REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

BUREAU OF INTERNAL REVENUE, HON. CAESAR R. DULAY, in his capacity as the Commissioner of Internal Revenue, and JOHN DOES and JANE DOES, as persons acting for in behalf, or under the authority of the Bureau of Internal Revenue and the Commissioner of Internal Revenue,
Petitioners,

- versus -

BB INTERNATIONAL LEISURE AND RESORT DEVELOPMENT CORPORATION, HANN INTERNATIONAL LEISURE, INC. (formerly Widus International Leisure, Inc.) and HANN PHILIPPINES, INC. (formerly Widus Philippines, Inc.),
Respondents.

CTA EB NO. 2975
(CTA Case No. 10841)

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

Promulgated:
JUL 28 2026

x - x

RESOLUTION

FERRER-FLORES, J.:

For resolution is petitioners' **Motion for Reconsideration (Re: Decision dated 23 February 2026)** filed on March 16, 2026, with respondents' **Comment/Opposition [Re: Petitioner's Motion for Reconsideration dated 13 March 2026]** filed on April 7, 2026, praying for this Court to reverse and set aside the Decision promulgated on February 23, 2026 (assailed Decision) and render a new one denying respondents' original *Petition for Review* before the Court in Division.

In their *Motion for Reconsideration*, petitioners rehash their arguments raised in their *Petition for Review* and contend that the Court *En Banc* erred in affirming that the Court in Division has jurisdiction over respondents' original *Petition for Review,* as certiorari and prohibition do not fall under the enumerated cases in Section 7 of Republic Act (R.A.) No. 1125, as amended, and Section 3 of Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA). In the alternative that the Court has jurisdiction, petitioners maintain that respondents failed to exhaust administrative remedies before elevating the instant case to the Court. Moreover, petitioners argue that the assailed Revenue Memorandum Circular (RMC) No. 32-2022 is valid and not contrary to law.

Petitioners also claim that the issuance of RMC No. 32-2022 does not constitute double taxation as only one tax was imposed on respondents, *i.e.* the five percent franchise tax. Petitioners posit that the five percent franchise tax is not arbitrary, unconscionable and unjust. Finally, petitioners aver that the Court *En Banc* erred in not applying the principle of *lex specialis derogate generali*, disregarding that the PAGCOR Charter is the special law governing gaming operations.

Respondents, on the other hand, reiterate that the CTA has jurisdiction to rule and resolve their *Petition*. Further, they submit that RMC No. 32-2022 is void and contrary to law.

Petitioners' *Motion for Reconsideration* is without merit.

The *Motion for Reconsideration* essentially reiterates petitioners' arguments in their *Petition for Review*, which were already exhaustively addressed and resolved in the assailed Decision of the Court *En Banc*.

The Court *En Banc* finds no cogent reason to depart from the ruling in the assailed Decision that the CTA has jurisdiction over the instant case. To reiterate, the jurisdiction of the CTA in certiorari proceedings is not confined to acts performed by the CIR; rather, the CTA may take cognizance of cases directly or indirectly challenging the constitutionality or validity of tax laws, regulations, or administrative issuances.

The Court finds petitioners' insistence, that RMC No. 32-2022[1] merely conforms to the Supreme Court's rulings in *Thunderbird Pilipinas Hotels and Resorts, Inc. vs. Commissioner of Internal Revenue* (Thunderbird)[2] and

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[1] Clarifying the Tax Treatment of the Philippine Amusement and Gaming Corporation (PAGCOR), Its Licensees and Contractees, March 29, 2022.

[2] G.R. No. 211327, November 11, 2020.

Bloomberry Resorts and Hotels, Inc. vs. Bureau of Internal Revenue (Bloomberry),[3] unpersuasive.

The assailed provision categorically declares that the income of PAGCOR licensees located in ecozones or freeports from gaming operations "shall not be subject to the GIT, ITH or corporate income tax but remains subject to the 5% Franchise Tax." In effect, RMC No. 32-2022 imposes upon such entities the franchise tax regime only under the PAGCOR Charter and effectively excluded such gaming income from the special tax regime expressly granted by law to registered business enterprises operating within the Clark Freeport Zone (CFZ) and similar ecozones.

The Court finds no legal basis for such exclusion.

