, 1997; *Premium Packaging International, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 5247, December 8, 1997; *Unisys Australia Limited (Philippine Branch) v. Commissioner of Internal Revenue*, C.T.A. Case No. 5363, February 16, 1998; *Bank of Commerce v. Commissioner of Internal Revenue*, C.T.A. Case No. 5101, March 17, 1998; *Prodigy Distributors, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 5344, June 1, 1998; *Cable and Wireless PLC-Philippine Branch v. Commissioner of Internal Revenue*, C.T.A. Case No. 5397, September 21, 1998; *A. Soriano Corporation v. Commissioner of Internal Revenue*, C.T.A. Case No. 5351, October 27, 1998; *FEB Investments, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 5488, November 6, 1998; *AGP Industrial Corporation v. CIR*, C.T.A. Case No. 5360, January 20, 1999; *Golden Arches Development Corporation v. Commissioner of Internal Revenue*, C.T.A. Case No. 5348, March 26, 1999; *Philippine Eds Techno-Service, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 5580, August 6, 1999; *Roberto T. Villanueva, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 5267, September 20, 1999; *Asianbank Corporation v. Commissioner of Internal Revenue*, C.T.A. Case No. 5628, November 4, 1999; *Anscor Hagedorn Securities Inc. v. Commissioner of Internal Revenue and Court of Tax Appeals*, CA-G.R. SP Case No. 38177, December 21, 1999; *Havi Foods Services Phils., Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 5610, September 6, 2000; *Belle Corporation v. Commissioner of Internal Revenue*, C.T.A. Case No. 6070, April 10, 2001; *BPI Family Savings Bank, Inc. v. Commissioner of Internal Revenue*, C.T.A. Case No. 6090, March 4, 2002.

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Since the case at bar involves a claim for refund of overpaid taxes for 1993, petitioner could only have applied the 1993 excess tax credits to its 1994 income tax liabilities. To further carry-over to 1995 the 1993 excess tax credits is violative of above-quoted Section 69 of the old NIRC.

That petitioner had signified its intention to apply the entire amount of ₱1,268,498 representing excess tax payments of ₱973,215.00 for 1993 and ₱295,283.00 for 1994 to the year 1995 is immaterial. For, it bears repeating, only the amount of ₱295,283.00 representing the 1994 income tax overpayments may only be applied to the succeeding taxable year, 1995.

But even assuming that there was a need for petitioner to present in evidence the 1995 income tax return or the breakdown of its excess taxes paid for the taxable year ending 1994, the CTA could have taken judicial notice of the records of *C.T.A. Case No. 5513*, petitioner's claim for refund of ₱295,283.00 overpaid income taxes for taxable year 1994, which was already pending before it. It is significant to note that petitioner's claim for refund in said case was granted by the CTA, as mentioned earlier, by Decision of February 10, 1999[10] and that out of the amount of ₱1,268,498.00 indicated in petitioner's income tax return, *the refund being claimed by petitioner in the same case was only ₱295,283.32*.

Clearly, the amount of ₱973,215.00 representing the 1993 tax credits subject of the petition at bar was excluded from the claim for refund in C.T.A. Case No. 5513. Moreover, *the 1994 and 1995 income tax returns were offered as evidence in said C.T.A. Case No. 5513*.[11] Thus, the CTA had sufficient means to ascertain whether or not the 1993 tax credits were utilized in 1994.

Respondent, however, claims that the CTA cannot take judicial notice of the records of C.T.A. Case No. 5513. In *BPI-Family Savings Bank v. Court of Appeals*, this Court said:[12]

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[10] *Vide* Note 4.

[11] *Rollo* at 185-186.

[12] 330 SCRA 507, 516-517 (2000).

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Petitioner also calls the attention of this Court, as it had done before the CTA, to a Decision rendered by the Tax Court in CTA Case No. 4897, involving its claim for refund for the year 1990. In that case, the Tax Court held that "petitioner suffered a net loss for the taxable year 1990 x x x." Respondent, however, urges this Court not to take judicial notice of the said case.

As a rule, "courts are not authorized to take judicial notice of the contents of the records of other cases, even when such cases have been tried or are pending in the same court, and notwithstanding the fact that both cases may have been heard or are actually pending before the same judge."

Be that as it may, *Section 2, Rule 129 provides that courts may take judicial notice of matters ought to be known to judges because of their judicial functions.* In this case, the Court notes that *a copy of the Decision in CTA Case No. 4897 was attached to the Petition for Review filed before this Court.* Significantly, *respondents do not claim at all that the said Decision was fraudulent or nonexistent.* Indeed, *they do not even dispute the contents of the said Decision, claiming merely that the Court cannot take judicial notice thereof.*

To our mind, respondents' reasoning underscores the weakness of their case. For if they had really believed that petitioner is not entitled to a tax refund, they could have easily proved that it did not suffer any loss in 1990. Indeed, it is noteworthy that respondents opted not to assail the fact appearing therein — that petitioner suffered a net loss in 1990 — in the same way that it refused to controvert the same fact established by petitioner's other documentary exhibits.

