REPUBLIC OF THE PHILIPPINES
**COURT OF TAX APPEALS**
Quezon City

SECOND DIVISION

**CITY GOVERNMENT OF MANILA,** represented herein by HON. MAYOR JOSEPH EJERCITO ESTRADA,
Petitioner,

**CTA CASE NO. 9746**

Members:

**- versus -**

**CASTAÑEDA, JR.,** *Chairperson,*
**MINDARO-GRULLA,** *and*
**BACORRO-VILLENA,** *JJ.*

**COMMISSIONER OF INTERNAL REVENUE** AND **REGIONAL DIRECTOR, ATTY. ARNEL SD GUBALLA** (BIR-MANILA),
Respondents.

**Promulgated:**

DEC 1 8 2019 3:02 PM

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# RESOLUTION

For the Court's resolution are:

1. The parties' **Compromise Settlement**, filed on 31 August 2018;

2. Petitioner's **Motion to Withdraw the Petition for Review**, incorporated in its Compliance and Motion, filed on 24 October 2018;

3. Petitioner's **Manifestation with Motion**, filed on 23 September 2019, with **Comment/ Manifestation (To Petitioner's Manifestation with Motion dated September 16, 2019)**, filed on 06 November 2019;

4. Petitioner's **Motion for Reconsideration**, filed on 02 October 2019; and,

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5. Respondents' **Compliance/Manifestation**, filed on 10 October 2019.

On 23 September 2019, the Court ordered the parties, through their representatives, to show cause and explain why they should not be cited in contempt for failing to obey the Court's order dated 19 July 2019.[1] Likewise, they were ordered to submit the National Evaluation Board's (**NEB's**) approval of their compromise settlement, together with the relevant supporting documents.

Likewise, on 23 September 2019, petitioner filed a Manifestation with Motion stating that, upon Manila Mayor Francisco "Isko Moreno" Domagoso's assumption to office as City Mayor of Manila, there was a need to make the necessary substitution of then Manila Mayor Joseph Estrada.

Petitioner further states that for over a year, although the City of Manila was given assurance that NEB will approve the compromise settlement, the said approval did not happen at the soonest time expected. Petitioner earlier expressed its intention to abide by the Court's orders and should the latter find the compromise settlement wanting in legal or moral support, it seeks to refund the amount it paid to the BIR.

Later, upon receipt of the 23 September 2019 Resolution, petitioner filed on 01 October 2019 a Motion for Reconsideration (**MR**) praying for the withdrawal of the "show cause order" insofar as it is concerned. Petitioner avers that it already filed its Compliance with respect to the certified true copies of City Ordinance No. 8530 in its possession. However, it alleges that it has no control over the issuance/production of the documents evidencing NEB's approval of the compromise settlement.

Respondents, on the other hand, filed a Compliance/Manifestation on 10 October 2019, stating that the Revenue Regional Director issued a memorandum requesting for the status update on the NEB's approval. The Assistant Commissioner for Collection Services, Alfredo Misajon, replied, *via* a memorandum, that the application for compromise was then being processed and

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1 Parties were given thirty (30) days from notice within which to submit the originals or certified true copies of documents evidencing the NEB's approval of the compromise settlement and any other document supporting the approval of the subject compromise agreement.

required the submission of documents from the regional office to facilitate the application.

On 17 October 2019, respondents filed an Urgent Motion for Extension to File Comment (to petitioner's Manifestation with Motion), which the Court granted on 24 October 2019. Respondents were thus given additional twenty (20) days from 17 October 2019 or until 06 November 2019 within which to file its comment.

On 06 November 2019, respondents filed, through registered mail, a Comment/Manifestation (To Petitioner's Manifestation with Motion dated September 16, 2019). There, they stated that NEB has already approved petitioner's application for compromise settlement. A certified true copy of the Certificate of Availment approved by the NEB was attached as evidence.

**The Court resolves below.**

After considering the documents submitted by the parties in support of the compromise settlement, the Court finds the same in order and in compliance with established laws, rules and regulations. Hence, the Court approves the same.

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 that 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[2].

In view of the foregoing, petitioner's Motion to Withdraw Petition for Review should thus be granted.

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[2] *David M. David v. Federico M. Paragas, Jr.*, G.R. No. 176973, 25 February 2015.

**WHEREFORE**, in view of the foregoing, the parties' Compromise Settlement is **APPROVED** and the Motion to Withdraw the Petition for Review is **GRANTED**. Accordingly, the case docketed as CTA Case No. 9746 is hereby deemed **CLOSED** and **TERMINATED**.

All other pending incidents for resolution, including the Motion for Reconsideration filed on 02 October 2019, are hereby deemed likewise **WITHDRAWN.**

**SO ORDERED.**

Juanito C. Castañeda, Jr.
**JUANITO C. CASTAÑEDA, JR.**
Associate Justice

Cielito N. Mindaro-Grulla
**CIELITO N. MINDARO-GRULLA**
Associate Justice

**JEAN MARIE A. BACORRO-VILLENA**
Associate Justice