The Court has determined that such interpretation improperly subordinates the tax regime established under R.A. No. 7227, or the Bases Conversion and Development Act (BCDA), as amended by R.A. No. 9400, and effectively excludes PAGCOR licensees located within ecozones and freeports from the incentives framework applicable to entities operating therein. Nothing in the governing statutes expressly authorizes such exclusion.

While petitioners invoke the doctrine of *lex specialis derogat generali*, their characterization of the relevant statutes is misplaced. As discussed in the assailed Decision, respondents disregarded the tax and incentive system established by the later and more specific statutory provisions governing enterprises located within ecozones and freeports.

Section 15 of the BCDA, as amended by R.A. No. 9400, specifically governs the tax treatment of registered business enterprises operating within the CFZ. Under said provision, "no national and local taxes shall be imposed on registered business enterprises within the CFZ," and "[i]n lieu of said taxes, a five percent (5%) tax on gross income earned shall be paid by all registered business enterprises within the CFZ."

The language of the law is unequivocal. It does not distinguish between registered business enterprises engaged in gaming operations and those engaged in other economic activities. Neither does it exclude PAGCOR licensees from its coverage. Where the law does not distinguish, the Court should not distinguish. ay

Contrary to petitioners' position, the issue does not involve a conflict between two statutes regulating the same subject matter. The PAGCOR Charter governs PAGCOR and its gaming franchise; while the BCDA, as amended by R.A. No. 9400, specifically governs enterprises operating within the CFZ. The Court *En Banc* already discussed that the provision of the BCDA is the more specific statute with respect to the particular class of entities involved in this case—registered enterprises located within the CFZ.

Thus, insofar as enterprises operating inside the CFZ are concerned, Section 15 of the BCDA, as amended, is the controlling provision.

To point out, the case of *Thunderbird* involves a PAGCOR licensee operating within a freeport zone. However, the Supreme Court's ruling therein was influenced by the applicable statutory framework during the taxable period involved. More importantly, nothing in *Thunderbird* categorically held that all PAGCOR licensees situated in ecozones or freeports shall invariably be subject to the five percent franchise tax irrespective of the incentives granted under special economic zone laws.

Likewise, *Bloomberry* recognized the extension to PAGCOR licensees of the tax treatment accorded under the PAGCOR Charter; thus, said case cannot be read as nullifying the incentives expressly granted under the BCDA, as amended by R.A. No. 9400, to registered enterprises operating within the CFZ. Neither did the Supreme Court declare that PAGCOR licensees located in ecozones are excluded from the uniform incentive regime established by Congress for enterprises operating therein.

The underlying legislative intent of R.A. No. 9400 is clear, *i.e.*, to establish a uniform system of fiscal incentives for enterprises located in ecozones and freeports throughout the country. This objective would be defeated if PAGCOR licensees operating within the CFZ are subjected to a tax regime different from that governing other registered enterprises similarly situated within the same zone.

Under petitioners' interpretation, two registered enterprises operating within the same freeport zone would be subjected to different fiscal regimes solely because one happens to be a PAGCOR licensee. Such result runs counter to the explicit policy embodied in R.A. No. 9400 and effectively engrafts an exception which Congress itself did not provide.

Finally, the Court cannot subscribe to petitioners' contention that the existence of a supposedly reasonable interpretation necessarily negates grave abuse of discretion.

Here, by declaring that gaming income of PAGCOR licensees located in ecozones or freeports remains subject to the five percent franchise tax notwithstanding the tax regime prescribed under Section 15 of the BCDA, as amended, petitioners effectively carved out an exception that finds no support in the law. Such administrative construction alters the statutory framework established by Congress and therefore exceeds the scope of petitioners' rule-making and interpretative authority.

In fine, the Court remains convinced that the assailed portion of Item IV of RMC No. 32-2022 is inconsistent with Section 15 of the BCDA, as amended by R.A. No. 9400, and is therefore invalid.

The arguments raised in the *Motion for Reconsideration* merely reiterate matters already considered and passed upon in the Decision and do not demonstrate any reversible error warranting the modification or reversal thereof.

ACCORDINGLY, petitioners' **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

I reiterate my CDO.
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

Marian Ivy F. Reyes - Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

ON LEAVE
LANEE S. CUI-DAVID
Associate Justice

HENRY S. ANGELES
Associate Justice