REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

CIC PROPERTY VENTURE HOLDINGS, INC., *Petitioner,*	**CTA CASE NO. 10668**
	Members:
- versus -	**MANAHAN,** *Chairperson,* **REYES-FAJARDO,** *and* **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: JUN 11 2025 4:20 p.m.

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DECISION

ANGELES, J.:

Before this Court is the *Amended Petition for Review*[1] filed by petitioner CIC Property Venture Holdings, Inc. (CIC) on November 16, 2021, seeking the nullification of the Final Decision on Disputed Assessment (FDDA) dated June 5, 2020 and Warrant of Distraint and/or Levy (WDL) dated October 6, 2021, covering its alleged deficiency income tax (IT), expanded withholding tax (EWT), and documentary stamp tax (DST) for the taxable year January 1 to December 31, 2013 (TY 2013) in the total amount of ₱11,224,733.68.

THE PARTIES

Petitioner CIC is a domestic corporation duly organized and existing under the laws of the Philippines with principal office at 4th Floor, The Valero Tower, 122 Valero Street, Salcedo Village, 1227, Makati City.[2] Petitioner's primary purpose is to purchase, subscribe for, invest in, acquire, obtain an interest in, own, hold, pledge,

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[1] Amended Petition for Review with Urgent Motion to Suspend the Collection of Tax and/or to Enjoin the Enforcement of Warrant of Distraint and/or Levy dated November 15, 2021, Docket – I, pp. 185 to 209.

[2] Exhibit "P-3," Docket - I, pp. 235 to 243; Stipulated Facts, Joint Stipulation of Facts and Issue dated September 9, 2022, Docket – II, p. 645; Summary of Stipulated Facts, Pre-Trial Order dated February 28, 2023, Docket – II, p. 699.

encumber, hypothecate, create security interests in, assign, deposit, create with respect to, sell, exchange, and exercise any and all rights, powers and privileges pertaining to or otherwise dispose of and generally deal in real and personal properties, and with securities of every kind and description of private and public corporations, associations, partnerships, firms, syndicates, or entities wheresoever located in or organized under the laws of any part of the world, and without in any way acting as an investment company, trust company, mutual fund, investment house, or securities dealer or broker.[3]

Respondent is the duly appointed Commissioner of Internal Revenue (CIR) vested under appropriate laws with the authority to carry out the functions, duties, and responsibilities of said office, including, *inter alia,* the power to decide disputed assessments and to cancel and abate tax liabilities, pursuant to the provisions of the National Internal Revenue Code of 1997 (Tax Code), and other tax laws, rules, and regulations. Respondent may be served summons, pleadings, and other processes through his counsel at the 36th Floor, Export Bank Plaza Building, Sen. Gil Puyat Ave., corner Chino Roces Ave., Makati City.[4]

ANTECEDENT (ADMINISTRATIVE LEVEL)

On February 26, 2015, a Letter of Authority (LOA) SN:eLA201100080595[5] authorizing Revenue Officer Raymond A. Pasco (RO Pasco) was issued by the Bureau of Internal Revenue (BIR) for the examination of petitioner's books of accounts and other accounting records for TY 2013.[6]

An undated Memorandum Report[7] was prepared by RO Pasco recommending the issuance of a Preliminary Assessment Notice (PAN) to enforce the collection of deficiency taxes.

Consequently, a PAN[8] with Details of Discrepancies dated December 20, 2016 was issued which held that petitioner has deficiency IT, EWT, and DST, in the amounts of ₱7,354,622.02, ₱572,974.66 and ₱139,486.71, respectively.[9]

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[3] Exhibit "P-3," Docket - I, p. 236.
[4] Stipulated Facts, Joint Stipulated of Facts and Issue dated September 9, 2022, Docket – II, p. 645; Summary of Stipulated Facts, Pre-Trial Order dated February 28, 2023, Docket – II, p. 699.
[5] Exhibit "P-4;" Exhibit "R-1," BIR Records, p. 1.
[6] Stipulated Facts, Joint Stipulation of Facts and Issue dated September 9, 2022, Docket – II, p. 649, Summary of Stipulated Facts, Pre-Trial Order dated February 28, 2023, Docket – II, pp. 699 to 700.
[7] Exhibit "R-2," BIR Records, pp. 339 to 340.
[8] Exhibit "P-5," Docket – I, pp. 167 to 170; Exhibit "R-3," BIR Records, pp. 360 to 363.
[9] Stipulated Facts, Joint Stipulation of Facts and Issue dated September 9, 2022, Docket – II, p. 649; Summary of Stipulated Facts, Pre-Trial Order dated February 28, 2023, Docket – II, p. 700.

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On January 4, 2017, petitioner filed a letter[10] of even date with the BIR contesting the PAN as regards the proposed assessments.

On January 5, 2017, a Formal Assessment Notice (FAN)[11] with Details of Discrepancies and Assessment Notices were issued by the BIR, which stated that petitioner has IT, EWT, and DST deficiencies amounting to ₱7,445,644.57, ₱579,847.21, and ₱141,154.07, respectively.[12]

On February 8, 2017, petitioner filed a Protest[13] dated February 1, 2017 disputing the FAN and requesting for a reinvestigation.

An undated Memorandum Report[14] for the issuance of a Final Decision on Disputed Assessment (FDDA) was prepared by RO Pasco.

In the undated Memorandum[15] addressed to Regional Director Maridur V. Rosario (RD Rosario) regarding the evaluation on the results of reinvestigation of the subject assessments, RD Rosario approved the recommendation of RO Pasco for the issuance of an FDDA against petitioner.

Subsequently, the subject FDDA[16] dated June 5, 2020 was issued adjusting the deficiency IT and EWT assessments, and reiterating the DST assessment against petitioner amounting to ₱10,293,378.09, ₱728,699.70, and ₱202,655.89, respectively.

On October 6, 2021, the subject WDL[17] signed by RD Rosario was issued to petitioner for the collection of its tax liabilities for IT, EWT, and DST, amounting to ₱11,224,733.68.[18]

On October 8, 2021, petitioner filed with the BIR a letter[19] dated October 7, 2021 for the inspection of records and all other documents of the BIR regarding the audit investigation and the WDL. On October 20, 2021, petitioner filed another letter[20] dated October 19, 2021

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[10] Exhibit "P-6," Docket – I, pp. 252 to 259.
[11] Exhibit "P-7," Docket – I, pp. 171 to 176; Exhibit "R-4," BIR Records, pp. 364 to 367.
[12] *Supra* note 9.
[13] Exhibit "P-8," Docket – I, pp. 266 to 269; Exhibit "R-5," BIR Records, pp. 426 to 429.
[14] Exhibit "R-6," BIR Records, pp. 470 to 471.
[15] Exhibit "R-7," BIR Records, pp. 486 to 488.
[16] Exhibit "P-2," Docket – I, pp. 163 to 165; Exhibit "R-8", BIR Records, pp. 489 to 491.
[17] Exhibit "P-1;" Exhibit "R-11", BIR Records, unpaginated.
[18] *Supra* note 9.
[19] Exhibit "P-9," Docket – I, pp. 318 to 319.
[20] Exhibit "P-9-A," Docket – I, pp. 322 to 323.

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specifying the documents to be inspected and reproduced in connection with the alleged deficiency taxes for TY 2013.

Relative to petitioner's request for documents, on October 21, 2021, a letter[21] was issued by the BIR to the petitioner with attached copies of the LOA, PAN, Assessment Notices, FAN, Details of Discrepancies, and FDDA. The letter stated that only copies of the documents issued to the petitioner can be provided.

PROCEEDINGS BEFORE THIS COURT

On November 5, 2021, petitioner electronically filed its *Petition for Review with Urgent Motion to Suspend the Collection of Tax and/or to Enjoin the Enforcement of Warrant of Distraint and/or Levy* (the Original Petition), which was originally raffled to the First Division of this Court. The hard copies of the *Original Petition*[22] were personally filed on November 8, 2021.

On November 8, 2021, petitioner also filed a *Manifestation*,[23] stating that it filed through electronic mail the *Original Petition* in view of the Court's closure on November 5, 2021 for disinfection of its premises, and that it paid the prescribed filing fees.

On November 10, 2021, petitioner filed a *Submission*[24] attaching the certified true copies of the PAN, FAN, and FDDA.

Petitioner filed on November 16, 2021 a *Motion for Leave*,[25] alleging that it discovered its inadvertent mistake as to the amount of filing fees paid due to the incorrectly stated assessment amount in the *Original Petition*, and praying that the attached *Amended Petition for Review with Urgent Motion to Suspend the Collection of Tax and/or to Enjoin the Enforcement of Warrant of Distraint and/or Levy*[26] and Amended Judicial Affidavit of Atty. Maria Victoria D. Sarmiento[27] be admitted, and that petitioner be authorized to settle in full the correct filing fees. Said *Motion* was granted pursuant to a *Resolution*[28] dated February 16, 2022.

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[21] Exhibit "P-10," Docket – I, pp. 327.
[22] Docket – I, pp. 8 to 31.
[23] Docket – I, pp. 155 to 157.
[24] Docket – I, pp. 159 to 161.
[25] Docket – I, pp. 177 to 180.
[26] Docket – I, pp. 185 to 209.
[27] Docket – I, pp. 213 to 230.
[28] Docket – I, pp. 403 to 404.

Thereafter, on January 5, 2022, Summons[29] dated December 17, 2021 was personally served upon respondent requiring him to file within thirty (30) days therefrom and serve upon the petitioner, his Answer to the *Petition*.

On February 2, 2022, respondent posted a *Motion for an Extension of Time to File Answer*,[30] praying for an extension of until March 6, 2022 within which to file an Answer. Such *Motion* was granted in the *Resolution*[31] dated March 21, 2022.

Respondent posted his *Answer with Motion to Dismiss*[32] on March 7, 2022.[33] Petitioner filed its *Opposition (to the Motion to Dismiss in the Answer dated March 7, 2022)*.[34] Respondent's *Motion to Dismiss* was denied pursuant to the *Resolution*[35] dated August 5, 2022 where it was discussed that the *Original Petition* was timely filed.

During the February 23, 2022 hearing for petitioner's *Urgent Motion to Suspend the Collection of Tax and/or Enjoin the Enforcement of Warrant of Distraint and/or Levy* (the Urgent Motion to Suspend), only petitioner's counsel appeared. In view of respondent's failure to appear despite due notice,[36] the Court granted petitioner's motion to present its witness *ex parte* and to declare respondent's right to cross-examine the latter as deemed waived.[37]

On March 7, 2022, petitioner filed its *Offer of Documentary Evidence (Re: Urgent Motion to Suspend the Collection of Tax and/or to Enjoin the Enforcement of Warrant of Distraint and/or Levy)*.[38]

On April 5, 2022, Attys. Jocelyn P. Lumbres, Rhoda D. Quiambao, Carl Fitri A. Hussin, and Philip A. Mayo posted an *Entry of Appearance*[39] which was noted by the Court through its *Minute Resolution*[40] dated April 21, 2022.

In the *Resolution* dated May 4, 2022, the Court granted petitioner's *Offer of Documentary Evidence* and the *Urgent Motion to*

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[29] Docket – I, p. 395; Docket – II, p. 524.
[30] Docket – I, pp. 431 to 433.
[31] Docket – I, pp. 460 to461.
[32] Docket – I, pp. 462 to 477.
[33] March 6, 2022 fell on a Sunday. The next working day was on March 7, 2022.
[34] Docket – I, pp. 448 to 451.
[35] Docket – II, pp. 599 to 601.
[36] Notice of Resetting dated February 3, 2022, Docket – I, p. 400.
[37] Minutes of the Hearing held on February 23, 2022, Docket – I, pp. 412 to 416; Order dated February 23, 2022, Docket – I, pp. 417 to 423, Docket – II, pp. 545 to 547.
[38] Docket – I, pp. 436 to 443.
[39] Docket – II, pp. 525 to 526.
[40] Docket – II, p. 528.

Suspend subject to the posting of a cash or surety bond equivalent to ₱4,922,542.85.

On May 11, 2022, the Court received a No Agreement to Mediate[41] from the Philippine Mediation Center Unit-Court of Tax Appeals (PMC-CTA), stating that the parties have decided not to have their case mediated before the PMC-CTA.

On May 23, 2022, petitioner filed a *Manifestation with Motion for Partial Reconsideration*,[42] seeking the dispensation of the posting of bond, which was denied pursuant to the *Resolution*[43] dated June 20, 2022.

A *Notice of Pre-Trial Conference*[44] dated June 22, 2022 was served upon the parties directing them or through their duly authorized representative and counsel to appear on August 25, 2022 at 9:00 a.m. for pre-trial. On July 28, 2022, *Respondent's Pre-Trial Brief*[45] was filed, while the petitioner's *Pre-Trial Brief*[46] was filed on August 22, 2022.

In the meantime, petitioner filed on July 4, 2022 an *Omnibus Motion*[47] praying for additional time to post the required bond. In a *Manifestation*[48] filed on August 12, 2022, petitioner alleged the developments regarding its decision to retire its business, among others, for the Court's consideration in resolving its *Omnibus Motion*. Pursuant to the *Resolution*[49] dated September 22, 2022, petitioner's *Omnibus Motion* was denied, and the *Resolution* dated May 4, 2022 was recalled insofar as it granted petitioner's *Urgent Motion to Suspend*.

During the August 25, 2022 Pre-Trial Conference, both parties appeared through their respective counsels. The parties adopted the following issues for resolution of the Court: *(1)* whether the WDL is void; and *(2)* whether or not petitioner is liable for deficiency IT, EWT, and DST, in the total amount of ₱11,224,733.68.[50] On September 9, 2022, both parties filed a *Joint Stipulation of Facts and Issues*[51] which

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[41] Docket – II, p. 543.
[42] Docket – II, pp. 549 to 560.
[43] Docket – II, pp. 576 to 579.
[44] Docket – II, pp. 580 to 582.
[45] Docket – II, pp. 589 to596.
[46] Docket – II, pp. 613 to 628.
[47] Docket – II, pp. 583 to 587.
[48] Docket – II, pp. 603 to 607.
[49] Docket – II, pp. 668 to 669.
[50] Minutes of the Hearing held on August 25, 2022, Docket – II, pp. 630 to 632; Order dated August 25, 2022, Docket – II, pp. 636 to 642.
[51] Docket – II, pp. 645 to 654.

was approved *via Resolution*[52] dated September 23, 2022. Hence, the Pre-Trial was deemed terminated. The Court then issued a *Pre-Trial Order*[53] dated February 28, 2023.

Meanwhile, pursuant to Administrative Circular No. 01-2023 (Reorganizing the Divisions of the Court) dated May 23, 2023, the instant case was transferred to the Third Division.[54]

Trial ensued.

During trial, petitioner presented and offered the testimony of its lone witness, Atty. Maria Victoria Sarmiento,[55] petitioner's President. On the other hand, respondent presented and offered the testimony of his lone witness, RO Pasco,[56] the revenue officer authorized to conduct the examination and verification of petitioner's pertinent records for TY 2013.

On February 21, 2023, petitioner filed its *Formal Offer of Evidence*.[57] Respondent then filed his *Comment (on Petitioner's Formal Offer of Evidence)*[58] on March 1, 2023.[59] In the *Resolution*[60] dated April 26, 2023, the Court resolved to admit petitioner's documentary exhibits.

On September 13, 2023, respondent filed his *Formal Offer of Evidence*,[61] while petitioner's *Comment/Opposition (re: Formal Offer of Evidence dated September 13, 2023)*[62] was filed on October 3, 2023. On February 15, 2024, the Court promulgated a *Resolution*[63] admitting respondent's documentary exhibits.

Petitioner's *Memorandum*[64] was filed on March 20, 2024, while respondent's *Memorandum*[65] was posted on March 22, 2024. On April 15, 2024, the instant case was submitted for decision.[66]

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[52] Docket – II, p. 671.
[53] Docket – II, pp. 691 to 706.
[54] Notice, Docket – II, p. 720.
[55] Exhibit "P-15," Docket – I, pp. 213 to 230; Minutes of Hearing held on February 7, 2023, Docket – II, pp. 673 to 675; Order dated February 7, 2023, Docket – II, pp. 676 to 677-A.
[56] Exhibit "R-12," Docket – I, pp. 478 to 490; Minutes of the Hearing held on September 7, 2023, Docket – II, p. 724; Order dated September 7, 2023, Docket – II, pp. 725 to 725-A.
[57] Docket – II, pp. 680 to 687.
[58] Docket – II, pp. 707 to 709.
[59] Records Verification Report dated October 5, 2023, Docket, p. 444.
[60] Docket – II, pp. 718 to 719.
[61] Docket – II, pp. 726 to 734.
[62] Docket – II, pp. 737 to 746.
[63] Docket – II, pp. 782 to 783.
[64] Docket – II, pp. 784 to 814.
[65] Docket – II, pp. 818 to 831.
[66] Docket – II, p. 834.

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Hence, this Decision.

ISSUES

The issues[67] submitted for resolution of the Court are as follows:

1. WHETHER THE WARRANT OF DISTRAINT AND/OR LEVY ISSUED TO PETITIONER IS VOID.

2. WHETHER OR NOT PETITIONER IS LIABLE FOR DEFICIENCY INCOME TAX, EXPANDED WITHHOLDING TAX, AND DOCUMENTARY STAMP TAX IN THE TOTAL AMOUNT OF ₱11,224,733.68 FOR TAXABLE YEAR 2013.

ARGUMENTS OF THE PARTIES

Petitioner's arguments

Petitioner argues that a WDL issued pursuant to an assessment that has not yet attained finality is void, and the issuance of the WDL on the basis of the alleged FDDA that was not validly served violated its right to due process. Even assuming that the WDL is the implied denial of petitioner's Request for Reinvestigation, it is petitioner's position that the WDL is not ripe for execution until the assessment becomes final and executory. Lastly, petitioner asserts that the assessment stated in the alleged FDDA is erroneous and lacks basis in fact and in law.

Respondent's counter-arguments

Respondent contends that the instant *Petition* was filed out of time. It is also respondent's position that there was no violation of petitioner's right to due process as the alleged FDDA was delivered to the petitioner and the latter was able to appeal and contest the FDDA and WDL before this Court. Finally, respondent posits that petitioner is liable for the deficiency tax assessments and that petitioner was duly informed of the facts and laws upon which the respondent based his assessment.

RULING OF THE COURT

[67] Issues to be Tried or Resolved, Pre-trial Order dated February 28, 2023, Docket, p. 700.

The *Amended Petition for Review* is granted.

Petitioner duly proved its payment of the docket fees.

Respondent argues that petitioner failed to observe the thirty (30)-day mandatory period to appeal considering that petitioner failed to prove that it paid the docket fees on November 5, 2021, when it electronically filed the *Original Petition*.

At the outset, the Court notes that respondent's argument with respect to the payment of filing fees was only raised in his *Memorandum*. To recall, his previous *Motion to Dismiss* which was denied by the Court, only pertained to the alleged failure of petitioner to timely file the *Original Petition* on November 5, 2021. Considering that the issue on the payment of filing fees was belatedly raised by the respondent, it is clear that petitioner was not given an opportunity to comment thereon. Nevertheless, the Court finds respondent's assertion as bereft of merit.

Records show that petitioner attempted to physically file the *Original Petition* on November 5, 2021,[68] but it could not do so because of the early closure of the Court for the disinfection of its premises. Consequently, petitioner filed *via* electronic mail the *Original Petition* pursuant to *En Banc* Resolution No. 4-2021, which refers to the guidelines adopted by the Court of Tax Appeals (CTA) in relation to the filing of pleadings, motions, and other court submissions by electronic mail during the Period of State of Public Health Emergency due to the COVID-19 Pandemic.

Since the Court closed early on November 5, 2021, it was not possible for the petitioner to settle the docket fees on such date. The Court recognizes that such inability to pay the docket fees on November 5, 2021 was beyond the control of the petitioner.

Under *En Banc* Resolution No. 4-2021, payment of the filing fees and other legal fees due on the pleadings or motions filed through electronic mail by litigants or counsels of record whose offices are situated within the National Capital Region (NCR) shall be made directly with the Cash Division of the CTA. Moreover, litigants are required to submit the proof of payment of the filing fees or other legal fees within five (5) calendar days from the date of electronic filing.

[68] November 5, 2021 fell on a Friday.

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A perusal of the *Original Petition* shows that it was filed by petitioner's counsel, Castillo Laman Tan Pantaleon & San Jose, whose office is located in Makati City. Considering that the office of petitioner's counsel is located within the NCR, it is required under *En Banc* Resolution No. 4-2021 to submit proof of payment of filing fees within five (5) calendar days from electronic filing of the *Original Petition* on November 5, 2021.

On November 8, 2021 or within five (5) calendar days from electronic filing of the *Original Petition*, petitioner was able to submit the official receipts[69] as proof of payment of the docket fees for the *Original Petition*. Thus, petitioner complied with the payment of the filing fees and submission of proof thereof within the five (5)-day period prescribed under *En Banc* Resolution No. 4-2021. With respect to the *Amended Petition*, petitioner presented *ex parte* during the February 23, 2022 hearing the official receipts[70] of its payment of the deficiency in the filing fees due to the incorrect assessment amount stated in the *Original Petition* which was corrected in the *Amended Petition*.

In view thereof, the Court finds that petitioner duly proved its payment of the docket fees in compliance with the *En Banc* Resolution No. 4-2021.

The Petition was timely filed and the Court has jurisdiction over the case.

As to the timeliness of the filing of the *Original Petition*, petitioner alleges that it had received a copy of the subject WDL on October 6, 2021 despite the pendency of its Protest/Request for Reinvestigation and that it did not receive a copy of the alleged FDDA. Petitioner asserts that the issuance of the WDL is an action of the respondent on "other matters" arising from the Tax Code. Therefore, petitioner electronically filed the *Original Petition* on November 5, 2021, or within thirty (30) days from its receipt of the WDL, and thereafter, submitted the required hard copies thereof on November 8, 2021 or within five (5) calendar days as required under *En Banc* Resolution No. 4-2021.

We agree with the petitioner.

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[69] Docket – I, pp. 5 to 7.
[70] Docket – I, p. 405.