In any event, the Decision in CTA Case No. 4897 is not the sole basis of petitioner's case. It is merely one more bit of information showing the stark truth: petitioner did not use its 1989 refund to pay its taxes for 1990. (Citations omitted) (Italics supplied)

As in *BPI-Family Savings Bank*, the decision of the CTA in C.T.A. Case No. 5513 was attached to the petition at bar; and respondent does not claim that said decision was fraudulent or non-existent. This Court thus takes note of the decision in C.T.A. Case No. 5513.

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At all events, while the rules of evidence[13] and jurisprudence[14] do not sanction the grant of evidentiary value to evidence which is not formally offered, it must be stressed that technical rules of procedure are not ends in themselves but are primarily designed to help in the administration of justice.[15] Moreover, Section 8 of Republic Act No. 1125 creating the Court of Tax Appeals expressly provides that it shall not be governed strictly by technical rules of evidence.[16]

Substantial justice, equity and fair play are thus on the side of petitioner. Technicalities and legalisms, however exalted, should not be misused by the State to keep money not belonging to it. If it expects its taxpayers to observe fairness and honesty in paying their taxes, it must apply the same standard against itself in refunding excess payments of such taxes.[17] It should not enrich oneself at the expense of another.[18]

WHEREFORE, the assailed Decision of October 29, 1998 of the Court of Appeals in CA-G.R. SP. No. 45372 is hereby *REVERSED and SET ASIDE*. The Commissioner of Internal Revenue is ordered to refund to petitioner the amount of NINE HUNDRED SEVENTY THREE THOUSAND AND TWO HUNDRED FIFTEEN (₱973,215.00) PESOS representing excess creditable taxes paid in 1993. No costs.

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[13] Rule 132, Section 34.

[14] *Ong v. Court of Appeals*, 301 SCRA 387, 397-398 (1999) citing *Candido v. Court of Appeals*, 253 SCRA 78, 82-83 (1996), *Republic v. Sandiganbayan*, 255 SCRA 438, 456 (1996), *Vda. de Alvarez v. Court of Appeals*, 231 SCRA 309, 317-318 (1994), *Veran v. Court of Appeals*, 157 SCRA 438 (1988), *People v. Cariño, et al.*, 165 SCRA 664, 671 (1988). *People v. Peralta*, 237 SCRA 218, 226 (1994); Also see *De los Reyes v. Intermediate Appellate Court*, 176 SCRA 394, 401-402, (1989) and *People v. Matte*, 103 SCRA 484, 493 (1981).

[15] *Republic v. Court of Appeals*, 277 SCRA 633, 640 (1997).

[16] *Purakan Plantation Co. v. Domingo*, 15 SCRA 151, 157 (1965).

[17] *BPI-Family Savings Bank, Inc. v. Court of Appeals*, 330 SCRA 507, 518 (2000).

[18] *Id.* at 510.

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SO ORDERED.

Puno (Chairman), Panganiban, Sandoval-Gutierrez, and *Corona, JJ.*, concur.

THIRD DIVISION

[G.R. No. 141324. July 8, 2003]

SPOUSES VIRGINIA JUNSON and EMILIO JUNSON and CIRILA TAN, *petitioners, vs.* **SPOUSES BENEDICTA B. MARTINEZ and ANTONIO MARTINEZ,** *respondents.*

SYNOPSIS

Petitioners-lessees appealed from the CA decision which affirmed the decision of the RTC and the MTC ordering their ejectment.

In denying the petition, the Supreme Court held: that the appellate court's findings of fact are conclusive on us, specially where the CA affirmed the factual findings of the two trial courts; that ejectment of the petitioners is justified because the lease over the subject property was undoubtedly on a month-to-month basis which had expired, and it was shown that the lessor needs the property for his own use; that noncompliance with the conciliation procedure required under PD 1508 does not prevent a court from exercising its power of adjudication over a case where defendants failed to object thereto; and that the award of attorney's fees is reasonable in the light of petitioners' unjustifiable retention of the premises.

SYLLABUS

1. REMEDIAL LAW; APPEALS; PETITION FOR *CERTIORARI* UNDER RULE 45; FINDINGS OF FACT OF THE CA ADOPTING THOSE OF THE TRIAL COURTS ARE BINDING