REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

- versus -

JTKC LAND, INC.,
Respondent.

CTA EB NO. 2800
(CTA Case No. 10059)

x- x

JTKC LAND, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA EB NO. 2808
(CTA Case No. 10059)

Present:

RINGPIS-LIBAN, *P.J.*,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, *and*
ANGELES *JJ.*

Promulgated:

JAN 08 2026 1:01

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RESOLUTION

FERRER-FLORES, J.:

For the Court's resolution is the Commissioner of Internal Revenue's (CIR) **Motion for Reconsideration** filed *via* registered mail on August 19, 2025,[1] with **Comment/Opposition (To Motion for Reconsideration dated 19 August 2025)** from JTKC Land, Inc. (JTKC) filed on August 27, 2025.[2]

On August 4, 2025, the Court *En Banc* promulgated a Decision (Assailed Decision),[3] the dispositive portion of which states:

> **WHEREFORE**, in light of the foregoing considerations, the **Petition for Review** in CTA EB No. 2800 filed by the Commissioner of Internal Revenue is **DENIED** for lack of merit. On the other hand, the **Petition for Review** filed by JTKC Land, Inc. in CTA EB No. 2808 is **DISMISSED** for lack of jurisdiction. Accordingly, the Decision dated April 26, 2023 and Resolution dated September 4, 2023, both rendered by the Court in Division in CTA Case No. 10059 are **AFFIRMED**.
>
> **SO ORDERED.**

In his *Motion*, the CIR prays for the Court to reconsider and set aside the assailed Decision and issue a new one ordering JTKC to pay deficiency withholding tax in the amount of ₱20,424,868.48 and compromise penalty of ₱125,000.00.

The CIR argues that JTKC is no longer entitled to rely on the Bureau of Internal Revenue (BIR) Ruling No. (DA-JV-023) 178-08 (Ruling No. 178-08) issued in its favor at the time the assessment was made because the basis for the issuance of the said ruling was hinged entirely on the existence and validity of BIR Ruling No. DA-455-2007, which was already nullified by Revenue Memorandum Circular (RMC) No. 55-2010. He further argues that there was no retroactive application of RMC No. 55-2010 in the instant case because the assessment in issue is for taxable year (TY) 2012, which is two years after RMC No. 55-2010 had been issued. Hence, no running afoul of Section 246 of the National Internal Revenue Code (NIRC) of 1997, as amended, which refers to the non-retroactive application of BIR Rulings.

He insists that JTKC's Project Investment Agreements (PIAs) with its investors are contracts of sale and not contracts for a piece of work or contract of service. Thus, JTKC's concept of purportedly pooling funds to be used for the construction of the condominium units on behalf of the fund owners constitutes a taxable sale, exchange or disposition of real property subject to expanded withholding tax (EWT) and documentary stamp tax (DST). Consequently, JTKC is liable for withholding tax and compromise penalty for TY 2012 and the Final Decision on Disputed Assessment (FDDA) and Final

[1] *Rollo*, 239 to 250.
[2] *Id.* at 254 to 267.
[3] *Id.* at 173 to 197.

Assessment Notice (FAN) are valid, having been issued by Revenue Region No. 008-Makati City which has jurisdiction over the location of the condominium project.

In its *Comment/Opposition*, JTKC counter-argues that the CIR's *Motion* should be denied outright for being *pro forma*, as it merely reiterates arguments previously raised in his *Petition for Review*. JTKC maintains that it may validly rely on Ruling No. 178-08, which was not revoked by RMC No. 55-2010, and that Section 246 of the NIRC of 1997, as amended, applies to it. It contends that the CIR's insistence that RMC No. 55-2010 does not retroactively revoke the BIR Ruling issued to JTKC is a bad faith attempt to distort the principle of non-retroactivity of rulings to justify the CIR's void assessment. JTKC further contends that the characterization of the PIAs was never raised as an issue before the Court in Division and was, thus, correctly excluded by the Court *En Banc* in the assailed Decision. Finally, JTKC asserts that the FDDA is void for having been issued in blatant disregard of the BIR Ruling issued to JTKC.

The Court denies the instant *Motion*.

A careful perusal of the instant *Motion* shows that the arguments raised herein are exactly a duplicate of his arguments in his *Petition for Review*, which have been extensively determined and passed upon by this Court in the assailed Decision. As the arguments in the instant *Motion* are very much identical, petitioner failed to raise any novel reason for this Court to modify its Decision.

The Court *En Banc*, nonetheless, takes this occasion to emphasize that the CIR's power to revoke, modify or reverse an existing ruling cannot be given retroactive effect if it would be prejudicial to the taxpayer, save for the exceptions provided under Section 246 of the NIRC of 1997, as amended.

Notably, none of the exceptions provided under Section 246 of the NIRC of 1997, as amended, is present in this case. There is no showing that JTKC acted in bad faith, deliberately misstated or omitted material facts when it applied for the said ruling nor were the actual facts materially different from the facts on which the ruling is based. JTKC was, thus, entitled to rely on the exemption granted by Ruling No. 178-08 at the time the assessment was issued.

As regards CIR's insistence that JTKC is no longer entitled to rely on Ruling No. 178-08 because the basis for its issuance was hinged entirely on the existence and validity of BIR Ruling No. DA-455-2007, which was already nullified by RMC No. 55-2010, the Court *En Banc* reiterates its view that RMC No. 55-2010 did not expressly or impliedly revoke or reverse Ruling No. 178-08.

As found by the Court in Division, the CIR did not proffer any evidence to prove that RMC No. 55-2010 also pertains to the revocation of Ruling No. 178-08. The imposition of deficiency tax for TY 2012 would, thus, result in prejudice and injustice to JTKC, as it covers transactions previously deemed exempt under a ruling on which JTKC had relied upon in good faith.

To reiterate, RMC No. 55-2010 specifically revoked rulings previously issued to a taxpayer after the BIR, upon investigation, determined that such taxpayer had misrepresented material facts which formed the basis of the earlier rulings. The circular likewise directed BIR revenue officers to conduct further investigation into other taxpayers who were granted similar rulings. The circular did not, by its language or intent, automatically nullify other validly issued rulings to different taxpayers. Hence, there is no specific, concrete proof or documentary evidence that would show that Ruling No. 178-08 was revoked or reversed in TY 2012. Accordingly, the said ruling remained valid and binding upon both JTKC and the CIR.

Moreover, Ruling No. 178-08 is a specific interpretative ruling, issued by the CIR in direct response to the particular concerns raised by JTKC. While the CIR cited BIR Ruling No. DA-455-2007 involving G&W's "Build-To-Own" transactions as the legal basis, the factual backdrop of JTKC is not identical to those in G&W. The CIR, therefore, cannot subsequently adopt a position inconsistent with the ruling it previously issued, particularly when such reversal would result in prejudice to the taxpayer. At this point, equitable estoppel has already set in, pursuant to Section 246 of the NIRC of 1997, as amended, which bars the CIR from repudiating a ruling that the taxpayer had relied upon in good faith.

At the risk of being repetitive, we reiterate the ruling in *ABS-CBN Broadcasting Corporation vs. Court of Tax Appeals*,[4] where the Supreme Court held that the insertion of Section 338-A (now Section 246) into the NIRC of 1997, as amended, is indicative of the legislative's intention to support the principle of good faith. Thus, it has been held that the CIR is precluded from adopting a position inconsistent with one previously taken where injustice would result therefrom, or where there has been a misrepresentation to the taxpayer.

All told, the Court *En Banc* finds no compelling reason to reverse or modify the assailed Decision.

[4] G.R. No. L-52306, October 12, 1981

WHEREFORE, premises considered, the Commissioner of Internal Revenue's **Motion for Reconsideration** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

ON LEAVE
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

HENRY S. ANGELES
Associate Justice