REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

Third Division

SMARTMATIC PHILIPPINES, INC. *Petitioner,*	**CTA CASE NO. 9658**
	Members:
-versus-	**UY,** *Chairperson,* **RINGPIS-LIBAN**, *and* **MODESTO-SAN PEDRO**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	**Promulgated:** DEC 03 2019 11:04 a.m.

x---x

RESOLUTION

Before this Court is the parties' "Joint Manifestation and Motion (Re: Compromise Settlement dated 29 May 2019)," praying that the Court issue an Order terminating the proceedings of this case, and adopting the May 29, 2019 Certificate of Availment (Compromise Settlement) issued by the Commissioner of Internal Revenue as Resolution of this case.

In the Resolution dated October 11, 2018, the Court required petitioner to submit the original or certified true copies of the documents in support of their compromise settlement.

In compliance with the said Resolution, petitioner submitted the certified true copies of the following documents:

a. Certificate of Availment dated 29 May 2019
b. Approval Sheet of Smartmatic's Application for Compromise Settlement
c. Revenue Delegation Authority Order No. 6-2007
d. Smartmatic's Request for Compromise Settlement dated 27 December 2017, Letter dated 11 January 2018, and Offer of Additional Compromise dated 13 November 2017.

Section 6 of Revenue Regulations (RR) No. 30-2002, as amended by RR No. 9-2013, provides, to wit –

> "SEC. 6. APPROVAL OF OFFER OF COMPROMISE.- Except for offers of compromise where the approval is delegated to the REB[1] pursuant to the succeeding paragraph, all compromise settlements within the jurisdiction of the National Office (NO) shall be approved by **a majority of all the members of the** NEB[2] composed of the Commissioner and the four (4) Deputy Commissioners. All decisions of the NED, **granting the request of the taxpayer or** favorable **to the taxpayer,** shall have the concurrence of the Commissioner.
>
> The compromise offer shall be paid by the taxpayer upon filing of the application for compromise settlement. No application for compromise settlement shall be processed without the full settlement of the offered amount. In case of disapproval of the application for compromise settlement, the amount paid upon filing of the aforesaid application shall be deducted from the total outstanding tax liabilities."

In the "Joint Manifestation and Motion (Re: Compromise Settlement dated 29 May 2019)" the parties stated that Smartmatic applied for a compromise settlement of its deficiency VAT assessment, which was approved by the NEB, as evidenced by the Certificate of Availment (Compromise Settlement) dated 29 May 2019. It was stated in the Application for Compromise Settlement that Smartmatic paid the amount of P15,621,723.13 (50% of basic tax) on "01/08/2018 and 11/08/2018."

A compromise agreement is a contract whereby the parties make reciprocal concessions in order to resolve their differences and, thus, avoid or put an end to a lawsuit. They adjust their difficulties in the manner they have agreed upon, disregarding the possible gain in litigation and keeping in mind such gain is balanced by the danger of losing. It must not be contrary to law, morals, good customs and public policy, and must have been freely and intelligently executed by and between the parties. A compromise agreement may be executed in and out of court. Once a compromise agreement is given judicial approval, however, it becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is entered as a determination of a controversy and has the force and effect of a judgment.[3]

---

[1] Regional Evaluation Board.
[2] National Evaluation Board.
[3] *David vs. Paragas, Jr.,* G.R. No. 176973, February 25, 2015.

Finding the subject compromise agreement to be in order and in compliance with established laws, rules and regulations, taking into consideration the documents submitted by the parties in support thereof, the same is approved.

WHEREFORE, in view of the foregoing, the parties' "Joint Manifestation and Motion (Re: Compromise Settlement dated 29 May 2019)," is **GRANTED**.

The Certificate of Availment (Compromise Settlement) is **APPROVED** and judgment is hereby rendered in accordance therewith. Accordingly, the proceedings in the instant case are considered **CLOSED and TERMINATED**.

SO ORDERED.

ERLINDA P. UY
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice