22-000384-0068

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 10951

O-HEALTHCARE SOLUTION PHIL., INC.,
Petitioner,

- versus -

NOTICE OF RESOLUTION

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

To:

OFFICE OF THE SOLICITOR GENERAL
134 Amorsolo Street, Legazpi Village
Makati City

ATTY. ALBERT C. ARPON
ATTY. AVELINO G. ALFELOR, JR.
Bureau of Internal Revenue-Revenue Region No. 8A-Makati City
36th Floor, Legal Division, Export Bank Plaza Building
Sen. Gil Puyat Ave., cor. Chino Roces Avenue
Makati City

CASTILLO LAMAN TAN PANTALEON & SAN JOSE
2nd to 5th and 9th Floors, The Valero Tower
122 Valero Street, Salcedo Village
1227 Makati City

GREETINGS:

You are hereby notified by these presents that on **November 19, 2025,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **November 20, 2025.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court III

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

O-HEALTHCARE SOLUTION PHIL., INC., *Petitioner,*	**CTA CASE NO. 10951**
	Members:
-versus-	**BACORRO-VILLENA**, *Acting Chairperson, and* **CUI-DAVID**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: NOV 19 2025 ; 9:45AM

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RESOLUTION

CUI-DAVID, J.:

For resolution of the Court is respondent's ***Motion for Reconsideration*** *(Motion),* filed on August 19, 2025, with petitioner's *Opposition (to the Motion for Reconsideration dated August 19, 2025),* filed on September 8, 2025.

Respondent's *Motion* seeks the reversal of the Court's *Decision* dated July 30, 2025 (**assailed *Decision***), which granted petitioner's *Petition for Review*. The dispositive portion of the assailed *Decision* reads:

> **WHEREFORE**, premises considered, the instant *Petition for Review* is hereby **GRANTED**.
>
> Accordingly, respondent's Final Assessment Notice and Formal Letter of Demand dated December 22, 2020, are hereby **CANCELLED** and **SET ASIDE**. Respondent's Final Decision on Disputed Assessment dated June 15, 2022, finding petitioner liable for deficiency income tax, value-added tax, and withholding tax on compensation amounting to ₱11,934,892.46, inclusive of interest, for TY 2017, is hereby **REVERSED** and **SET ASIDE**.

Further, respondent Commissioner of Internal Revenue or any person acting on his behalf is **ENJOINED** and **PROHIBITED** from proceeding with the collection of taxes in the above-captioned case.

SO ORDERED.

In his *Motion*, respondent argues that the actual audit was conducted by Revenue Officer (**RO**) Anthony Delos Reyes, who was validly named in the Letter of Authority (**LOA**). He contends that Group Supervisor (**GS**) Gerardo Nuestro's role was ministerial and supervisory, and not an "examination" requiring the authority of a LOA. Respondent asserts that GS Nuestro's signature on audit documents was part of the internal protocol of the Bureau of Internal Revenue (**BIR**), and not substantive audit work.

Respondent further claims that the Court misinterpreted Sections 6(A) and 13 of the National Internal Revenue Code (**NIRC**) of 1997, as amended. He states that the LOA requirement applies only to ROs who examine and recommend assessments, not to GSs.

Finally, respondent maintains that due process was observed. According to him, petitioner was validly served with the Preliminary Assessment Notice (**PAN**), Formal Letter of Demand and Final Assessment Notice (**FLD/FAN**), and Final Decision on Disputed Assessment (**FDDA**), and was given the opportunity to respond, submit documents, and argue their case.

In its *Opposition*, petitioner counters that GS Nuestro is an RO, and not merely a supervisor. Under Section 13 of the NIRC of 1997, as amended, only ROs named in a valid LOA may examine taxpayers and recommend assessments. Further, petitioner argues that BIR issuances, such as Revenue Administrative Order (**RAO**) No. 02-1990, confirm that GSs are part of audit teams and perform substantive audit functions.

Petitioner underscores GS Nuestro's active participation in the audit. Petitioner highlights that he signed the First Request for Presentation of Records and concurred with the memorandum recommending the issuance of the PAN. Further, a separate LOA was issued only in 2021, after the PAN had already been issued, indicating that GS Nuestro was not authorized during the audit period.

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The Court finds respondent's *Motion* unmeritorious.