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Section 7 (a)(1) and (2) of Republic Act (RA) No. 1125, as amended by RA No. 9282 (CTA Law) provide for the exclusive appellate jurisdiction of the CTA to review by appeal, other matters arising under the Tax Code, among others, thus:

> SEC. 7. Jurisdiction. – The CTA shall exercise:
>
> a. Exclusive appellate jurisdiction to review by appeal, as herein provided:
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> 1. Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or **other matters arising under the National Internal Revenue Code** or other laws administered by the Bureau of Internal Revenue;
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> 2. Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or **other matters arising under the National Internal Revenue Code** or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period for action, in which case the inaction shall be deemed a denial; (Emphasis supplied)

The term "other matters" has been ruled to include the determination of the validity of a WDL. In *Philippine Journalists, Inc. v. Commissioner of Internal Revenue*,[71] it was held that:

> The appellate jurisdiction of the CTA is not limited to cases which involve decisions of the Commissioner of Internal Revenue on matters relating to assessments or refunds. **The second part of the provision covers other cases that arise out of the NIRC** or related laws administered by the Bureau of Internal Revenue. The wording of the provision is clear and simple. **It gives the CTA the jurisdiction to determine if the warrant of distraint and levy issued by the BIR is valid** and to rule if the Waiver of Statute of Limitations was validly effected.
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> This is not the first case where the CTA validly ruled on issues that did not relate directly to a disputed assessment or a claim for refund. **In *Pantoja v. David*, we upheld the jurisdiction of the CTA to act on a petition to invalidate and annul the distraint orders of the Commissioner of Internal Revenue.** Also, in Commissioner of Internal Revenue v. Court of Appeals, the decision of the CTA declaring several waivers executed by the taxpayer as null and void, thus invalidating the assessments issued by the BIR, was upheld by this Court. (Emphasis supplied)

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[71] G.R. No. 162852, December 16, 2004.

The ruling in *Philippine Journalists* was also reiterated in the case of *La Flor Dela Isabela, Inc. v. Commissioner of Internal Revenue*,[72] where it was held that:

> Section 7 of RA 9282 provides for the exclusive appellate jurisdiction of the CTA on matters arising under the NIRC or other law administered by the Bureau of Internal Revenue (BIR), to wit:
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> In Philippine Journalists, we ruled that the CTA's appellate jurisdiction is not limited to cases involving decisions of the CIR on matters relating to assessments or refunds. **Section 7 (a)(2) of RA 9282 also covers "other matter[s] arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue." Clearly, the CTA has jurisdiction to determine whether the WDL issued by the BIR is valid** and rule on the validity of the five waivers of the statute of limitations and La Flor's application for tax amnesty under RA 9480. (Emphasis supplied.)

In *Commissioner of Internal Revenue v. Manila Medical Services, Inc.*,[73] the Supreme Court ruled that the CTA has jurisdiction over the case to determine the validity of a WDL under its "other matters" jurisdiction, thus:

> *The WDL is the adverse decision appealable to the CTA and not the FDDA*
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> In its Petition, the CIR maintains that the FDDA, that was allegedly received by MMS on July 9, 2013, should be the adverse decision appealable to the CTA and not the WDL. However, MMS categorically denied that it received the said FDDA. Thus, it is incumbent upon the CIR to prove by competent evidence that the FDDA was indeed received by MMS.
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> Contrary to the CIR's claim, however, the CTA and the CTA En Banc are one in holding that the CIR failed to prove that MMS received the FDDA and the Court has no reason to disturb such factual findings as it has been the long-standing policy and practice of the Court to respect the conclusions of quasi-judicial agencies such as the CTA, a highly specialized body specifically created for the purpose of reviewing tax cases.
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> ***The CTA has jurisdiction over the present case***

[72] G.R. No. 202105, April 28, 2021.
[73] G.R. No. 255473, February 13, 2023.

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> The CIR assails the jurisdiction of the CTA to hear the present case. The CIR argues that the reliance on the WDL as the basis for the MMS' Petition for Review was misplaced since the FDDA should be the basis for the action in the CTA.
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> Contrary however to the CIR's argument, Section 7(a)(1) of Republic Act No. (RA) 1125, as amended by RA 9282, which confers upon the CTA the jurisdiction to decide not only cases on disputed assessments and refunds of internal revenue taxes, but also **"other matters" arising under the NIRC**:
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> xxx
>
> As explained by the *Court in Commissioner of Internal Revenue v. Court of Tax Appeals Second Division*, the exclusive appellate jurisdiction of the CTA Division is not limited to cases involving decisions of the CIR o[n] matters relating to assessments or refunds. **The second part of the provision covers other cases that arise out of the NIRC or related laws administered by the BIR.** The wording of the provision is clear and simple. **It gives the CTA the jurisdiction to determine the validity of the warrant of distraint and levy**. (Emphasis supplied)

It is clear from the foregoing that the CTA may take cognizance of an appeal assailing the validity of a WDL under its "other matters" jurisdiction. This was also not disputed by the respondent and was even affirmed in his *Answer* where he stated that a WDL may be challenged by way of an appeal before the CTA subject to the timely filing thereof.

In this case, We find that petitioner was able to timely appeal the WDL before the Court.

Section 3(a), Rule 8 of the Revised Rules of the Court of Tax Appeals (RRCTA), provides that a party adversely affected by a ruling or decision of the CIR may appeal to the Court within thirty (30) days from receipt of a copy of such decision or ruling.

As previously discussed, an examination of the records shows that the *Original Petition* was electronically filed on November 5, 2021, or within thirty (30) days from petitioner's receipt of the subject WDL on October 6, 2021. Pursuant to *En Banc* Resolution No. 4-2021, which is the guidelines exiting at that time, petitioner filed on November 8, 2021, or within the five (5)-day prescribed period from the date of electronic filing, one (1) original and five (5) copies of the *Original Petition*. Accordingly, the *Original Petition* was timely filed before this Court.

