

## A Review: Taxation of Foreign Corporations in the Light of Supreme Court Decisions

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For a developing country like the Philippines, there is a need to enact several measures in order to encourage inflow and to maintain a healthy atmosphere for investments. While taxation may not be a primary consideration for foreign investors, it still largely influences a foreign company's investment decisions.

This Note focuses on the taxation of foreign corporations as an instrument of encouraging foreign investments through examining present tax laws in light of Supreme Court decisions rendered. In Parts II and III, the Author reviews the positions of branches and subsidiaries of foreign corporations from a taxation point of view to determine if it is indeed the Government's policy to put both at par. In Part IV, the Author looks into the concept of "doing business" under tax statutes and concludes that the application of the concept adopted by the investment laws for tax purposes has not provided a clear distinction necessary for stability.

Through analyzing the pertinent laws and jurisprudence, the Author concludes that the Supreme Court decisions, which enunciated some departure from existing principles, indicate that there are some inadequacies in the present tax laws as well as the Court's strict posture towards foreign corporations.