As discussed in the assailed *Decision*, an LOA is the authority given to the appropriate revenue officer assigned to perform assessment functions. It empowers or enables the said RO to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax.[1] The issuance of an LOA is premised on the fact that the examination of a taxpayer who has already filed his tax returns is a power that statutorily belongs *only* to the CIR himself or his *duly authorized* representatives.[2] This Court has repeatedly underscored that the issuance of an LOA prior to any examination or assessment is a requirement of due process. It is not a mere formality or technicality.[3]

In this case, petitioner received LOA No. eLA201500085154 dated June 11, 2018, issued by **Regional Director Glen Geraldino** of Revenue Region No. 0008, Makati City, authorizing RO Delos Reyes, under GS Conchita Ladrera, to examine petitioner's books of accounts and other accounting records for TY 2017.[4] Records reveal that RO Delos Reyes conducted the audit and investigation that led to the issuance of the PAN on November 27, 2020. However, the undated *Memorandum* recommending the issuance of the PAN[5] was signed by RO Delos Reyes and **GS Nuestro**, who was not named in the LOA. GS Nuestro also signed the Revenue Officer's Audit Report dated February 27, 2020,[6] which served as the basis for the issuance of the PAN on **November 27, 2020**. It was only on **November 19, 2021,** that a separate LOA (No. LOA-048-00000215) was issued, this time **authorizing RO Joy Mariz Tumaca and GS Nuestro** to examine petitioner's books and records.[7]

Although already addressed in the assailed *Decision*, respondent reiterates that a GS need not be authorized by an LOA because the requirement applies only to the ROs.

Respondent's argument is unavailing.

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[1] *Commissioner of Internal Revenue v. Sony Philippines, Inc.*, G.R. No. 178697, November 17, 2010 [Per J. Mendoza, Second Division].

[2] *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*, G.R. No. 242670, May 10, 2021 [Per J. Lopez, J., Third Division].

[3] *Id.*

[4] Docket – Vol. II, pp. 771–780, Joint Stipulation of Facts and Issues (JSFI), Stipulated Facts, par. 4; Exhibit "P-2", Docket – Vol. I, p. 66.

[5] BIR Records, p. 994; Exhibit "R-6".

[6] BIR Records, p. 986.

[7] Docket – Vol. II, pp. 771–780, JSFI, Stipulated Facts, par. 12; Exhibit "P-15", Docket – Vol. I, p. 140.

As clarified in the assailed *Decision*, a GS is classified as a Revenue Officer II, III, or IV who is tasked with supervising and reviewing the audit work and reports of subordinate ROs. RAO No. 02-90[8] provides:

> In the Revenue District Offices, Sector Operations Service and other audit units, all Revenue Officers I who are appointed to positions below the aforementioned supervisory positions shall be regrouped in such a way that they should be assigned under one **Revenue Officer II or Revenue Officer III or Revenue Officer IV who will function as Group Supervisor** or Section Chief.
>
> It does not matter whether a group supervisor or section chief in the audit unit will have only one Revenue Officer I under him. Under this set up, it is expected that the work of Revenue Officers I will be closely supervised and reviewed by their group supervisors or section chiefs.
>
> **All group supervisors and section chiefs shall henceforth be responsible for the work performance of their subordinates and it shall be their responsibility to closely supervise and review their work and audit reports.** (*Emphasis supplied*)

While respondent contends that a GS is merely "tasked with supervising and reviewing the work and audit reports of subordinate Revenue Officers" and "does not initiate or conduct the taxpayer examination," this distinction is immaterial.

As the Court held in the assailed *Decision*:

> Thus, under RAO No. 02-90, **<u>Group Supervisors are Revenue Officers themselves</u>** and are not exempt from the requirement of a valid LOA when participating in audit activities. **Their designation as supervisors does not alter their classification as ROs; rather, it merely assigns them the additional responsibility of overseeing and reviewing the work and audit reports of their subordinate ROs. Whether their involvement in the audit is direct or supervisory, GS must be expressly named in a valid LOA, just like any other RO.** Accordingly, any audit activity or assessment undertaken by a GS without an LOA is void. (*Emphasis and underscoring supplied)*

WHEREFORE, premises considered, respondent's *Motion for Reconsideration* is hereby **DENIED** for lack of merit.

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[8] SUBJECT: Assignment of All Revenue Officers Holding Supervisory Positions to Perform Actual Supervisory Functions, March 28, 1990.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

I CONCUR:

JEAN MARIE A. BACORRO-VILLENA
Associate Justice