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The Court may rule on related issues necessary to achieve an orderly disposition of the case.

To achieve an orderly disposition of a case, it is well-settled that the CTA is allowed to rule on related issues whether or not stipulated or raised by the parties pursuant to Section 1, Rule 14 of the RRCTA, thus:

> SECTION 1. Rendition of judgment. –
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> In deciding the case, the **Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case**. (Emphasis supplied)

Such authority of the CTA was also confirmed in the case of *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*[74] where it was ruled that:

> **On whether the CTA can resolve an issue which was not raised by the parties, we rule in the affirmative.**
>
> Under Section 1, Rule 14 of A.M. No. 05-11-07-CTA, or the Revised Rules of the Court of Tax Appeals, th**e CTA is not bound by the issues specifically raised by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case**. The text of the provision reads:
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>> SECTION 1. Rendition of judgment. - x xx
>>
>> In deciding the case, the Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case.
>
> The above section is clearly worded. On the basis thereof, the **CTA Division was, therefore, well within its authority to consider in its decision the question on the scope of authority of the revenue officers who were named in the LOA even though the parties had not raised the same in their pleadings or memoranda**. The CTA En Banc was likewise correct in sustaining the CTA Division's view concerning such matter. (Emphasis supplied)

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[74] G.R. No. 183408, July 12, 2017.

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Here, the issues submitted by the parties for resolution of the Court are whether the WDL is valid and whether petitioner is liable for the alleged deficiency taxes. A resolution of such issues hinges upon the validity of the subject assessments. Necessarily, the Court must determine the validity of the subject assessments before it can rule upon the submitted issues.

In issuing the FAN, the CIR disregarded petitioner's arguments against the PAN, thereby rendering the subject assessments void for violation of petitioner's right to due process.

Section 228 of the Tax Code explicitly states that taxpayers shall be informed in writing of the law and the facts on which the assessment is made; otherwise, the assessment shall be void. Relative thereto, Revenue Regulations (RR) No. 12-99, as amended by RR No. 18-13, provides for the due process requirements in connection with the issuance of PAN and FAN, to wit:

> SEC. 3. *Due Process Requirement in the Issuance of a Deficiency Tax Assessment.* –
>
> 3.1 Mode of procedure in the issuance of a deficiency tax assessment:
>
> 3.1.1 *Preliminary Assessment Notice (PAN).* – If after review and evaluation by the Commissioner or his duly authorized representative, as the case may be, it is determined that there exists sufficient basis to assess the taxpayer for any deficiency tax or taxes, the said Office shall issue to the taxpayer a Preliminary Assessment Notice (PAN) for the proposed assessment. It shall show in detail the facts and the law, rules and regulations, or jurisprudence on which the proposed assessment is based xxx.
>
> If the taxpayer fails to respond within fifteen (15) days from date of receipt of the PAN, he shall be considered in default, in which case, a Formal Letter of Demand and Final Assessment Notice (FLD/FAN) shall be issued calling for payment of the taxpayer's deficiency tax liability, inclusive of the applicable penalties.
>
> If the taxpayer, **<u>within fifteen (15) days from date of receipt of the PAN</u>, responds that he/it disagrees with the findings of deficiency tax or taxes,** an FLD/FAN shall be issued within fifteen (15) days from filing/submission of the taxpayer's response, calling for payment of the taxpayer's deficiency tax liability, inclusive of the applicable penalties.
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> 3.1.3 *Formal Letter of Demand and Final Assessment Notice (FLD/FAN).* – The Formal Letter of Demand and Final Assessment Notice (FLD/FAN) shall be issued by the Commissioner or his duly authorized representative. **The FLD/FAN calling for payment of the taxpayer's deficiency tax or taxes <u>shall</u> state the facts, the law, rules and regulations, or jurisprudence on which the assessment is based; *<u>otherwise, the assessment shall be void</u>*** xxx. (Emphasis and underscoring supplied)

As gleaned from the foregoing, a taxpayer may respond to the PAN within fifteen (15) days from receipt thereof, and a Formal Letter of Demand (FLD) or FAN shall be issued within fifteen (15) days from filing of the response to PAN, which must state the facts, laws, rules and regulations, or jurisprudence on which it is based; otherwise, the FLD/FAN shall be void.

In *Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc.,*[75] it was emphasized that failure to consider or appreciate the evidence submitted by a taxpayer as shown by the issuance of identical assessment notices without addressing the taxpayer's arguments, is a violation of the taxpayer's right to due process, thus:

> **The Commissioner and revenue officers must strictly comply with the requirements of the law, with the Bureau of Internal Revenue's own rules, and with due regard to taxpayers' constitutional rights.**
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> xxx
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> The importance of providing the taxpayer with adequate written notice of his or her tax liability is undeniable. Under Section 228, it is explicitly required that the taxpayer be informed in writing of the law and of the facts on which the assessment is made; otherwise, the assessment shall be void. Section 3.1.2 of Revenue Regulations No. 12-99 requires the Preliminary Assessment Notice to show in detail the facts and law, rules and regulations, or jurisprudence on which the proposed assessment is based. Further, **Section 3.1.4 requires that the Final Letter of Demand must state the facts and law on which it is based; otherwise, the Final Letter of Demand and Final Assessment Notices themselves shall be void.** xxx
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> "The use of the word 'shall' in Section 228 of the [National Internal Revenue Code] and in [Revenue Regulations] No. 12-99 indicates that the requirement of informing the taxpayer of the legal and factual bases of the assessment and the decision made against him [or her] is mandatory." **This is an essential requirement of due process and applies to the Preliminary Assessment Notice, Final Letter of Demand with the Final Assessment Notices, and the Final Decision on Disputed Assessment.**

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[75] G.R. Nos. 201398-99, 201418-19, October 3, 2018.

