

## Section 2(c) of Revenue Regulations No. 7-81, A Case of Administrative Legislation?

Exequiel B. Javier

26 ATENEO L.J. 31 (1981)

*TAG(S): TAXATION LAW, REVENUE REGULATIONS, CORPORATE DEVELOPMENT TAX*

Under the Constitution, legislative power shall be vested in a Batasang Pambansa. Furthermore, the same Constitution provides for the principle of separation of powers, entailing that any other branch of the government cannot be permitted to exercise such legislative power.

Nonetheless, there has developed exceptions to this general rule, the existence of which is mainly triggered by the growing complexities of modern life and, as a consequence, the heightened level of difficulty in administering the laws. As a result, what was once a rigid prohibition as regards the separation of powers has time and again been relaxed, resulting in the principle of delegated legislative power. Yet this concept of subordinate legislation, albeit being permitted in a number of instances, has been allowed to exist only when certain defined limits have been put into place.

It is in light of this legal background that this Article examines Section 2(c) of Revenue Regulations No. 7-81. To achieve this, the Author first gives the background of the law, defining it as an attribution rule in determining the appropriate corporate development tax to be imposed on closely-held corporations. Subsequently, cases on the matter are reviewed. Here, the issues particularly pertaining to achievement of the law's purpose are examined, which forces the Author to conclude in no other manner than that which highlights the law's failure in achieving the intent behind its creation.