REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, PHILIPPINES BRANCH, BDO UNIBANK, INC., CHINA BANKING CORPORATION, CITIBANK, N.A., PHILIPPINE BRANCH, CTBC BANK (PHILIPPINES) CORP., DEUTSCHE BANK AG MANILA BRANCH, DEUTSCHE KNOWLEDGE SERVICES PTE. LTD., HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - PHILIPPINE BRANCH, ING BANK N.V., MANILA BRANCH, JPMORGAN CHASE BANK, N.A. – MANILA BRANCH, MAYBANK PHILIPPINES, INC., RIZAL COMMERCIAL BANKING CORPORATION, SECURITY BANK CORPORATION, SUMITOMO MITSUI BANKING CORPORATION – MANILA BRANCH, STANDARD CHARTERED BANK, AND UNION BANK OF THE PHILIPPINES,
Petitioners,

CTA Case No. SCA-0018

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

x- x

BANCNET INCORPORATED, *Petitioner,*	**CTA Case No. SCA-0020**
	Members:
-versus-	**MANAHAN**, *Chairperson,* **REYES-FAJARDO,** *and* **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: MAY 14 2025 10:28 a.m.

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RESOLUTION

For resolution of the Court are the following: (1) petitioners' *Urgent Motion for Reconsideration (Re: Resolution dated 11 November 2024) with Application for Confidentiality Order* posted on November 22, 2024 and received by the Court on November 28, 2024; and (2) petitioner Sumitomo Mitsui Banking Corporation – Manila Branch's *Urgent Motion for Reconsideration with Manifestation* filed on November 28, 2024, with respondent's *Comment/Opposition Re: Petitioner's Urgent Motion for Reconsideration (Re: Resolution dated 11 November 2024, and petitioner Sumitomo Mitsui Banking Corporation – Manila Branch (SMBC)'s Urgent Motion for Reconsideration with Manifestation* filed on January 30, 2025.

Petitioners raise the following arguments in their respective motions:

> (1) The doctrine of exhaustion of administrative remedies is inapplicable because the Secretary of Finance is only authorized to interpret tax laws and not decisions of the Supreme Court, particularly in *Aces Philippines Cellular Sattelite Corp. v. Commissioner of Internal Revenue (Aces)*;
>
> (2) The circumstances warrant the exercise by this Court of its judicial prerogative;
>
> (3) The threat to petitioners is real, imminent, and continuing. It is also improper to require petitioners to be pcategorized as "persons aggrieved" within the contemplation of Sections 1 and 2, Rule 65 of the Rules of Court (ROC);
>
> (4) Revenue Memorandum Circular (RMC) No. 38-2024 did not address the legal issues raised by petitioners relative to RMC No. 5-2024; and

(5) The consolidated petitions involve the banking industry vested with public interest.

On the other hand, respondent counters that:

(1) Petitioners merely repleaded the same facts and arguments in their Petition for Certiorari; and

(2) Petitioner failed to exhaust administrative remedies.

After careful consideration, the Court finds the instant motion unmeritorious.

Judicial decisions applying or interpreting the laws form part of the legal system of the Philippines

Petitioners argue that the Secretary of Finance's power of review is limited only to the provisions of the Tax Code and other tax laws. It does not include the authority to review an interpretation of a Supreme Court case.

Petitioners' argument is untenable.

Section 4 of the 1997 National Internal Revenue Code (NIRC), as amended, provides the power of respondent to interpret the provisions of the tax code and *other tax laws*, subject to review by the Secretary of Finance.

Meanwhile, it is basic under Article 8 of the Civil Code that judicial decisions applying or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines. The interpretation placed upon a law by a competent court establishes the contemporaneous legislative intent of the law. Thus, *such interpretation constitutes a part of the law* as of the date the statute is enacted.[1]

Applying the above-discussion in the instant case, the Court is of the view that respondent's power to interpret *other tax laws* include the power to interpret the relevant doctrines

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[1] *San Miguel Corporation v. Commissioner of Internal Revenue*, G.R. No. 257697, April 12, 2023, citing *Visayas Geothermal Power Company v. Commissioner of Internal Revenue*, 735 Phil 336-337, (2014).

laid down by the Supreme Court in the *Aces* case, as it constitutes part of the laws or rules discussed therein, *i.e.*, tax situs.

Hence, the Court finds no error when it found that petitioners failed to exhaust available administrative remedies before resorting to judicial action.

The other issues raised by petitioners had already been addressed in the assailed Resolution

Finally, the Court observes that the other matters raised by petitioners in the instant motion were already addressed in the assailed Resolution.

Again, it remains to be seen whether petitioners would be adversely affected by Revenue Memorandum Circular (RMC) No. 5-2024, considering that the imminent threats alleged in their respective petitions are arguably threats based on mere assumptions or scenarios which may or may not happen. In fact, petitioner merely echoed the following assumptions raised in the consolidated Petitions in the instant motion:

(1) Petitioners' non-remittance of the unsanctioned amounts will lead to tax assessments;

(2) RMC No. 5-2024 requires petitioners to perform unsafe and unsound banking practices;

(3) Certain petitioners will be constrained to violate their contracts;

(4) RMC No. 5-2024 will damage the reputation of banks;

(5) Stakeholders will be dissuaded from doing business with petitioners; and

(6) Banks will be at risk for tax evasion charges.

Considering the foregoing, the Court finds no compelling reason to reverse or modify the assailed Resolution.

ACCORDINGLY, petitioners' (1) *Urgent Motion for Reconsideration (Re: Resolution dated 11 November 2024) with Application for Confidentiality Order* and (2) petitioner Sumitomo Mitsui Banking Corporation – Manila Branch's *Urgent Motion for Reconsideration with Manifestation* are **DENIED**, for lack of merit.

SO ORDERED.

CATHERINE T. MANAHAN
Associate Justice

(I reiterate my Separate Opinion)
MARIAN IVY F. REYES-FAJARDO
Associate Justice

HENRY S. ANGELES
Associate Justice