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The facts demonstrate that Avon was deprived of due process. It was not fully apprised of the legal and factual bases of the assessments issued against it. **The Details of Discrepancy attached to the Preliminary Assessment Notice, as well as the Formal Letter of Demand with the Final Assessment Notices, did not even comment or address the defenses and documents submitted by Avon.** xxx

Upon receipt of the Preliminary Assessment Notice, Avon submitted its protest letter and supporting documents, and even met with revenue examiners to explain. Nonetheless, the **Bureau of Internal Revenue issued the Final Letter of Demand and Final Assessment Notices, <u>merely reiterating the assessments in the Preliminary Assessment Notice</u>**. There was no comment whatsoever on the matters raised by Avon, or discussion of the Bureau of Internal Revenue's findings in a manner that Avon may know the various issues involved and the reasons for the assessments.

Under the Bureau of Internal Revenue's own procedures, the taxpayer is required to respond to the Notice of Informal Conference and to the Preliminary Assessment Notice within 15 days from receipt. **Despite Avon's timely submission of a Reply to the Notice of Informal Conference and protest to the Preliminary Assessment Notice, together with supporting documents, the <u>Commissioner and her agents violated their own procedures by refusing to answer or even acknowledge the submitted Reply</u> and protest.**

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It is true that the Commissioner is not obliged to accept the taxpayer's explanations, as explained by the Court of Tax Appeals. **However, when he or she rejects these explanations, he or she must give some reason for doing so. He or she must give the particular facts upon which his or her conclusions are based, and those facts must appear in the record.**

Indeed, the **Commissioner's inaction and omission to give due consideration to the arguments and evidence submitted before her by Avon are deplorable transgressions of Avon's right to due process.** The right to be heard, which includes the right to present evidence, is meaningless if the Commissioner can simply ignore the evidence without reason.

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The Commissioner's total disregard of due process rendered the identical Preliminary Assessment Notice, Final Assessment Notices, and Collection Letter null and void, and of no force and effect.

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In this case, it is undisputed that petitioner was served a copy of the PAN on December 20, 2016. Counting fifteen (15) days from December 20, 2016, the petitioner had until January 4, 2017 within which to respond to the PAN. Records show that petitioner filed a Reply to the PAN on January 4, 2017. Thereafter, the FAN was issued on January 5, 2017 or a day after filing of the Reply to PAN, and was served upon the petitioner on January 9, 2017.

However, a perusal of the FAN reveals that petitioner's Reply to the PAN was not even mentioned or acknowledged in the FAN. The FAN merely reiterated the findings in the PAN without addressing the arguments raised in petitioner's Reply to the PAN. Petitioner also alleged in its Protest to the FAN that its responses and the documents it has previously submitted were not addressed in the FAN:

> Hence, we respectfully submit this Protest in the form of a Request for Reinvestigation to contest the findings in the FAN. We set forth below our explanations and supporting documents to refute the BIR findings. **We also attach our Reply to the PAN dated January 4, 2017 (Annex "A") as an integral part of this Protest, in view of responses and documents we have previously provided to the BIR that were not addressed in the FAN**.

Furthermore, the table below evidently shows that the deficiency taxes found in the FAN are identical to those provided in the PAN:

PAN		FAN	
Basic Tax Due – Income Tax	₱4,746,175.81	Basic Tax Due – Income Tax	₱4,746,175.81
Basic Tax Due – Expanded Withholding Tax	358,354.61	Basic Tax Due – Expanded Withholding Tax	358,354.61
Basic Tax Due – Documentary Stamp Tax	86,941.00	Basic Tax Due – Documentary Stamp Tax	86,941.00

Moreover, a careful examination of the Details of Discrepancies attached to the FAN readily reveals that it is also an exact verbatim copy of the Details of Discrepancies attached to the PAN.

Time and again, this Court is compelled to reiterate the enduring and fundamental doctrine of administrative due process rights, as enshrined in the landmark case of *Ang Tibay v. Court of Industrial Relations*,[76] particularly the portion stating that "not only must the party be given an opportunity to present his case and to adduce evidence tending to establish the rights which he asserts but the

[76] G.R. No. 46496, February 27, 1940.

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tribunal *must consider* the evidence presented." Indeed, it is not enough that a party is merely afforded the opportunity to present its case and adduce supporting evidence, it is equally imperative that the tribunal or administrative agency charged with the adjudication, such as the BIR, must **actually and conscientiously** consider the evidence submitted. The right to be heard carries with it the duty of the adjudicator to weigh and evaluate what has been presented, for due process is not fulfilled by perfunctory form, but by faithful and substantive engagement with the party's claims.

It bears emphasizing that what is material in this case is not merely the fact that the FAN was issued one (1) day after the petitioner filed its Reply to PAN, but the glaring absence of any indication that the BIR considered, much less addressed, the arguments and supporting documents submitted by the petitioner. This omission is fatal, as it effectively renders the Reply to PAN an exercise in futility. The sequence and contents of events strongly suggest that the BIR had predetermined the contents of the FAN, without awaiting or giving due consideration to the taxpayer's explanations and supporting documents. Such a procedural shortcut undermines the essence of administrative due process and contravenes the clear intent of the law—that the taxpayer must not only be heard, but that the BIR must genuinely listen to and consider the defense offered.

To uphold the validity of the FAN in this case as compliant with Section 228 of the Tax Code and RR No. 12-99, as amended by RR No. 18-13, would be to reduce the issuance of the PAN and the requirement for a taxpayer's Reply thereto into a hollow formality—devoid of substantive value and stripped of legal consequence. This interpretation would defeat the very purpose of the PAN stage, which is designed not only to safeguard the taxpayer's right to due process, but also to allow the BIR an opportunity to reconsider or rectify any erroneous findings prior to the issuance of a formal demand. Verily, had the petitioner's arguments in its Reply to PAN been properly considered, the controversy may have been resolved at the earliest stage—either through the withdrawal of the assessments or through settlement—sparing both the government and the taxpayer from the unnecessary expenditure of time, effort, and resources arising from protracted administrative and judicial proceedings.

In fact, the Supreme Court, in underscoring the significance of the PAN stage in the course of a BIR audit of taxpayer's books, ruled in this wise:

> A PAN merely informs the taxpayer of the initial findings of the Bureau of Internal Revenue. It contains the proposed assessment, and the facts, law, rules, and regulations or jurisprudence on which

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> the proposed assessment is based. It does not contain a demand for payment but usually requires the taxpayer to reply within 15 days from receipt. Otherwise, the Commissioner of Internal Revenue will finalize an assessment and issue a FAN.
>
> **The PAN is a part of due process. It gives both the taxpayer and the Commissioner of Internal Revenue the opportunity to settle the case at the earliest possible time without the need for the issuance of a FAN.**[77] (Emphasis supplied)

In fine, the Court finds that respondent failed to consider or appreciate the petitioner's arguments raised in its Reply to PAN, as evidenced by the issuance of an identical PAN and FAN, thereby disregarding petitioner's right to due process. Thus, the PAN, FAN, and FDDA are rendered null and void, and of no force and effect.

It is therefore of no moment whether the FDDA was duly served on and actually received by petitioner, for it is firmly entrenched in jurisprudence that a void assessment bears no valid fruit.[78] Given that the underlying assessments are void *ab initio,* they cannot give rise to a valid FDDA. It is therefore consequential that the subject WDL, being a fruit of void assessments, cannot likewise be enforced against petitioner.

> Well-settled is the rule that an assessment that fails to strictly comply with the due process requirements set forth in Section 228 of the Tax Code and Revenue Regulations No. 12-99 is void and produces no effect. Consequently, **given that the assessment notices were void, the resulting WDL is likewise invalid and without effect.**[79] (Emphasis supplied)

In emphasizing the importance of complying with the Tax Code and prevalent rules and regulations to sustain the validity of an assessment, the Supreme Court has consistently held that such adherence is a condition *sine qua non* to the lawful enforcement of tax collection. As aptly enunciated in *Commissioner of Internal Revenue v. Reyes*:

> The law imposes a substantive, not merely a formal, requirement. To proceed heedlessly with tax collection without first establishing a valid assessment is evidently violative of the cardinal principle in administrative investigations: that taxpayers should be able to present their case and adduce supporting evidence. In the instant

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[77] *Commissioner of Internal Revenue v. Transitions Optical Philippines, Inc.,* G.R. No. 227544, November 22, 2017.
[78] *Commissioner of Internal Revenue v. South Entertainment Gallery, Inc.,* G.R. No. 223767, April 24, 2023.
[79] *Mannasoft Technology Corp. v. Commissioner of Internal Revenue,* G.R. No. 244202, July 10, 2023.

> case, respondent has not been informed of the basis of the estate tax liability. Without complying with the unequivocal mandate of first informing the taxpayer of the government's claim, there can be no deprivation of property, because no effective protest can be made.

As a general rule, the WDL is "proof of the finality of the assessment" being "tantamount to an outright denial thereof and makes the said request deemed rejected."[80] However, in this case, a special circumstance arises that precludes the application of this established doctrine. The special circumstance is the violation of the petitioner's constitutionally protected right to due process by the CIR. Given that the assessments are void, it follows that any proceedings originating from them are equally void, and consequently, no order issued as a result of these void assessments can ever attain finality.

While indeed the government has an interest in the swift collection of taxes, its assessment and collection should be exercised justly and fairly, and always in strict adherence to the requirements of the law and of the BIR's own rules.[81]

WHEREFORE, in light of the foregoing considerations, the *Amended Petition for Review*[82] filed by petitioner CIC Property Venture Holdings, Inc. on November 16, 2021, is **GRANTED**.

Accordingly, the Preliminary Assessment Notice dated December 20, 2016, Formal Assessment Notice dated January 5, 2017, and Final Decision on Disputed Assessment dated June 5, 2020, are **NULL** and **VOID**. The Warrant of Distraint and/or Levy dated October 6, 2021 is **CANCELLED** and **SET ASIDE**.

Respondent is hereby **ENJOINED** from proceeding with the collection of the assailed deficiency income tax, expanded withholding tax, and documentary stamp tax for the taxable year 2013 in the total amount of ₱11,224,733.68.

SO ORDERED.

HENRY S. ANGELES
Associate Justice

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[80] *Commissioner of Internal Revenue v. Algue, Inc.*, G.R. No. L-28896, February 17, 1988.
[81] *Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc.*, G.R. Nos. 201398-99, 201418-19, October 3, 2018.
[82] Prayer, Amended Petition for Review with Urgent Motion to Suspend the Collection of Tax and/or to Enjoin the Enforcement of Warrant of Distraint and/or Levy dated November 15, 2021, Docket – I, pp. 185 to 209.

WE CONCUR:

Catherine T. Manahan

CATHERINE T. MANAHAN
Associate Justice

Marian Ivy F. Reyes-Fajardo

MARIAN IVY F. REYES-FAJARDO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

Catherine T. Manahan

CATHERINE T. MANAHAN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

Ma. Belen

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice